

CHAPTER 2

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Chapter 2

LITERATURE REVIEW

2.1 Introduction

This chapter presents a review of the literature and research on the factors related to attitude and intention for online purchase. It will also look at the attitude towards Blogs, which will then lead to Blogs being used as a marketing channel.

2.2 Factors influencing online purchase

Retaining customers is a financial imperative for electronic vendors, especially as attracting new customers is considerably more expensive than for comparable, traditional, bricks-and-mortar stores (Reichheld and Scheffer, 2000). This has led to much research being conducted to analyze and establish the factors that may influence customers' attitudes and intentions towards online shopping.

Much research has been undertaken to explain what influences customers using the Internet as a means of purchasing a product. Among the factors identified by researchers are utilitarian and hedonic orientation (Chen and Lee, 2008; Delafrooz et al., 2008; Childers et al., 2001), opinion leadership (Cheung et al., 2009; Trusov et al., 2009; Bodendorf and Kaiser, 2009; Cyle et al., 2007), trust (Chen and Lee, 2008; Schoorman, et al., 2007; Gefen et al., 2003; Pavlou, 2002), and website features (Martinez-Lopez et al., 2005; Burke, 2002; Novak et al., 2000; Dellaert and Kahn, 1999; Davis, 1993; Davis et al., 1989).

These factors are considered in this paper as the determinants that influence the adoption of online purchases through Blogs by Malaysian consumers, which consequently, lead to the intention to purchase through Blogs.

2.2.1 Utilitarian and Hedonic Orientation

Consumers' characteristics can be differentiated into two distinctive characters. Hirschman and Holbrook (1982) describe consumers as being either "problem solvers" or as consumers seeking "fun, fantasy, arousal, sensory stimulation and enjoyment". Consumers have different personalities, which may influence their perception and how they perceive their online shopping behaviour (Wolfenbarger and Gilly, 2001).

In support of the above findings, Wolfenbarger and Gilly (2001) explore the motivation factors for consumers to shop online. Their research of online customers suggests there are two motivations that can be generalized to the online environment – utilitarian behaviour and Hedonic behaviour.

A study conducted by Childers et al. (2001) stated that utilitarian consumers are goal oriented shoppers. The author added, that in the utilitarian view, consumers are concerned with purchasing products in an efficient and timely manner to achieve their goals with a minimum of irritation. Confirming this statement, Kim and Shim (2002) also concluded in their research that consumers who are utilitarian have goal oriented shopping behaviour. They usually shop online based on a rational necessity that is related to a specific goal.

Another view concerning the convenience orientation mentioned the utilitarian value of shopping as being a task related, rational, deliberate and efficient activity (Babin et al., 1994). This type of consumer looks for task oriented, efficient, rational, deliberate online shopping rather than an entertaining experience. Their desire is to purchase what they want quickly and without distraction (Wolfenbarger and Gilly, 2001).

The research done by Wolfinbarger and Gilly (2001) indicates that seventy-one percent of shoppers said their most recent online purchase had been previously planned, while twenty-nine percent said they had been browsing when they made their purchase. Thus, online shopping is more likely to be goal focused rather than experiential.

Moreover, Moe (2003) argued that consumers' underlying objectives of visiting a web site have an effect on their attitude to purchase through the web site. Results from her study also indicate a positive effect of a utilitarian orientation mode on purchase attitude. Meanwhile, hedonic shoppers have experiential shopping behaviour. Hedonists not only gather information to shop online but also seek fun, excitement, arousal, joy, festive, escapism, fantasy adventure, etc (Monsuwe et al., 2004).

To confirm hedonic characteristics, Wolfinbarger and Gilly, (2001) point out that experiential shoppers want to be immersed in the experience rather than achieve their goals by shopping online. They also note that hedonic shoppers were found to exist in the online environment for information gathering purposes such as ongoing hobby-type searches, involvement with a product category, positive sociality and surprise and bargain hunting.

Furthermore, a retailer can inform and influence hedonic shoppers because they do not have a specific goal in mind when visiting an online shopping site. Experiential shoppers usually find more enjoyment in interactive environments than in pure text environments (Childers et al., 2001). The authors' study confirms that hedonic orientation for online shopping is an important predictor of attitude towards online shopping.

Summing up, utilitarian and hedonic consumers manage and approach online shopping differently because of their different personalities and motivations. As quoted from Sanchez-Franco and Roldan (2005) the differences between utilitarian and hedonic orientation are summarized in table 2.1:

Table 2.1: Differences between utilitarian and hedonic orientation

Utilitarian Orientation	Hedonic Orientation
<ul style="list-style-type: none"> ▪ Extrinsic motivation ▪ Instrumental orientation ▪ Situational involvement ▪ Utilitarian benefits/value ▪ Directed (pre purchase search) ▪ Goal oriented choice ▪ Cognitive ▪ Work ▪ Planned purchase, repurchasing 	<ul style="list-style-type: none"> ▪ Intrinsic motivation ▪ Ritualized orientation ▪ Enduring involvement ▪ Hedonic benefits/value ▪ Non-directed (ongoing) search/ browsing ▪ Navigational (experiential) choice ▪ Affective ▪ Fun ▪ Compulsive shopping; impulse buys

2.2.2 Opinion Leadership

In order to win customer interest in one's product or, more importantly, to influence customer action to purchase the product through a channel, a seller needs to convince customers that they are the best channel available. This can be done through communication. Communication is the transfer of information between the people participating in the process and is a central part of marketing. Communication with customers can take many forms, such as advertising, mailed brochures, sales promotion and personal selling.

A study done by Bickart and Schindler (2001) found an increase in product interest after consumers read content posted on an online discussion forum. Consumers regarded the opinion as more credible and more relevant compared to information found on corporate

websites.

In communication, there will be opinion leaders who are in a position that can heavily influence individuals. They are often targeted by organizations to pass the information on to other consumers (Fill, 1999). A study by Katz and Lazerfeld (1955) showed that opinion leaders tend to affect the target more positively than when the message is sent by the original sender.

According to Corey (1971), opinion leaders are trusted and informed people who exist in normative groups, where they are more active and have more influence on the other members than regular members. Opinion leaders are often role models of opinions within their group, which means they can be the most important influencers on marketing efforts through oral or written communication to their readers or listeners.

Research has shown that opinion leaders and opinion followers often tend to be similar in lifestyle and social class. It is also important to note that opinion leaders do not have to be a “leader” in all subjects, but only the subject in which he/she possesses great knowledge (Blackwell et al., 2001). Corey (1971) argues that opinion leaders are significantly more involved in their main interest compared to regular members and are more informed about new developments within their interest.

Another important characteristic of opinion leaders is that normally they have more self-confidence than their followers and are also more socially active (Mowen, 1993). This supports what was stated before – that opinion leaders are willing to share information, and actually like being the centre of attention. According to Glock and Nicosia (1963),

opinion leaders act not only as a channel of information but also as a starting point of social pressure towards a particular choice. Opinion leaders also work as a social support to reinforce the choices once they have been made.

2.2.3 Trust

Trust in online shopping is referred to as the willingness of customers to be vulnerable to the action, to the product or website (Schoorman et al., 2007). Salo and Karjaluoto (2007) stated that trust helps customers to mitigate worries about the risk and insecurities and encourages them to participate in online activities.

The above statement is supported by the findings of Reichheld and Scheffer (2000), which showed that trust is a vital key in retaining customers in the e-vendor environment. However, because online vendors can easily take advantage of online customers, trust becomes a major issue when dealing with online purchase (Jarvenpaa and Todd, 1997). Thus, when consumers believe that the product's quality and price are acceptable and that their personal information will be protected, they will be more willing to spend time and money on online transactions (Chen and Lee, 2008)

Gefen et al. (2003) conducted a study to examine trust as an antecedent of online purchase intention. Their study concluded that trust is an excellent predictor of online purchase intention together with website ease of use and perceived usefulness. Gefen et al. (2003) suggested that e-vendors should include trust-building mechanisms such as structural assurance in the creation of their websites in order to gain online customers' trust, which, in turn, will lead to intention to purchase.

Another study, by Pavlou (2002), stated that institution based trust could improve and

indirectly influence the success of online transactions between business to business marketplaces. His findings stated that trust in sellers have been empirically proven to influence important outcomes of online purchase such as satisfaction, perceived risk reduction and continuity.

2.2.4 Website Features

One of the antecedents for attitude towards a website is the belief about the contents of the website as perceived by consumers, including the availability, design attractiveness and structure of information on the websites (Yilmaz, 2004).

To support the above statement, Martinez-Lopez et al. (2005) found that web design aspects are related to the consumers' opinion about the availability, design attractiveness and structure of the information on the web, especially on the websites. Thus, attention should be paid to website design since content and structure of information on websites are fundamental to determine the degree to which an individual (consumer or visitor) feels comfortable when navigating (Luna et al., 2002).

Another important feature of a website is the interaction speed. Lin and Lu (2002) stated that response time is the most important factor in the development of the user's belief towards a specific website to the extent that any deficiency in the response speed in the interactive process will have a negative effect on the user's perceptions about a given website.

This is confirmed through the study conducted by Martinez-Lopez et al. (2005) on determining whether consumer perception of website design and interaction speed/response time will affect their overall attitude towards the Internet. The result of

this study shows that the consumer's perception of website design has a strong positive and direct effect on their overall opinion towards the Internet. However, the interaction speed influences attitudes towards the Internet, albeit not as strong as website design. Nevertheless, Martinez-Lopez et al. (2005) concluded that an attractive website design and a short response time will create favourable consumer belief about a specific website.

Another important aspect, as mentioned in the study of Parboteeah et al. (2007), is the influence of website characteristics, which have a positive impact on the consumer's urge to buy impulsively. The result of their study shows that as interface quality increases, the magnitude of impulsiveness to purchase a product online also increases. This is applicable to both task relevant and mood relevant consumers.

In another study, carried out by Burke (2002), it was found that when shopping online consumers look for accurate product and pricing information, a convenient and secure ordering process and reliable delivery among other factors. Thus, it is important for websites to be designed in such a way as to cater for all these requirements.

2.3 Attitudes towards Blogs

Technical development and the growth of the user base have made weblogs a common medium for social interaction (Blood, 2004). This statement is further supported by Flatley (2005), who argues that weblogs are considered a mainstream communication medium instead of merely a fad in the Internet society. Given the ever increasing popularity of Blogs, it is important to determine attitudes towards Blogs.

According to the Theory of Reasoned Action, attitudes are a function of beliefs, where a person who believes that performing a given behaviour will lead to mostly positive outcomes holds a favourable attitude towards performing that behaviour and vice versa (Ajzen and Fishbein, 1980). Herbert (1862) defined attitude as arriving at correct judgments on disputed questions. In doing so, much depends on the attitude of mind we preserve while listening to, or taking part in the controversy. Another famous definition of attitude is that of Thomas and Znaniecki (1918), who viewed attitude as an individual mental process that determines a person's actual and potential response.

A study conducted by Gumbrecht (2004) stated that the content of what is being broadcast in a Blog will affect the perception of its audience. The author stressed that as Bloggers have the ability to control the content of their Blogs, they have the means to influence audience perception. This is important, as a Blog's audience could potentially be anyone – family, friends or complete strangers (Gumbrecht, 2004).

In a study carried out by Ferrell and Drezner (2008), the authors argue that the distribution of web links and traffic in the Blogosphere are heavily skewed, with a few "elite" Bloggers commanding most of the attention. The authors further emphasized that because of this, these Blogs can operate as an information aggregator for the Blogosphere, and under specific circumstances, when these elite Bloggers concentrate their attention on a story, the agenda setting power of Blogs may create a focal point for general interest intermediaries (Schelling, 1960).

The above study confirms Herring et al.'s (2004) claims that one of Blogging's most attractive facets is that Bloggers retain ultimate control over the Blog's content. This is essential as the content of Blogs has a significant impact on an individual's perception,

either towards the topic stated in the Blogs or the owner of the Blog itself.

Many Bloggers desire a wide readership, and as Blood (2002) suggests the most reliable way to gain traffic is through a link on another Blog. This will create a chain of links where one Blog links to another, the readers of that Blog are likely to follow that link and if they like what they read, they might in turn become a regular reader of the newly discovered Blog (Ferrell and Drezner, 2008).

To substantiate the above statement, a study by Nardi et al. (2004) determined that people typically found Blogs through other Blogs they were reading, through friends or colleagues telling them about their Blogs or those of others, or through inclusion of the Blogs URL in an instant message profile or a homepage. To facilitate the network reference and link, Blogging software reserves a portion of the screen for lists of Blogs and many of the Blogs we investigated had a list of other Blogs presented to readers. There are also sites devoted to "Blogrolling", which select and present interesting Blogs. These sites promote Blogs making them reference Blogs to other Bloggers.

The act of creating hyperlinks and referring a Blog will eventually create a virtual community. Silva et al. (2008) conducted a study on the Blog community. Their findings suggest that cohesion in the Blog community does exist as long as there are explicit ground rules concerning the membership and the presence of a moderator. When there is cohesion in the Blog community it gains a good reputation, hence, attracting more newcomers into the community. The authors also discovered that the reputation gained in the community is incorporated into the identity of the individual. This is significant, as Wasko and Faraj (2005) emphasized in their study that the major reason for individuals to contribute to an electronic community was the enhancement of their reputation.

The conclusion reached by Shim and Guo (2009) in their study is also important. The authors stated that the more experience a user has of browsing Blogs, the more positive attitude the user has towards the usage of Blogs.

2.4 Blogs as a Marketing Channel

The potential of the Internet as a commercial medium and market has been widely documented in a variety of publications (Haffman et al., 1995; Jarvenpaa and Todd, 1997). To substantiate this, Ki and Chi (2001) note that the Internet is an extremely effective medium for accessing, organizing, and communicating information. Furthermore, Elba et al. (1997) stated that the interactive nature of the Internet and web offer many opportunities to increase the efficiency of online shopping behaviour by improving the availability of product information, enabling direct multi attribute comparisons and reducing buyer search costs.

Another attractive aspect of the Internet is that it can provide timely information to customers through its capacity for instant communication, and its availability twenty-four hours a day, seven days a week (Lane, 1996). This means more interaction (Rosenspan, 2001), better customer services and a quicker response (Isaac, 1998).

In addition, Peterson et al. (1997) identified several unique characteristics of the Internet regarding communication: (1) the ability to store vast amounts of information that can be searched and disseminated in a cost-effective manner, which is accessible by virtually everyone on the Net; (2) interactivity and the ability to provide information on demand; and (3) provide perceptual experiences that are superior to a printed catalogue. All of these qualities make the Internet a good marketing channel to potential customers.

All of the above stated qualities are extended to Blogs with some other additional attractive features. Hewitt (2005) emphasized that Blogs are the next wave in the information revolution, as important to the dissemination of information as the printing press was to the reformation.

In a study by Dearstyne (2005), the results of her finding has established that Blogs provide a means of collecting and organizing fresh insights and opinions and thereby reinforce the organizational objectivities of fostering knowledge and information sharing as a way of enhancing productivity.

Another catalyst for the success of Blogs is the weblog service providers themselves. The weblog service providers generate income from online advertising, thus, they can afford to provide this weblog service for free for the basic service or at a minimum fee for the premium service. An example of weblog service providers and the value they provide to the public is listed in table 2.2.

Table 2.2:Weblog service providers

Service Provider	Cost	Limit on number of Blogs	Capacity	Extent of Customization
Blogger.com	Free except for premium service	Unlimited	300MB	High
Tribe.net	Free	Unlimited	80MB	Moderate
Crimson Blog	Free	Unlimited	100MB	Moderate
Weblogger.com	Minimal fee	Unlimited	Unlimited	High
Easyjournal.com	Free	Unlimited	Unlimited	Moderate
Blogsource.com	Free	Unlimited		Moderate

Adopted from Shim and Guo (2009)

In a study conducted by Anderson, Blomkvist and Holmberg (2007) on consumer behaviour, the authors conclude that Blogs are tactic tools for marketing research that

can help companies understand customer behaviour. Their study also indicates that Blogs are used throughout all stages of the consumer decision making process. The main reasons why consumers discover needs within their Blogging are the availability of up-to date information, and that all information is gathered in one place. The authors also stressed that Blogs have a strong impact on the consumer's decision as to how and where to make the purchase, whether to buy online or not and in which store.

To assist in the marketing activity, a study by Gruhl et al. (2005) indicates that a sudden increase in Blog mentions is a potential predictor of a spike in sales rank. This study shows that there is a correlation between Blog mentions and online web chatter and that it can be used as a predictor in sales rank.

There are various paths to using Blogs, the increase of which stems from their use by geeks, alternative media and celebrities (Khalif, 2004). Blogs have empowered millions of users through shared knowledge and experience. However, meaningful Blogging experiences are as much about accessing information (reading) as they are about contributing information (writing) (Laqua and Sasse, 2009).

To illustrate the importance of the influence of Blogs, according to a survey conducted in 2005 by Ipsos MORI, a leading market research company in the UK and Ireland, an estimated 25 million Europeans have changed their minds about a company or its products after reading a Blog. The results of the survey indicate that over half of the 2,300 respondents said Blogs could influence them to purchase a product, while thirty-four percent said they chose not to buy a product after reading negative comments about the item. Ipsos MORI found that Blogs were the second most trusted source of information after newspapers (Goldie, 2006).

2.5 Conclusion

This chapter discussed the literature review in detail. It has outlined important factors that may influence consumers to purchase online. Thus, based on the presented literature, this study has opted to use five determinants in establishing the adoption factors for online shopping through Blogs as per below:

- Utilitarian orientation
- Hedonic orientation
- Opinion leadership
- Trust
- Website features

The next chapter will discuss about the research framework and methodology and hypotheses development in respect to each determinant.