Why Do Iranians Avoid Shopping on the Internet?

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ABSTRACT

Iran is becoming an appropriate country for selling Internet-based products. Evidence illustrates an inverse trend and avoidance in this regard. This study was designed to provide some insights into why Iranians avoid shopping on the Internet. The recent rapid increase in the number of Iranian users (almost 34 million) and low desire to buy from online retailers make it imperative to study various variables affecting this avoidance from online shopping. This study builds a comprehensive theoretical model. The authors examined seven latent variables including: lack of information intermediary, lack of electronic guarantee, lack of electronic reputation, technological and knowledge weakness, lack of interaction, lack of trust, and avoidance from online shopping. In this regard, structural equation modelling (SEM) has been used to specify the model and validate which construct of the proposed model plays the most critical role. The authors found that these constructs successfully explain why Iranians avoid shopping on the Internet. “Lack of electronic guarantee” is found to be the most significance antecedent explaining avoidance of Internet shopping.

Keywords: Avoidance in Online Shopping, Electronic Guarantee, Electronic Reputation, Online Shopping, Structural Equation Model

IRAN ON TOP OF THE MIDDLE EAST

Iran, having more than 34 million Internet users and the first rank in the Middle East in this regard (Internet World Stats, 2011) is one of the most appropriate countries for offering and selling Internet-based products. However, evidence shows a kind of avoidance from internet shopping among Iranian users; so that sum of shopping done through the Internet by these users in 2010 is less than global standards and the rank of Iran in e-commerce is at the end of the list (Internet Retailing, 2011). Hence, the present study intends to address this challenge and find some insights into it.

According to Forrester (2009), economic crisis in the U.S has caused customers to be more willing to online shopping for cutting the prices. In this regard, U.S. Census Bureau estimates: “U.S. retail e-commerce sales for Q1 2011, adjusted for seasonal variation but

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not for price changes, were $46 billion, a 3.4% increase from $44.5 billion in Q4 2010,” (U. S. Census Bureau, 2011). However, despite all these progresses, there are barriers for applying e-commerce. According to Forrester (2008), 47% of the consumers are not so interested in online shopping; and just 17% from 35% of consumers searching for information, prefer shopping from internet.

The above-mentioned evidences indicate that, the first step for success in online shopping is identifying the factors forming avoidance from online shopping. Hence, this paper intends to scrutinize the factors form the Iranian users’ avoidance from online shopping and finds the answer of this question: how do consumers will form their trust from a website?

LITERATURE REVIEW

Researchers mention two main factors for shopping: shopping for hedonic and goal-directed shopping (utilitarian) (Babin et al., 1994). These two factors are also true for internet shopping (Wolfinbarger & Gilly, 2001). Wolfinbarger and Gilly (2001) found that two kinds of behaviour can be identified in customers; experience-based behaviour, when people shop for hedonic and entertainment and mostly decide on emotions, and goal-oriented behaviour when the people act rationally and decide on the basis of knowledge. This group prefers online shopping for three motives: convenience (Ratchford et al., 2001), selection and the ability to control the shopping (Evans & Wurster, 1999), and informativeness. Ha and Stoel (2008) proposed that the requirements of online shopping like privacy, security, website design, customer service, and shopping experience are the main factor forming perceptions of ease of use and benefits of e-commerce. In addition, some dissonance factors exist in online shopping that are not found in traditional commerce; for example, security and privacy concerns, lack of salesperson advice, or the inability to touch, smell, taste (Hanaﬁzadeh & Behboudi, 2012), and see the product are factors that increase shopping risk.

Studies indicate that perceived risk in online shopping reduces the desire of consumers to buy goods over the internet (Barnes et al., 2007). Moreover, disregarding privacy reduces reputation of e-commerce that in turn increases the concerns of the customers and convinces them that they are the victims of this industry (Prabhaker, 2000). Prabhaker (2000) believed that companies fit their technology with product value, and having plans and policies in this regard will be more successful. The main problem regarding privacy is concern about disclosure of information and lack of trust in the goal of gathering information (Prabhaker, 2000). Improper use of private information can result in stealing personal information or misuse of economic, credit, medical, or forensic information of the customer (Castaneda & Francisco, 2007). Activists in e-businesses must anticipate a logical concern on the part of customers about their privacy because this logical variable has the greatest effect on customer behaviour (Phelps et al., 2001). In this respect, Ernst and Young (2001) reported that ethical issues are complicated. It is clear that many websites act according to one business model and all claim that they provide the best service. This issue is aligned with users’ access to all of these websites and for this reason; users cannot properly recognize which online stores are right that has become a critical problem in online shopping. Another problem in e-businesses is their “proper previous performance” because, most actors of e-businesses provide modern business models with no prior background in customers mind. Therefore, customers resort to their positive attitudes towards traditional models and have less trust in pure internet businesses (Hanaﬁzadeh & Behboudi, 2012).

Against all these concerns, trust is a complex concept and has been studied in different fields like psychology, sociology, and marketing (Mcknight & Chervany, 2002). Trust is an important issue and is created when it is transferred from one group to another (Morgan & Hunt, 1994). The issue of privacy is considered as a key for increasing trust in customers (Hanaﬁzadeh & Behboudi, 2012) and is based...
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