The Role of Extrinsic Cues in Consumer Decision Process in Online Shopping Environments

C. Ranganathan, University of Illinois at Chicago, USA

ABSTRACT

Online merchants must learn how to compensate for the absence of a physical environment by using distinct cues in the form of site features, functionalities, and utilities to enhance online purchase intentions in the minds of consumers. Drawing on the cue-utilization research in marketing, the author extends the notion of extrinsic cues to online consumer decisions. In this research, the author explores the existence, relative importance, and salience of extrinsic cues in online consumer decision processes. Using a sample of 205 online shoppers, the author finds that web interface cues, transaction cues, and vendor image cues are important predictors of online purchase intentions. This paper also examines the individual effects of specific cues to assess the relative importance of these cues. The findings indicate that security-related cues have relatively higher positive association compared with other cues. Though nice site layout and design emerge as significant cues, information content and vendor image have greater positive association with online purchase intentions.

Keywords: E-commerce, Extrinsic Cues, Online Purchase Intention, Online Shopping, Privacy, Security, Signals, Vendor Image, Web Interface

1. INTRODUCTION

In the past few years, the Internet has emerged as a vibrant marketplace for consumers and sellers of various goods and services. Though still a small slice of the total shopping pie, the Internet has become an important outlet for many retailers and suppliers. Despite downswings in the US economy, online retail sales totaled over $175 billion in 2007, and is estimated to reach over $229 billion by 2013 (Evans, 2009). The rapid growth of online shopping in recent years has raised interesting research questions about customer decision processes in online shopping environments (Chang, Cheung, & Lai, 2005). Compared to the offline environment, the online environment offers more opportunities for interactive and personalized marketing (Demangeot & Broderick, 2010). These opportunities could influence customer decision processes and their satisfaction differently in the online environment vis-à-vis the traditional retail environment (Habul & Trifts, 2000; Paboteeach et al., 2009).

When consumers browse web sites for shopping different products and services, do they have adequate information to make inferences? When consumers make online transactions, how do they make assessments about the
firm, its products or services? In many instances, consumers may not have complete information on product, service or firm attributes to make an informed choice. In absence of complete information, marketing research suggests that consumers are likely to rely on signals or cues that help them in their assessments (Biswas & Biwas, 2004; Richardson, Dick, & Jain, 1994; Shimp & Bearden, 1982). These cues could surface from the transaction, purchase or the online retail contexts. Therefore, consumers make online purchasing decisions taking into the account the limited information that is directly available to them, as well as the derived-information from such cues (Gzbillo & Jacoby, 1974). Therefore, a clear understanding of these cues is an essential factor in driving the success of online business efforts.

As an illustration, consider a consumer intending purchase of a new personal computer (PC) online. Although the consumer might be aware of certain product attributes such as PC configuration, features and peripherals that he or she would like to have, there might be considerable ambiguity regarding the product’s performance, reliability, and the web site from which the purchase is contemplated. Further, considerable uncertainty could also stem from the online medium that does not offer a direct feel of the product as in an offline environment. In such instances, the consumer might rely on cues, such as vendor reputation, brand name, and the quality of web interface to gauge the purchase decision (Purohit & Srivastava, 2001; Richardson et al., 1994). A number of interesting research questions arise here: What are the fundamental cues that potentially affect the consumer decision process in an online purchase context? How does the presence of certain cues enhance or diminish the inferences that consumers make during their online decision process? A growing body of literature has examined different factors that are likely to enhance consumer’s decision to purchase online (e.g., Chang et al., 2005; Ranganathan & Jha, 2007). The goal of our study is to complement the extant literature by providing insights into the role of extrinsic cues and their impacts on the consumer decision process in online environments.

Four unique aspects of our study differentiate it from past literature. First, we adapt and extend the cue-utilization research from marketing to e-commerce domain. We believe the cue-based view can complement and enhance our understanding of consumer behavior in B2C online environments. Second, many prior research studies have examined the role of cues in offline marketing settings (Purohit & Srivastava, 2001; Shimp & Bearden, 1982). In contrast, our study seeks to throw light on signals and cues and their impacts in online environments. Third, our study identifies specific cues that could be used to influence online consumer decision process. These cues could complement the efforts of online merchants to cultivate customer satisfaction and nurture loyalty. Fourth, we integrate three different categories of cues that relate to the online shopping domain. Many prior studies have focused on only one specific type of cues (e.g., Boulding & Kiramani, 1993).

To address aforementioned voids, we first review three theories that provide the fundamental footing for our study. We then provide a synthesis of literature, identifying potential cues that are likely to be salient in online marketing settings. We then describe our data collection process, report results from our analysis, and discuss our findings. Drawing on our results, we offer implications for practitioners and propose potential avenues for future research.

2. THEORETICAL BACKGROUND

2.1. Cues and Consumer Decision Process

Three inter-related theories provide the necessary foundation for this study. We draw upon inference theory, signaling and cue-utilization theories to frame an overall conceptual foundation for our research model and hypotheses. According to inference theory (Huber & McCann, 1982), individuals make judgments about the unknown on the basis of information they
The Role of 3D Product Presentation in Enhancing Virtual Experience Realms: The Case of Consumer Responses towards Online Apparel Retailers


www.igi-global.com/chapter/the-role-of-3d-product-presentation-in-enhancing-virtual-experience-realms/149073?camid=4v1a