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THE ROLE OF CUSTOMER LIFESTYLES FOR ONLINE SHOPPING MODEL

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ABSTRACT

E-commerce has provided an opportunity for organizations to prosper. Online shopping is regarded as a new technology adoption of Web site functionality that firms provide. Our model examines the impacts of a Web site's functionality on online shopping behaviors from perceived benefits (usefulness, ease of use, and playfulness) and perceived risks (trust and familiarity) perspectives. We expect to predict online purchases more accurately by combining consumer-perceived benefits and risks for different consumer lifestyles. This paper helps examine online shopping behaviors more thoroughly from different sides, such as IT functionality, design, and marketing strategies, to better satisfy specific consumer needs.

KEYWORDS

Technology Acceptance Model (TAM), Perceived Risk, Consumer Lifestyles, Online Shopping.

INTRODUCTION

Recently, wired-lifestyle consumers have been prospering (Bellman, Lohse, & Johnson, 1999). For example, wired-lifestyle users like to use the latest communication technologies and spend more hours online. They seem to emerge as a primary online shopping customer base. However, other potential consumers with unique lifestyles might perceive Web sites extremely differently and thus their online purchasing behaviors may vary.

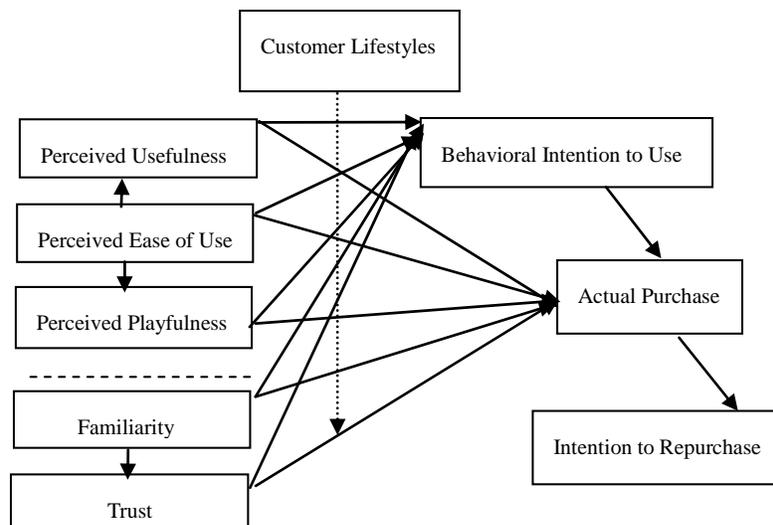
Online shopping has been regarded as an example of technology adoption. Previous researchers have established that online purchase intentions are the product of consumer assessments of the IT itself, specifically its perceived usefulness and ease of use. This is called the Technology Acceptance Model (TAM) by Davis (1989). Other factors also affect online purchases, such as interactivity, response time, navigability, information, shipping errors, convenience, customer relations, visual appeal, social uncertainty, and economic factors. Consumers perceive risks and benefits on these factors, and thus those perceptions influence their online purchasing behaviors.

The next section reviews the relevant literature on online shopping and develops an integrated model to examine the impact of a Web site's value-added functionality on online shopping behaviors. We further

provide discussions and conclusions.

LITERATURE AND HYPOTHESIS

An e-commerce Web site is both an IT infrastructure and a channel for consumers to interact with. Web functionality and other antecedents of online purchase work together to influence the consumer's online decision to shop with a particular e-commerce organization. This section elaborates on a theory and further derives hypotheses. First, the integrated research framework of online shopping is depicted in Figure 1 below. The underlying logic of this integrated model is that consumers make an online purchasing decision based on their perceived benefits and risks. Perceived benefits are examined further with c-TAM (Bruner & Kumar 2005), and perceived risks are tested by familiarity and trust. We include four consumer lifestyles including price-oriented, net-oriented, and time-oriented (Kim et al 2000), and novelty-oriented (Miller et al. 1995) in our model.



**Figure 1. An Integrated Model of Online Shopping
Consumer Technology Acceptance Model (C-TAM)**

Currently, the most popular tool to describe adoption is the Technology Acceptance Model (TAM) first proposed by Davis (1989). The TAM was developed to explain and predict computer-usage behavior. The model suggests that when users are presented with a new software package, a number of factors influence their decision about how and when they will use it, based on perceived usefulness (PU) and perceived ease-of-use (EOU) (Davis 1989). Several researchers have extended the traditional TAM to include other factors in their research models, such as familiarity and trust (Gefen 2000; Gefen et al. 2003), compatibility, privacy, security, normative beliefs, self efficacy, (Vijayarathy 2004), and fun (Bruner & Kumar 2005; Childers et al. 2001; Dabholkar & Bagozzi 2002). These extended models have better prediction ability to examine online shopping behavior than applying the TAM alone. We follow Bruner and Kumar's (2005) c-TAM to investigate TAM in a consumer context with a hedonic factor, playfulness.

Purchase Behaviors: Intention to Purchase/Actual Purchase/Intention to Repurchase

The intention to purchase means that the customer intends to buy online, but he or she has not yet made the online order. Davis & Venkatesh (1996) further specify that perceived EOU and PU of a Web site

influence the intention to purchase; other researchers follow (Kim et al 2000; Klopping & Mckinney 2004). Chouk and Perrien (2004) even include intention to recommend the Web site as a representation of the behavioral intention to use. The actual purchase includes purchase at the same Web site or at other Web sites, purchase amounts, and frequency. Basically, the intention to purchase leads to the actual purchase.

H1a: The customers' intention to purchase is positively related to their actual purchase.

After the actual purchase, customer satisfaction influences the willingness of the customer to conduct business again with the same Web site. It's widely believed in marketing strategies that it's easier to keep current customers than to attract new customers. Therefore, the intention of repurchase is also important and included in the integrated model. Koufaris, Kambil, and LaBarbera (2001) and Koufaris (2002) consider the unplanned purchase and intention to return for empirically testing the consumer online shopping behavior.

H1b: The customers' actual purchase is positively related to their intention to repurchase.

Perceived Benefits: Perceived Usefulness/Perceived Ease of Use/Perceived Playfulness

Davis (1989) defines PU as the degree to which a person believes that using a particular system would enhance his or her job performance. If the customer perceives a Web site's functionality as useful, then he or she will have more intention to purchase at that Web site (Bruner & Kumar 2005; Davis 1989; Davis & Venkatesh 1996; Gefen et al. 2003; Klopping and Mckinney 2004; Vijayasarathy 2003). Purchasing behaviors include intention to purchase, actual purchase, and intention to repurchase.

H2: The customers' PU of the Web site is positively related to their purchase behaviors.

Davis (1989) defines perceived EOU as "the degree to which a person believes that using a particular system would be free from effort." If customers perceive a Web site's functionality as easy to use, then they will have greater intention to purchase at this Web site (Bruner & Kumar 2005; Davis 1989). Davis and Venkatesh (1996), Gefen, Karahanna, and Straub (2003), and Vijayasarathy (2004) further link EOU toward PU. We further propose:

H3a: The customers' perceived EOU of the Web site is positively related to their purchase behaviors.

H3b: The customers' perceived ease of use of the Web site is positively related to their PU of the Web site's functionality.

Lin, Sheng, and Tsai (2005) mention playfulness is regarded as an individual state, because an individual can feel more or less playful at different points during his or her visit to a Web site. Bruner and Kumar (2005) also mention that systems that are easier to use will also be perceived as more fun to use than those that are more cumbersome and frustrating to use. Higher levels of fun (Bruner & Kumar 2005), playfulness (Sheppard et al. 1988; Lin et al. 2005) or enjoyment (Koufaris et al. 2001; Koufaris 2002) of a Web site lead to more favorable attitudes toward using a Web site and greater intention to purchase a product.

H3c: The customers' perceived EOU of Web site is positively related to their perceived playfulness of the Web site functionality.

H4: The customers' perceived playfulness of Web site is positively related to their purchase behavior.

Perceived Risks

Before customers make online purchases, they evaluate the benefits and risks of the Web site. If customers evaluate the Web site with greater benefits than risks, then they are more likely to make online purchases. We include perceived EOU, PU, and perceived playfulness. Perceived risk is the risk customers believe exists in the purchase of goods or services from a specific e-commerce Web site, whether or not a risk actually exists. In the Kim, Cho, and Rao (2000) study, the perceived risk includes the trust issue and familiarity with the Web site. It is noteworthy to mention, the perceived risk is negatively related to trust and familiarity.

Consumers are reluctant to make online purchases because e-commerce can behave in an opportunistic manner (Koufaris et al. 2001). Trust is crucial in building customer relationships, especially when interacting with an e-commerce Web site involves an element of risk (Reichheld & Schefter 2000). Chouk and Perrien (2004) mention trust is an expectation that customers think the application will not behave opportunistically by taking advantage of the situation. More specifically, Gefen, Karahanna, and Straub (2003) defined trust as the consumers' willingness to depend on the certain e-commerce Web site. If the customers feel trust toward the e-commerce Web site, they are more likely to have higher intentions to purchase, and thus make the actual purchase.

H5: The customers' perceived trust on the Web site is positively related to their purchase behaviors.

As Brehm and Kassin (1998) state, "familiarity is the phenomenon that suggests that the more often that people are exposed to a certain stimulus, the more positively they will evaluate and therefore trust it." If familiarity increases, it means customers get a better understanding of the transaction process with the e-commerce Web site and therefore also increases the consumer trust. Further, when trust is considered as a future expectation, familiarity provides a background for such expectation (Chouk & Perrien 2004; Gefen 2000; Gefen et al. 2003).

H6a: The customers' perceived familiarity of Web site is positively related to their purchase behaviors.

H6b: The customers' perceived familiarity of Web site is positively related to their perceived trust on Web site.

Customer Lifestyles

Organizations always use market segmentations to target different consumers. To identify distinctive consumers and provide them specific service is especially important for e-commerce. Mowen (1987) points out that consumer lifestyle relates to how people live, how they spend their money, and how they allocate their time. Kim, Cho, and Rao (2000) identify three online shoppers' lifestyles: price-oriented, net-oriented, and time-oriented style. They defined the price-oriented consumer as someone who cares more about monetary factors when purchasing, the net-oriented consumer as someone who has surfed online for several years so that online activities have become part of his or her life, and the time-oriented consumer as someone who is busy and needs to find new ways to shop and save time. Miller and others (1995) point out that the centrality of novelty becomes the main propellant in modern consumption. Furthermore, the novelty-oriented consumer lifestyle is added in our model. Novelty-oriented consumers like creativity and are brave to be the first ones to try new technology.

In this integrated model, we examine the relationship between the varied consumer lifestyles and their online shopping behaviors respectively. We could only hypothesize that the different consumer lifestyles

have impacts on perceived benefits and perceived risks.

H7a. The different consumer lifestyles have impacts on perceived benefits of the Web site.

H7b. The different consumer lifestyles have impacts on perceived risks of the Web site.

DISCUSSION AND CONCLUSIONS

Drucker (1954) said, “[T]he business enterprise has two and only two basic functions: marketing and innovation.” For e-commerce, innovation is shown by value-added Web site functionality, and marketing could be different marketing strategies for distinctive segmentations. Therefore, this study tries to combine these two basic functions with an integrated online shopping model to provide better understanding of consumer behaviors.

More specifically, this paper provides the integrated model with consumer perceived benefits and risks, which are expected to have higher explanation ability for the online shopping behaviors. To get a better idea of how customers perceive of a Web site helps IT department develop more effective Web site functionality in order to improve e-commerce performance. Furthermore, examining different customer lifestyles also help marketing managers to have specific marketing strategies for different market segmentations. Marketing strategies to maintain current customers is more efficient than attracting new customers for online shopping. Therefore, to identify the effective value-added functionalities and to keep improving the ineffective ones is critical for the successful increase of online sales, especially for the different consumer lifestyles.

One future research direction is to examine how customer fondness can be maintained in an e-commerce environment. Sometimes, customers will use the functionalities of one company but make their purchases at another e-commerce Web site. Therefore, future research could find ways to divide the different types of online purchase: the real purchase where the consumer uses Web site functionality and purchases at the same Web site, or purchases at a different Web site. Furthermore, it is essential to find out the reasons why a consumer is willing to stay at the same Web site. Then the organization could find ways to keep its customers to stay at the same Web site for their actual purchases or increase any unplanned purchases.

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