Incentives and Disincentives of Using Internet as an In-home Shopping Tool: an Empirical Study on French Customers

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INCENTIVES AND DISINCENTIVES
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AN EMPIRICAL STUDY ON FRENCH CUSTOMERS

Abstract
This paper is based on a qualitative study carried out among French Internet users with a view to determining the incentives and disincentives of using the Internet as an in-home shopping tool. Six incentives are examined: the Internet as an outstanding pre-selection tool, as a means for finding the best prices worldwide, the possibility of browsing without being pressurized into buying, a way to find new, fashionable or rare products, a time-effective tool and access to a constantly up-dated offer. Nine contrasting disincentives are also studied: payment security problems, the lack of interactivity, telephone costs, the loneliness of Internet users, the poverty of sense stimuli, delivery prices and delay, foreign exchange risks, legal guarantees and fiscal misunderstandings. In each case, recommendations and/or suggestions are made for taking advantage of perceived incentives or for dealing with perceived disincentives.

Key words: In-home shopping tool, Internet, Internet users behaviors, French Internet users

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FREINS ET MOTEURS À L’UTILISATION D’INTERNET
COMME OUTIL D’ACHAT À DISTANCE :
UNE ETUDE EMPIRIQUE SUR DES CONSOMMATEURS FRANÇAIS

Résumé
Cet article s’appuie sur une étude qualitative menée auprès d’utilisateurs français d’Internet visant à déterminer les freins et les moteurs à l’utilisation d’Internet comme outil d’achat à distance. Six facteurs moteurs sont analysés : un formidable outil de présélection, un moyen de trouver le meilleur prix dans le monde entier, la possibilité de faire du shopping sans subir la pression du vendeur, une façon de trouver des produits rares, un outil efficace pour accéder à une offre sans cesse mise à jour. Neufs freins sont également présentés : les problèmes liés à la sécurité des paiements, le manque d’interactivité, le coût des communications téléphoniques, le sentiment de solitude des utilisateurs d’Internet, le peu de stimulation sensorielle, les prix et les délais de livraison, les risques de changes, les garanties légales et les doutes quant à la fiscalité appliquée. Dans chacun des cas, des recommandations et/ou des suggestions sont faites afin de tirer profit des facteurs moteurs ou de résoudre les difficultés soulevées par les freins.

Mots Clés : Outil d’achat à distance, Internet, Comportement des internautes, Internautes français
Introduction

Although customers' perceptions are not always rational and objective, they have to be taken into account when doing business over the Web. The international possibilities offered by the Internet merely complicate this task. The implementation of an international strategy must be founded on an international analysis conducted with an international perspective.

It is important to understand both the incentives and the disincentives of using the Internet as an in-home shopping tool. Identifying perceived incentives makes it possible to take advantage of them; appreciating what the perceived disincentives are makes it possible to minimize or, at least, to control their impact. These incentives and disincentives perceived by Internet customers in different countries might differ depending on the local culture, technology's adoption level, shopping habits, the strength of local currency and the legal and fiscal framework.

This paper presents the way in which French customers perceive the incentives and disincentives of using the Internet as an in-home shopping tool. It is based on qualitative research whose methodology is described in the first part of this paper; the second part presents six incentives while the third examines nine disincentives. In each case, recommendations and/or suggestions are proposed.

1. Methodology

This paper, with the authorisation of Louis Rougier, CEO of Médiangles, is based upon the results of three focus groups formed by the French firm Médiangles (Médiangles 1997) in May 1997. The study focused on the use of the Internet as a shopping tool with a view to understanding the positive and negative characteristics of the Web used in this capacity. Participants were asked to search for products and services on the Internet individually and, subsequently, to share their experience during focus group meetings. Each participant was given approximately two weeks to carry out his or her search. Participants were asked to search for a number of specific product categories. To be more realistic for participants, the products categories were different for personal and professional users, but the results are presented without regarding the type of user.

For the "personal users", the product categories were:
- an airplane ticket
- a CD
- a pair of roller-blades

For the "professional users", the product categories were:
- a computer
- office stationers

Participants were allowed to share their experience regarding other product categories (such as a car, clothes or groceries) if this was relevant to the discussion.

During the focus group meetings, sites identified by visitors were used to illustrate the information search process and to understand the incentives and disincentives perceived by the participants using the Internet as a shopping tool.
Sentences quoted in italics are participants' citations translated from French to English by the author. The incentives and disincentives identified in this paper are completely derived from the present research and are presented in the order of importance attributed to them by the participants themselves.

2. Perceived incentives

The results of this study show that Internet customers are motivated to buy online for both rational and irrational reasons. Six principal motivating factors were emphasized by focus groups participants.

2.1. An outstanding pre-selection tool

Participants clearly show that the Internet allows them to gather information both easily, quickly and comfortably from a large variety of manufacturers and distributors. Major emphasis was laid on the international possibilities offered by this media: "Usually, to buy a car, you go and see two or three car dealers in your area. On the Internet, you can compare fifty dealers' offers if you want! And not only in France, but also in the entire world!"

The Internet was seen by participants as a powerful international preselection tool. This point may seem more important to French users (or users in other "small" countries) than to North American users who already enjoy a wider offer in the "real world".

In many cases, cybermerchants must bear in mind the international potential afforded by Internet as a preselection tool even if their own markets are less sensitive to this kind of behavior. An inverse example of this affirmation is the example of grocery shopping. As explained by David Cuthbert, president of the firm Groceries to Go (Cleland 1997), "Grocery Shopping is a very local service...". As the Internet is both an international and a local tool, development strategies have to be clear and adapted to each situation. There is no 'best strategy' in general; there are only better choices to be made in each situation depending on the product or service in question, the firm's competitive advantages, localization and global development strategy.

As emphasized by Burke (1997), "In the past, two major consumer benefits have driven the emergence of the new retail format: convenience and economy." (Burke 1997, p.83). As the first incentive cited—the Internet as an outstanding pre-selection tool—was, according to Burke's (1997) analysis, a "convenience benefit", it seems normal that the second should be an economic one.

2.2. Finding the best prices worldwide

The preselection capacities of the Internet find a powerful application on the search for the optimum price. Participants' statements illustrate the importance of the perceived international possibilities offered by the web. "If you buy a car in Italy or in Belgium, you can save up to 25% on the price in France." "Even if you fly to the United States to buy electronic components, it's less expensive than buying them in France."
It would be interesting to carry out wider research to see whether this point is specific to French or "small country" users or not. In any case, when implementing an international strategy on the Internet, account must be taken of this kind of user's strategy.

2.3. Browsing without being pressurized into buying

This point is arguably the most interesting and the most complex finding to emerge from this study. It is both understandable and controversial given the negative reaction presented in part 3.2. below: Are customers convinced that the Internet is an interactive media?

Participants expressed their satisfaction in not being subject to pressure from salespeople while lamenting, at the same time, the lack of interaction with the sales assistant. It has already been noted in the literature that some buyers are intrinsically more inclined to interact with their service providers (File and Prince 1993) while, across a number of services, there are other individuals who would continue to use the self-service option even if the usual monetary or convenience incentives were withdraw (Bateson 1985). These contradictory findings might find a similar echo among Internet users.

Participants who express their satisfaction at not being exposed to pressure from salespeople state their feelings as following:

"Salespeople always say what suits them best."

"On the Internet, you can choose objectively."

It seems that the Internet allows the needs of both "self-service" and "interactive" customers to emerge. Site designers need to be aware of these conflicting needs and to adapt their offer as a result. To do that, it is necessary to enable the users to interact with salespeople if they prefer while simultaneously providing enough information on the server to enable users to complete their transactions without having to interact with third parties.

2.4. A way to find new, fashionable or rare products

Participants considered the Internet a powerful tool to find new, fashionable or rare products.

"I go to Japanese sites to find very rare CDs."

This incentive seems to be a good opportunity both for Internet users and retailers. A good illustration of this is the "Beanie Babies" case (Lehu 1997). The Ty Inc. firm saw its sales multiplied by a factor of ten between 1996 and 1997 due, to a large extent, to a powerful word-of-mouth effect which started on the Internet. Beanie Babies collectors have been able to meet and exchange all over the world through the Internet.

Even if it is not possible to observe this kind of reaction for all products, these perceptions of Internet users should be turned to good account by creating, for example, clubs or newsgroups. Internet seems to be a good way to "expand markets through virtual communities" (Hagel III and Amstrong 1997).
2.5. A time-effective tool

There is little doubt that "convenience" is one of the principal motivations behind home-shopping (Burke 1997). Convenience has traditionally been conceptualized as a time-dominated phenomenon (Gehrt, Yale and Lawson 1996). Two different aspects of the Internet's "time effectiveness" should be emphasized:
- the opportunity to shop 24 hours a day, seven days a week
- the possibility to automate routine shopping.

The second advantage is more effective for grocery shopping or banking services, for example. Account must be taken of the specific nature of the products or services on offer when developing and promoting an Internet service.

2.6. A constantly up-dated offer

This point is similar to the previous one. The fact that it was mentioned by the participants may be context related. A great deal of US products ranging from CDs to clothes are only available on the French market weeks, months even years later. The television, radio and newspapers frequently talk about products that cannot be found on the market. The Internet is certainly a good way for lead-users (Von Hippel 1988) to move still further ahead.

The importance of lead-users from both the national and international point of view must be taken into account in the development of an Internet strategy. For some time to come, the people using the Internet are themselves lead-users so this trend needs to be exploited.

3. Perceived disincentives

The results of this study shows that French Internet customers perceive nine principal disincentives to on-line retailing, many of which can be traced to a lack of knowledge about the procedures, to fears and misunderstandings.

3.1. Payment security problems

Problems related to payment on the Internet are uppermost in the minds of the participants. This does not seem to be a rational fear but mostly based on rumor and misunderstanding derived from a lack of information about procedures. Nobody in the focus groups had or personally knew someone who had encountered any problems. The amount of perceived danger depends on the amount of the transaction.

Three sorts of anxiety may be identified:
- the fear of having the credit card number stolen during the transaction:
  "I have heard of problems with credit card numbers so I have never tried."
  "I have heard about encoding and decoding data. It frightens me, even if they say that it's safe, you can still get ripped off."
- the fear of dealing with a dishonest cybermerchant:
"An anonymous seller in a foreign country, it's scary."
- the fear that the credit card number was stolen from the cybermerchant's data warehouse.
"...some servers have been destroyed by hackers..."

In order to buy goods or services found on the Internet without giving a credit card number, participants presented different strategies:
- to physically go to the store
This seems to present no problem when the product is available near the user's home.
"...I did all the information search on the net, I found the reference, I printed out the order form and went to the store."
But to take advantage of the international possibilities offered by the Internet, some users appear to be extremely motivated!
"I bought motherboards with some friends. We made a full search of the Internet and found they were 50% cheaper in the USA. We found an address on the Net, but we didn't want to give our credit card number so my friends and I pooled our money and bought a plane ticket and I went to the USA to bring them back.
Despite the expense, it was still worth while!"
- to pay on receipt of the goods
This appears to be a possible use in a professional environment. With private individuals, however, it seems to be somewhat risky for the seller.
- to give the credit card number by fax or by telephone
Even if this method, objectively, is no safer than others, customers are more familiar with this kind of transaction and, usually, have never had any problems. They are therefore more willing to pay in this way. As it is not particularly difficult to provide this kind of service, it might be a good idea for cybershops to offer it systematically.

The participants expressed two principal desires: to receive better information from the cybermerchant and to be able to use different payment options for the same transaction. Apprehension seems essentially due to a lack of knowledge. The Internet community has to make an effort to explain the real risks taken by the user. Uncertainty would not seem to be the best way to encourage users to carry out transactions over the Web. If they understood the real mechanism and risks, they might feel less anxious. This awareness-building campaign might be carried out by an interprofessional association enjoying international legitimacy.

3.2. Are customers convinced that the Internet is an interactive media?

The Internet is often associated with the concepts of "relationship marketing" and "interactivity" (Gatarski and Lundkvist 1997; Mandelli 1997; Deighton 1996 for example). But this qualitative study raises the question of the reality of this "Interactive Evolution" (Davids 1994). Surprisingly, our findings show that some participants need more interaction both with service providers and with other customers on the Internet.

The expression "relationship marketing" was coined fairly recently but as long as two decades ago marketing scholars suggested the usefulness of considering marketing phenomena broadly as exchanges occurring within a relational framework (cf. Kotler and Levy 1969; or Iacobucci and Ostrom 1996 for a review of the related literature).
Researchers and practitioners take it for granted that the Internet is "interactive" by nature, that "the difference from past technologies is that it is designed for interactivity" (Wunderman 1994).

Research findings suggest that interactions between service providers and service recipients may have a significant impact on perceived quality, customer satisfaction and repurchase intentions (File and Prince 1993).

The lack of interaction with the service provider is the second most frequently cited problem related to Internet commerce (coming after the problem of payment security) to emerge from focus group discussions. It would seem that e-mail is not felt to be a true form of interaction with the retailer.

"When you have a person in front of you or even on the phone, it's different". This problem is perhaps not as important for a small purchase than for a larger one.

"For major items, I need to have be in contact, to speak with a seller, to ask questions..."

It seems very important to give users the opportunity to interact with the seller if they require it. This interaction may be an e-mail address, a telephone number, a fax number or the address of the closest store. A study conducted by Fram and Grady (1995) reveals that some participants commented on the need for vendors to clearly identify themselves and to provide an address and phone number (Fram and Grady, 1995).

This "need for interaction with service employees" (Dabholkar 1996) or "need for human contact" (Bateson 1985) seems to vary from one consumer to the next. The possibility of interacting with the seller might be an advantage for people who need it while not representing a problem for "self-service" users because of its mandatory nature. It would therefore seem to be important to give customers the option to complete a transaction with no interaction with the service employees or, alternatively, to interact via different media (telephone, fax, e-mail...) if they want. The point is to give customers the freedom and the power to choose themselves.

3.3. Telephone costs

This problem is quite specific to France and due to our telecommunication pricing system. To use the telephone in France, we have to pay a subscription plus a certain rate per minute, even for local calls. The French pricing system is changing but the "telephone cost problem" remains an important issue in many countries.

When establishing an international strategy, the differences in pricing telecommunication systems have to be studied. If the cost of access is proportional to the length of time using the Internet, individuals will adopt very different browsing behavior when they are acutely aware of the time spent "surfing" the Internet and more anxious about the time spent waiting (which costs them a lot!). When confronted with this sort of pricing, it is necessary to offer light-weight and fast-access sites.

3.4. The Internet user feels lonely

This problem has two aspects. First, users encounter difficulties in taking a collective decision on the Internet for items requiring it.

"On the Internet, you are the only one to decide. But when you buy a car, for example, it has to be a family decision."
Perhaps, the development of the Web-TV in the convivial living room will help to solve this problem.

The second aspect of this problem is that Consumer-to-Consumer Relationships (Martin 1996), help to create a convivial atmosphere accelerating the buying process. "You imagine, a market where you're all alone?"

Some Internet sites are already trying to solve this problem by reporting choices, opinions or the behavior of other Internet users. For example, "Amazon.com" allows visitors to leave impressions about a book and to read other visitors' appreciations. Another example is the search engine "Magellan" which makes it possible to know what twenty other visitors are requesting. It seems necessary to help customers avoid feeling lonely; creative solutions have to be found in this area!

3.5. One sense is used; what about the others?

Visual cues are not always satisfying for all the products!
"Even with a photo, the visual aspect is not the same."
"On the screen, the colors are different, you cannot have a precise idea."

This problem seems difficult to solve; we can hope that technical progress will eventually solve this problem but the day when Internet users can smell and touch the product has not yet arrived. Until then, it seems possible to help the on-line consumer by writing descriptions or making comparisons with products he/she is used to dealing with. Creative effort must be made to help users perceive feelings and smells when reading or looking at pictures. Three-dimensional images can help to give a spatial representation of the object. These problems are not different from those faced by printed catalogues, even if, in this case, you can add samples of perfume or samples of fabric to give an idea of clothing. It does not seem unrealistic to send samples to Internet users who need and ask for them.

3.6. Delivery price and times

It is a problem common to every in-home shopping system that needs a material delivery. For information, data, in one word immaterial contents, this problem is entirely solved on the Internet. In the contrary, for a car, a perfume or even a book (in paper), the delivery problem has to be solved. On the Internet, participants of the focus groups raised the problem but also found positive arguments.

First, customers are used to a good Internet sellers' reactivity when they ask for information, due to the rapidity of e-mail. They seem to imagine that this reactivity applies to the delivery process. This feeling needs to be exploited by Internet merchants.

The second positive feeling is due to the possibility offered by certain sites to follow the delivery process step-by-step. This service helps users to fell less anxious and to perceive the delivery process as being shorter. Three elements have to be taken into consideration: pre-process waiting feels longer than in-process waiting, anxiety makes waiting seems longer and unexplained waiting is longer than explained waiting (Maister 1984; Katz, Larson and Larson 1991). According to these authors, it seems necessary to help customers feel that the delivery process has begun, to reassure them and to explain to them the reasons for the delay.
3.7. Foreign exchange risks

For international transactions, foreign exchange risks appear to be a preoccupation for participants. It is perhaps context dependent because our currency is not very stable.

"Which foreign exchange rate is applied when there are important fluctuations?"

It is perhaps merely necessary to explain to the customers which one will apply in order to deal with this problem. But this user concern has not to be neglected, especially for merchants who are not used to dealing with foreign customers and are not used to taking care to this kind of concern for their "usual" customers.

3.8. Legal guarantees

People are not always aware of national legal guarantees, so when it becomes international, it seem to be a lawful concern.

"What are the legal guarantees, we buy in the United States, it's more difficult, American laws are applicable."

"Imagine that you buy a computer in the United States, if a problem occurs, what can you do ? The legal framework is not adapted."

It appears necessary to explain the legal guarantees applying for an international (and even perhaps national) transaction. But even Internet merchants are not always familiar with the legal risks of setting up shop in Cyberspace (Cavazos 1996). In this case, an international association of both professionals and customers might be a good solution for both parties.

3.9. Fiscal misunderstandings

Participants did not know which fiscal procedures have to be followed.

"We don't have to pay the value-added tax?"

When inside Europe, it is easier for European Internet users, but when it becomes "fully" international, fiscal obligations are not well known.

Cybermerchants have to make efforts to "educate" customers to international transactions, and at least to inform them seriously. This effort might be advantageously done by an interprofessional association.
Conclusion

The International nature of the Internet leads firms to adopt international strategies. For some of them, they are not used to dealing with international preoccupations and this represents an important issue. The differences between foreign customers' perceptions of incentives and disincentives is a good example of the problem related to the internationalization of the strategy. One thing can be generalized to all customers irrespective of their localization. It is the search for convenience and economy. These customers' preoccupations have to be taken into consideration when implementing and promoting a site. But again, disparities among countries raise problems. For example, the French telecommunications pricing system makes users extremely conscious of the time (which we all know "means money") spent on the Internet. The design of the site should take account of this kind of consideration.

Concerning the interactive qualities of the Internet, it seems clear that differences among consumers’ need to interact with salespeople must lead cybermerchants to enable consumers to choose between a non-interactive or a fully interactive transaction model. In addition, different ways to interact must be proposed to the consumers: telephone, fax, e-mail...

Finally, concerning legal, fiscal and payment security concerns, the need for information and reassurance expressed by consumers might very well be met by an international organization comprised perhaps of both users and professional participants.

This research has many limitations that have been underlined throughout this paper. But the major one seems to be the fact that this research have been conducted only with French Internet users. The incentives and disincentives perceived by Internet customers in different countries might differ depending on the local culture, technology's adoption level, shopping habits, the strength of local currency and the legal and fiscal framework. This limitation is also a very interesting future research direction.
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