



The impact of organizational efforts on consumer concerns in an online context



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ABSTRACT

As organizations spend a significant amount of their resources on online channels, it is vitally important to understand the effects of this cost on consumer behavior. The author developed and empirically tested an integrated model combining the effects of organizational efforts on consumer concerns, process satisfaction, and purchase intentions. The results of this effort suggested that consumers are still skeptical of the organizational efforts in an online context and their concerns remain a critical factor in influencing their satisfaction and purchase intention. The study provided insights for managers about how they may reduce shopping cart abandonment in online purchasing environment by focusing on consumer concerns.

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1. Introduction

To create and sustain long-term and mutually beneficial online and offline relationships, organizations need to reduce consumers' perceived risk [6]; increase consumer trust [3] and lessen security and privacy concerns [10]. Addressing these consumer concerns is highly important because consumers increasingly rely on the internet for their regular information search and purchase. Recent cyber-attacks on high profile corporations' websites and consequent privacy breaches have made these consumers concerns even more important because in such an online context face-to-face interaction is absent, behavioral intentions of the firm is not clear, and often information is collected without the express consent of the consumer [15].

To alleviate these concerns about risk, trust, security, and privacy, organizations need a deeper understanding of how their efforts affect consumer concerns [7]. To achieve this, organizations focus on building a visually appealing website and attempt to reduce errors in information accuracy and website navigation. Additionally, extant research has suggested that brand image of an organization and its order management processes can positively influence consumer perceptions [21]. Based on such factors, it seemed necessary to perform research on the effects of four important organizational effort components: the visual

appearance of a web-site, its order fulfillment process, its absence of errors, and its brand image.

Although, prior literature has highlighted the importance of consumer concerns and researchers have suggested potential antecedents and consequences of consumer concerns (see: [19]), the direct relationship between organizational efforts and consumer concerns and their simultaneous influence on process satisfaction and purchase intentions has yet to be explored. Additionally, there is a significant body of literature focusing on the online environment. However, researchers note that the online marketplaces have changed substantially recently and have emphasized the need to develop new frameworks which capture the realities of a changing consumption environment [2]. My study attempted to address this by offering insights into consumer perceptions of management controlled variables and their impact on consumer decision making specifically, by developing and empirically examining an integrative framework and asking: (a) What organizational efforts influence consumer concerns in online context and to what extent? (b) What is the inter-relationship between the consumer-concern variables? And (c) How do consumer-concern variables affect process satisfaction and purchase intentions?

2. Conceptual framework and development of the hypotheses

Online commerce allows organizations to collect and store information about their customer's characteristics (socio-demographics, search behavior clicking pattern, and actual shopping

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behavior). Consequently, policy makers and users have started to be concerned about risk, trust, security and privacy concerns associated with online purchase [13]. I decided to attempt to take a systemic approach to integrate such concerns into a single framework. Thus I posited that organizational efforts will influence consumer concerns which will, in turn, impact behavioral intentions. The framework also examines the interfunctional interactions between consumer concern variables.

2.1. Consumer concerns

There are four consumer concerns that differentiate an online from in-store transaction [20]: (a) increased risk, (b) the resulting trustor and trustee relationship, (c) security concerns about financial information, and (d) subjective privacy concerns.

2.1.1. Perceived online risk

This is here defined as the consumer's belief of the potential negative outcomes due to an online transaction [8]: the absence of face to face contact, and lack of opportunity to examine a product prior to purchase increases the perceived risk.

2.1.2. Online trust

This is primarily based on trust of the selling organization, its infrastructure and its underlying control mechanisms. The *trustor* is the consumer browsing the website and the *trustee* is the organization and its website [5]. Online trust involves the website's ability to perform required functions (i.e. order fulfillment and absence of errors) [16]. Moreover, investment in developing a brand image can be critical in generating online trust.

2.1.3. Security and privacy

There are two types of uncertainty in an online buying context: (a) system-dependent (due to exogenous events associated with potential technological errors and security gaps) and (b) transaction-specific [11] (endogenous activities associated with the organization and its behavior in the transaction process). Security concerns are mostly associated with the former of these while privacy concerns are associated with the latter.

2.2. The role of organizational efforts

The study focused on four important organizational efforts: visual appearance of the website, order fulfillment, absence of error, and brand image, to address the potential theoretical and managerial implications. The conceptual framework is shown in Fig. 1.

2.2.1. Visual appearance

This includes the layout, images and the look-and-feel of a website or store. Schlosser et al. [14] observed that it is a good indicator of performance to customers and may increase their satisfaction while transacting online. Since user interface of a website influences the experience of consumers interacting with a retailer's product or service offering, a well-designed website may increase consumer confidence [12] and in turn reduce consumers' perceptions of risk. Lim and Dubinsky [9] also showed that visual appearance of a website was a major driver behind online trust. Bart et al. [1] asserted that consumers may perceive reduction of mistrust when visiting websites that provide good features and layout as well as high-quality content. It seems reasonable to assume that a better looking website will lessen consumer hassle and reduce their security concerns. Therefore:

H1. Visual appearance of a website will (a) reduce the perception of risk, (b) increase online trust, (c) reduce security concerns, (d) increase process satisfaction among online consumers.

2.2.2. Order fulfillment

One risk that consumers face in the online context is that the firm may overcharge or fail to deliver the product, or even deliver an inferior product. A product bought in a store provides instant possession. In order to increase customer confidence, organizations should provide regular updates on delivery of the order [18]. Order fulfillment may be an important determinant of reducing overall risk and increase online trust. Thus:

H2. Order fulfillment will (a) reduce the perception of risk, (b) increase online trust among online consumers.

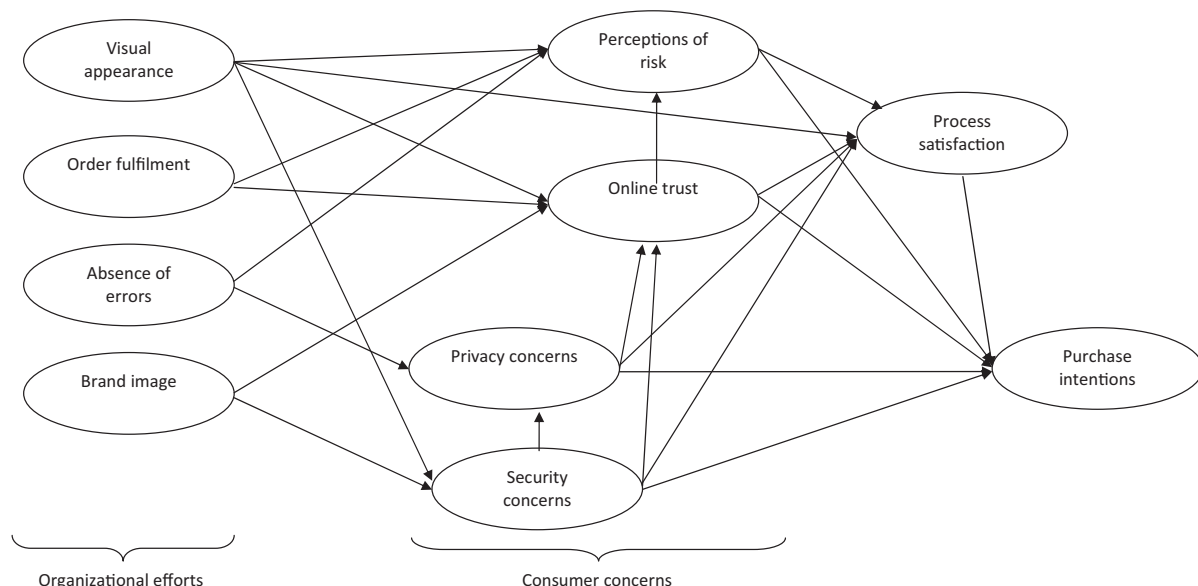


Fig. 1. Model overview.

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