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The role of interactivity in e-tailing: Creating value and increasing satisfaction

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ABSTRACT

The purpose of this study is to examine the relationships between three dimensions of interactivity (controllability, synchronicity, and bi-directionality) and consumers' perceived value composed of utilitarian and hedonic values on e-shopping, finally determining the level of overall satisfaction on using interactivity features in e-tailing service. A total of 451 respondents participated and the usable sample size was 427 after the screening process. The results indicate that bi-directionality is a key interactivity feature for consumers' hedonic value creation in e-tailing service settings while synchronicity is a key for utilitarian value.

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1. Introduction

Effective communication with customers is the key to successful business. One of the most important factors for effective communication is known as interactivity. An increase in interactivity plays a significant role in shifting the method of sending corporate messages from persuasion to communication. Berthon et al. (1996) report that interactivity leads to two-way communications which increase perceived quality. In traditional retail environments, face-to-face interactive service between customers and sales staffs is the most common way to communicate with customers. However, as e-commerce has grown at a quick pace over the last decade, traditional retail stores are no longer the only option for consumers. According to Forrester Research (2007), online sales are expected to hit $211.4 billion in 2007, and sales, excluding for travel, are expected to reach $138 billion. Online retail sales are predicted to increase from $176.4 billion in 2005 to $329 billion in 2010, a 14% compound annual growth rate over the next five years. The explosive growth in Internet usage has changed consumers' shopping patterns. Armed with a mouse and a web browser, both companies and consumers can now access almost unlimited choices of products and services, compare prices and features in real-time, and execute transactions instantaneously.

Compared to traditional offline shopping, online shopping tends to provide more convenient and time-saving shopping experiences, because it is not geographically constrained. On the other hand, since no salesperson is available to the customers in the process of online shopping, consumers often find it hard to get an immediate response from e-tailers. E-tailers have more constraints when interacting with customers than do offline retailers. This relatively deficient interactive service on the Internet has been recognized as one of the major factors distinguishing e-commerce from traditional retail environments (Pitta et al., 2006). Therefore, it is important for e-tailers to respond to customers' inquiries and requests posted on their websites in a positive and responsive way to enhance interactive communication (Miles, 1992). E-interactivity covers everything from computer-mediated human interaction to media interaction (Stromer-Galley, 2000). Yadav and Varadarajan (2005) suggest that high interactivity has benefits for better consumer decision making, greater consumer relationship marketing, and greater personalized marketing strategy. In order to overcome the lack of face-to-face interactive services in the process of online shopping, e-tailers have made a lot of effort to enhance interactivity by facilitating various communication features including bulletin boards, real-time chats, search engines, etc. Increased interactivity by e-tailers offers benefits such as facilitated communications, customized information, image manipulation, and entertainment for the customer (Fiore et al., 2005). The purpose of facilitating interactive features on the e-commerce website is to increase consumers' perceived consumption value and, in turn, to satisfy and retain them.

Despite the significant efforts made by e-tailers to build an interactive shopping environment, e-interactivity in online

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shopping and its value creation for consumers have received surprisingly little attention in the empirical literature. Moreover, there still exists a great deal of uncertainty about the concept of interactivity in the online shopping context (Rafaeli, 1988; Yadav and Varadarajan, 2005). The main purpose of this study is to examine the relationships between interactivity dimensions and perceived consumption value, which eventually lead to consumer satisfaction in e-commerce. In the process, our study made contributions to the literature by defining interactivity as three dimensions and by empirically examining how each interactivity factor specifically influences two dimensions of consumer value in the online context. A clear understanding of e-interactivity would be beneficial to both researchers and e-tailing practitioners. e-Tailers would be able to find a more efficient and effective way to increase the e-interactivity of their websites through finding the key e-interactivity factors influencing consumer value and satisfaction.

2. Theoretical background and conceptual development

2.1. Interactivity

The importance of interactivity in e-commerce has been widely recognized (Varadarajan and Yadav, 2002). Although there have been many studies on interactivity under various contexts and disciplines, researchers still have mixed views on the concept of interactivity (Yadav and Varadarajan, 2005). Interactivity is defined based on either interpersonal communication or on user–machine communication (Ha and James, 1998; Coyle and Thorson, 2001). For instance, Blattberg and Deighton (1991) view interactivity as interpersonal communication. They define interactivity as direct communication among individuals/organizations regardless of distance or time. On the other hand, Steuer (1992) understands interactivity in terms of controllability. He defines interactivity as the extent to which users can participate in modifying the form and content of a mediated environment in real-time.

Zeithaml et al. (2002) distinguish communication with people via a computer from interacting with the website through a computer. They defined interactivity as "the extent to which website users can (1) communicate with the people behind the website, (2) interactively search for information, and (3) conduct transactions through the website." Similarly, Stromer-Galley (2000) suggests that there are two types of interactivity—computer-mediated human interaction and media interaction. According to Stromer-Galley's arguments, while computer-mediated human interaction emphasizes communication between people via computer, media interaction underlines people's ability to deliver information by controlling the medium itself. The cybernetics theories lie at the root of media interaction (Stromer-Galley, 2000). Basically, cybernetics is a research area about the use of information and feedback. In this sense, interactivity is also defined simply as feedback in the medium in cybernetics (Wiener, 1948). Therefore, media interaction or user–machine interaction provides a low level of interactivity (Van Dijk, 1999).

More specifically, interactivity can be classified into the following three categories: user–machine interaction, user–user interaction, and user–message interaction (Cho and Leckenby, 1997). User–machine interaction refers to human interaction with computers. Due to the rapid development of new communication technology such as the Internet, however, it might not be sufficient to cover the whole picture of interactivity (Liu and Shrum, 2002). User–user interaction points to an interpersonal communication. If interpersonal communication could be supported by an information technology-mediated environment, user–user interaction would become more interactive (Ha and James, 1998). User–message interaction focuses on the users' controllability over messages (Liu and Shrum, 2002).

The nature of e-interactivity including both computer-mediated interaction and media interaction is different from offline interactivity, which is mainly based on face-to-face interaction. Stewart and Pavlou (2002) argue that online shopping can provide much broader functions than traditional offline shopping. The Internet has the potential for interactivity including customization, personalization, convenience, etc. Its potential can be realized through various features in the websites (Stewart and Pavlou, 2002). E-interactive features include e-mail links, feedback forms, chat rooms, bulletin boards, search engines, etc. (Massey and Levy, 1999; McMillan, 1998). These features make different influences on the three dimensions of e-interactivity. For instance, feedback forms and e-mail increase the level of perceived synchronicity because site users can avoid browsing general information (Ghose and Dou, 1998). In contrast, search engines improve users' controllability by allowing them to find relevant information by themselves (Hoffman and Novak, 1996).

In order to measure the level of interactivity efficiently, many researchers pay attention to the multi-dimensionality of interactivity in terms of user controllability, responsibility, real-time participation, and interchangeability (Jensen, 1998; Rafaeli, 1988; Rice, 1984; Rice and Williams, 1984; Rogers, 1995; Steuer, 1992). Straubhaar and LaRose (1996) define interactivity as situations in which real-time communication, role interchangeability, and user controllability are allowed. Similarly, McMillan (2005) define interactivity more broadly as the perceived direction of communication, control, and time. Yadav and Varadarajan (2005) define interactivity in the electronic marketplace as "the degree to which computer-mediated communication is perceived by each of the communicating entities to be (a) bi-directional, (b) timely, (c) mutually controllable, and (d) responsive." Although they call them in different ways, the three key elements are common across the researchers. Van Dijk (1999) also supports the importance of these three components by suggesting that two-way communication, a high level of synchronicity, and controllability are necessary for the highest level of interactivity. Based on previous studies, therefore, interactivity can be abstracted to three elements: controllability, synchronicity, and bi-directionality. First, controllability is defined as the communicants' level of manipulating the content, timing, and sequence of communication (Coyle and Thorson, 2001; Fortin and Dholakia, 2005; McMillan and Hwang, 2002; Yadav and Varadarajan, 2005). Guedj et al. (1980) describe interactivity as a style of control. Ariely (2000) also defines interactivity as the level of control. Second, synchronicity refers to the speed of communication and response which facilitates communication (Coyle and Thorson, 2001; Hoffman and Novak, 1996; McMillan, 2005; Novak et al., 2000). Third, bi-directional communication means that the message sender and the receiver roles can be interchangeable. Bretz (1983) understands bi-directionality as two-way communication. Pavlik (1998) also suggests that interactivity means two-way communication between the source and the receiver or, more broadly, multi-directional communication between any number of sources and receivers. The concept of bi-directionality is consistent with Zack's (1993) exchange of information, mutuality, and adjacency. The concept of information equality is also based on bi-directionality. Hanssen et al. (1996) focus on equality between participants and functional environment. While interactivity involves controllability, synchronicity, and bi-directionality, the three dimensions are correlated to each other (Liu, 2003).

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