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Consumer internet purchasing behavior in Chile[☆]

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ABSTRACT

Despite the potential for e-commerce growth in Latin America, studies investigating factors that influence consumers' Internet purchasing behavior are very limited. This research addresses this limitation with a consumer centric study in Chile using the Theory of Reasoned Action. The study examines Chilean consumers' beliefs, perceptions of risk, and subjective norms about continued purchasing on the Internet. Findings show that consumers' attitude towards purchasing on the Internet is an influential factor on intentions to continue Internet purchasing. Additionally, compatibility and result demonstrability are influential factors on attitudes towards this behavior. The study contributes to the important area of technology post adoption behavior.

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1. Introduction

Developed countries, such as the United States, and those in Europe, have embraced the Internet for commercial purposes and many organizations use the Internet as part of their multi-channel retail offering. For example, in 2010 US retail e-commerce sales are anticipated to increase by 12.7% to \$152 billion, the largest gain in the last 2 years (Grau, 2010). Western Europe, particularly the United Kingdom, France and Germany, lead the world in retail e-commerce sales and this situation is anticipated to continue into 2012, surpassing \$200 billion (von Abrams, 2010). However, in less developed countries, such as those in Latin America, companies' take up of e-commerce is much slower (Grandón, Nasco, & Mykytn, 2010; Nasco, Grandón, & Mykytn, 2008). In Chile, for instance, despite achieving fairly substantial increases in business to business (B2B) online transactions in recent years, the low level of business to consumer (B2C) transactions suggests that this area of e-commerce is still not well developed (Nasco, Grandón, et al., 2008). The limited growth of B2C e-commerce in this region is somewhat surprising given that the number of Internet users in Latin America increased by 853% between 2000 and 2009 (NewMedia TrendWatch, 2009).

Early studies, particularly in western countries, theorize about how consumers might use the Internet (e.g., Hoffman & Novak, 1996; Jarvenpaa & Todd, 1997; Peterson, Balasubramanian, & Bronnenberg,

1997). There is also extensive research investigating consumer attitudes and behaviors related to making online purchases (e.g., Bhatnagar, Sanjog, & Rao, 2000; Fram & Grady, 1995; Garbarino & Strahilevitz, 2004; Jarvenpaa & Tractinsky, 1999; Jarvenpaa, Tractinsky, & Vitale, 2000; Peterson & Balasubramanian, 2002; Swinyard & Smith, 2003; Van den Poel & Leunis, 1999; Vijayasarathy & Jones, 2000; Yang & Jun, 2002). Of particular interest to this paper is research that examines facilitators and barriers to using the Internet for purchasing (e.g., Andrews, Kiel, Drennan, Boyle, & Werawardeena, 2007; Bhatnagar et al., 2000; Biswas & Biswas, 2004; Forsythe, Liu, Shannon, & Gardner, 2006; Jarvenpaa et al., 2000; McCole, Ramsey, & Williams, 2010; Qureshi et al., 2009; Urban et al., 2009; Van den Poel & Leunis, 1999; Wang, Beatty, & Fox, 2004). However, studies that investigate what factors influence Latin American consumers' use of the Internet for commercial purposes are limited (Nasco, Grandón, et al., 2008).

An important issue, then, is the selection of a theoretical framework to examine consumers' intentions to make Internet purchases. A number of theories of consumer acceptance of technology can be considered, many of which stem from Fishbein and Ajzen's (1975) theory of reasoned action (TRA). This theory maintains that an individual's intentions towards a behavior are a direct function of attitudes and subjective norms or social influence. The theory of reasoned action was later extended to the theory of planned behavior (TPB) through the inclusion of perceived behavioral control to account for non-volitional behaviors, such as those in organizational settings (Ajzen, 1985). Examples of extensions of these two models include the very parsimonious technology acceptance model (TAM, Davis, 1989) and Moore and Benbasat's (1991) consumer acceptance of technology model using the perceived characteristics of innovating (PCI) scale derived from Rogers (1995) innovation diffusion theory.

In more recent times, two additional models are available, the unified theory of acceptance and use of technology (UTAUT, Venkatesh, Morris, Davis, & Davis, 2003) and the consumer acceptance of

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technology model (CAT, Kulviwat, Bruner, Kumar, & Clark, 2007; Nasco, Kulviwat, Kumar, & Bruner, 2008). Taken together, these models contribute to how researchers can examine the adoption, diffusion and continued use of technologies through operationalizing the four key constructs from Fishbein and Ajzen's TRA/TPB models, and the addition of moderating or mediating variables to increase the models' explanatory power (Kulviwat et al., 2007; Nasco, Kulviwat, et al., 2008; Venkatesh et al., 2003).

While recognizing the extensive research behind consumer adoption models, the intention is to examine Chilean consumers' attitudes and behavior towards purchasing on the Internet using TRA to achieve two objectives. First, this study provides a counterpoint to the important research by Nasco, Grandón, et al. (2008) with Chilean managers in small to medium size enterprises (SMEs). The argument is that SME managers should understand their own intentions to adopt e-commerce, but, more importantly, what factors influence their potential consumers' take-up of Internet purchasing. Using the same theory as Nasco, Grandón, et al. (2008) provides a comparable study to identify suitable managerial insights. Second, applications of TRA to consumers' intentions to adopt Internet purchasing form a significant body of consumer behavior research (Taylor & Strutton, 2009), particularly in the United States. However, researchers argue that e-commerce adoption research applied in developed countries may not necessarily be as relevant for under developed countries, such as those in Latin America, due to differing cultural dimensions (Gong, 2009; Grandón et al., 2010; Nasco, Grandón, et al., 2008). To this date, studies that use TRA to examine consumers' Internet purchasing in Latin American countries are not available. The authors argue that the intuitive nature of TRA reinforces the applicability of this model to an investigation of Internet purchasing behavior in Chile.

The objective of this study, therefore, is to address the limitations noted in the consumer behavior research, using Chile as a representative Latin American developing country. Chile is the fourth largest Internet population in Latin America (NewMedia TrendWatch, 2009). In 2006, Chile was identified by the Global Competitiveness Report as the highest ranking country in terms of potential sustained economic growth of all Latin American countries (Nasco, Grandón, et al., 2008). Additionally, a Chilean Chamber of Commerce study found that 29% of consumers admit to using the Internet for purchasing products and services during the Christmas period (Etcheverry & Nazar, 2009). Thus, research regarding perceptions about, and use of the Internet in the Chilean population (e.g., Maldifassi & Canessa, 2010) suggests opportunities for a study on consumers' Internet purchase behaviors in this country.

2. Theoretical background and hypotheses

Although the conceptual issues discussed in this section are important in explaining what factors influence consumers' intentions to purchase online, limited research exists on their relevance for Latin American consumers compared to the developed countries. Evidence certainly suggests that cultural differences exist in terms of consumer acceptance of modern communication technologies. For example, people consider Latin American countries to be high context and/or collectivist cultures (Hofstede, 2001). Then, in terms of Internet purchasing, people may perceive this activity as an impersonal way to do business with firms (Grandón et al., 2010). They may avoid changing from existing ways of purchasing and be less likely to take risks with e-commerce, particularly in the early stages of B2C e-commerce activity available to consumers (Grandón et al., 2010; Nasco, Grandón, et al., 2008). People in high context cultures prefer to gain information related to Internet purchasing from personal information networks (Cyr, Bonanni, & Bowes, 2005). While that study does not examine a Latin American culture, evidence exists that cultural dimensions provide insights into consumer trust towards online websites that have inferences for a study into Chilean Internet purchasing.

Research into purchasing behavior and Internet in Latin America is still embryonic and available studies draw on the traditional consumer behavior literature for theoretical frameworks for consumption constructs (e.g., Grandón et al., 2010). Applying the TRA model to e-commerce adoption by SME managers in Chile shows that factors relating to their attitudes and subjective norms are important predictors of intentions to adopt e-commerce in their firm (Grandón et al., 2010; Nasco, Grandón, et al., 2008). However, the authors of this paper have not found any consumer-centric applications of TRA to Internet purchasing in Latin America at this present time.

Applying TRA in this context requires identification of factors likely to influence an individual's attitude or intention towards using Internet for purchasing. This research adopts Moore and Benbasat (1991) perceived characteristics of innovating scale (PCI), a descriptive set of generic attributes of using a technological innovation. The factors included are *relative advantage*, *compatibility*, *ease of use*, *visibility*, *image*, *results demonstrability* and *trialability*. More complex studies on measurement issues also examined the PCI scale and have found this scale to be a valuable addition to conceptualizing technology acceptance models (Compeau, Meister, & Higgins, 2007; Venkatesh et al., 2003). Furthermore, research on consumers using the Internet for purchasing show that in particular, *relative advantage*, *compatibility*, and *results demonstrability* are important explanatory factors (e.g., Andrews et al., 2007; Forsythe et al., 2006; Rohm & Swaminathan, 2004; Wang, Gu, & Aiken, 2010). Based on the evidence provided, the study uses the PCI scale to conceptualize the factors that influence attitude and/or intentions in the TRA model. People also regard purchasing on the Internet as a risky activity and studies confirm that *perceived risk* is a factor that influences a person's attitude or intentions to purchase on the Internet (e.g., Cheung & Lee, 2001; Forsythe et al., 2006; Qureshi et al., 2009).

Finally, in keeping with TRA, the model includes *subjective norms*. Subjective norms examine the influence of important referents in an individual's offline social or organizational communication network (e.g., Fitzgerald, 2004; Karahanna, Straub, & Chervany, 1999; Moore & Benbasat, 1991; Venkatesh et al., 2003). With the explosion of Internet social communication channels, an extension of the subjective norm component can include the influence of people's important referents located in their online social communication networks. While this approach has received little empirical attention from a technology acceptance perspective (Fitzgerald, 2004), the model examines this extended component. Fig. 1 depicts the model incorporating the factors discussed in this section.

The objective of this research is to examine what factors influence an individual's continued use of the Internet for purchasing. While much of the technology acceptance research focuses on initial adoption, evidence suggests that such models can help to examine post-adoption behavior, such as continuing use (Kim & Malhotra, 2005). For example, Agarwal and Prasad (1997) apply the PCI scale to

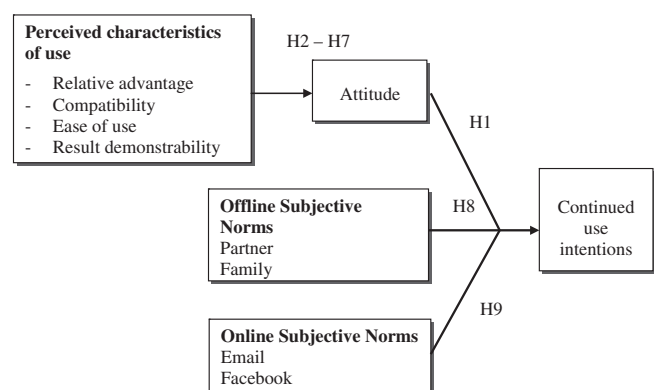


Fig. 1. Proposed conceptual model.

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