**Week 5: Business-to-Consumer Electronic Commerce**

The three articles for week 5 all deal with business-to-consumer electronic commerce. B2C e-commerce represents the most visible part of e-commerce, and it has forever changed the way many people shop. Most people enjoy the convenience and time saving resulted from online shopping. One recent study found that the more time-starving a consumer is, the more likely he or she will shop online. Other people enjoy the large selections online stores are able to offer and the ability to comparison shop without leaving home. However, online shopping ranks relative low in terms of its entertainment value when compared to traditional shopping. Especially in certain parts of the world where shopping is an important social event, online shopping fails to appeal to consumers. Many online retailers have realized that the mentality of “if you build it, they will come” will not work in B2C e-commerce. Today, only a handful of online retailers are prosperous, and many others are still struggling to survive. Therefore, understanding consumer behavior online is of paramount importance to the success of online retailers.

Koufaris, Kamil and LaBarBaera’s article underscores the importance of creating a playful environment to entice consumers to shop online. The study found that perceived control and shopping enjoyment could increase the intention of new Web customers to return. Lee and Turban’s article addresses one of the most important issues in B2C e-commerce, trust. Distrust in online stores was cited as the number one reason why people did not shop online. The study found that perceived integrity influenced consumers’ trust in Internet shopping. Chen, Gillenson, and Sherrell’s article offers a relatively comprehensive picture of what drives consumers to shop online. The study provides online retailers with some operative critical success factors. All three articles offer unique contribution to the field. One thing to keep in mind while reading these articles is that there is never a straight right or wrong answer to any of the research questions studied in these articles. That was the reason why I asked the teams to challenge the theoretical frameworks in these articles. All teams have provided interesting insights on how the frameworks can be improved. All teams have also provided good answers to how these findings can be operationalized into actual strategies.

**A Trust Model for Consumer Internet Shopping**

By Matthew K. O. Lee and Efraim Turban

*Do you agree with the theoretical model for consumers’ trust in Internet shopping proposed by the authors? Can you think of any other factors that may affect consumers’ trust in the context of Internet shopping? The empirical results show that only merchant integrity is a major positive determinant of consumer trust in Internet shopping. Why didn’t the study find other factors to influence trust?*

**Team1**

The theoretical model that Lee and Turban propose for consumers’ trust in Internet shopping is indeed compelling. The authors have tried to argue that there are three main components to this model: trustworthiness of Internet merchant, trustworthiness of
Internet shopping medium and contextual factors. Along with these, the authors add that there might be “other factors” and individual trust propensity. We would argue, though, that the authors missed a couple of items that could be considered within their framework on consumers’ trust in Internet shopping. A couple of these “other factors” that they did not define could be ease of use of the web site and Internet literacy of the person shopping. Even if a person meets all of the other factors, if he/she has to figure out how to use the web site or find what he/she is looking for, that person is not going to trust the business that such a complex site represents and probably will not pursue online shopping opportunities there. Another factor that the authors did not consider enough was the Internet literacy of the person doing the shopping. (The authors did mention “Internet usage experience” but lumped it in with the “other factors” instead of having it separate). If a novice shopper with minimal Internet literacy skills is looking for a certain product and cannot find a reference to the products or a web site easily, chances are the person doing the shopping is not going to trust the offerings of a site once uncovered.

The authors found that only merchant integrity was a major positive determinant for consumer trust in Internet shopping. The study discarded the other factors because the other four constructs tested just above neutral scores. This implied that these four constructs: perceived ability, individual trust propensity, third party recognition and trust in Internet shopping, did not have much effect on whether consumers trust Internet shopping or not. The score for the fifth construct, perceived integrity was 4.4 that were higher than the neutral-like response of the other four (neutral being 3.5 and the other four constructs scored 3.8 or lower). The implications were that the merchants should focus their efforts and advertising on getting the consumer to believe that the merchant is honest and has integrity when dealing with customers. As the authors did note, however, there are limitations to trying to generalize results of one study on one small group (Hong Kong students) to a general population of Internet patrons. Perhaps if the authors could create a study that had a random sample component to it, they might find come to different conclusions about what the general Internet patron feels is necessary to have trust in Internet shopping.

Team2

The purpose of this article was to document the development of a research model and to define the results of that research performed. The research was based solely on examining consumer trust in an Internet shopping environment. The article and the research were very narrowly defined and considered only four broad categories: (1) trustworthiness of the Internet merchant, (2) trustworthiness of the Internet shopping medium, (3) Internet shopping contextual factors, and (4) other factors. As such, in the words of the authors, “the model is not all-embracing…”

Based on the choices made by the authors, the theoretical model seems valid. They have chosen to examine and test only these four factors and how these factors may or may not be influenced by an individual’s trust propensity. As stated in the article, not all factors were taken into consideration, but the intent was to capture the most significant set and to test various hypotheses surrounding those factors.
Having said that, in our opinion, one factor that ought to be taken into consideration in addition to what was done, is the users’ comfort-level and knowledge of how to use a computer and the Internet. It can be argued that this factor can be embedded within the other factors, but utilizing this area as an “anything that does not fit the other three categories” can result in a mish-mash of factors that may or may not relate to one another and thus could skew any research results in this fourth category area.

The reason we would include this is based on two parts. First, the research performed was performed using a “convenient test group”. As the authors pointed out, this group of university students were already computer and to a degree Internet users. If the same research were to be conducted on a random sampling of consumers at large, that would of necessity include non-computer users or non-Internet users, different results may have ensued. Second, it has been our experience that there is a significant number of consumers who have a deep fear or mistrust of computers, have absolutely no idea or aptitude in how to use one, or are unable to take a computer to the next level of using it on the Internet. Thus a suggested hypothesis would be the degree to which a consumer understands or is capable of using a computer is positively associated with consumers’ trust in Internet shopping.

The results of their study showed that merchant integrity is a major determinant in consumer trust but did not find other factors as a positive factor to influence trust. There could be several reasons for this result, we provide three here.

One, the authors performed a literary review and summarized their trustworthiness attributes in Table 1. In this table, integrity and ability were just two of the attributes listed.

Two, as part of the research model development, 16 different hypotheses were created. The research, with its questionnaire filled out by the respondents, focused strictly on these two factors and only 6 of the 16 hypotheses. Had the questionnaire included questions related to all 16 hypotheses and/or had other factors with their associated hypotheses been created and employed, the end results of the research may very well had indicated that not only is integrity a major factor, but that others may be as well.

Three, the authors point out limitations to the research conducted (convenient rather than random sampling, use of potential versus actual Internet shoppers, and the creation and use of a research model that does not deal with the consequences of trust). Eliminating or reducing the effects of these limitations may well shed different results as well.

To the defense of this particular study, the research model derived by the authors does leave it open for future research by utilizing additional factors and hypotheses.

Team3
While it is recognized that business-to-business e-commerce has existed ever since EDI made it possible for the first time, business-to-consumer e-commerce wasn’t recognized by average Internet users until 1990s. The obvious reason is that the prevalence of personal assistant tools (PC and Internet) available and affordable for individual consumers occurred much later than the technologies for institutions to conduct businesses with each other. But there is also an less obvious reason, as we discover from this article, is that trust in new situation - online transaction - is less easier to be established between numerous individual users and the businesses who try to exchange values with these dispersed consumers. In 2001, when this article published, online shopping and dotcom just swept across the world, most business was talking about e-commerce application, and most Internet user was talking about online shopping. However, if we still remember, one of the main psychological blockage kept the majority from shopping online was associated to trust. Therefore, theoretical and empirical research on trust for Internet shopping became outstandingly important.

After reviewing the economic and social background of Internet shopping of a few years ago, and comparing it with today’s prevailing online shopping phenomena, we agree Lee & Turban’s trust model in a selective sense. Though the model is not ‘all-embracing’ as the authors admitted, the idea of looking at trust from three theoretical perspectives that concluded and generalized from their due-diligent literature review is useful to highlight the relative competency and reasonability of their model. It is wise to point out that entities affecting consumers’ trust in Internet shopping include the businesses itself (products and services provided, and the operations, etc), the media through which the companies connect to the individual consumers (reliability of network connection, transaction systems, etc) and the third parties who grant relative certifications, such as Verisign, and the security technologies itself, such as public key. Of course other factors like age can influence people’s trust in online purchasing - in the common sense that the older consumers are more reluctant to even touch a finger on e-commerce than the juvenile. Finally, the personal propensity of trust varies dramatically, which undoubtedly influences his or her overall willingness of trusting others.

However, we think there is at least one factor can be added - reliability of delivery channels. When online shopping just started, more attention was paid to its early step - transaction - than the later - delivery the products into the hand of customers. In traditional business-to-consumer exchange they happen almost at the same time, however online retailers confront one more critical question - can my logistic department or partners deliver the right items to the right customer in the right manner? Delivery can’t be neglected when deciding how much consumers trust in Internet shopping. Therefore, it should be added into the model.

The regression analysis based on Lee & Turban’s trust model concluded that only merchants’ integrity was a major determinant of consumers’ trust in Internet shopping, according to the principle of regression analysis - the probability that the coefficient is zero is statistically significant when its corresponding t-value is relatively low. This is

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1 P77: personality theory, sociology and economics, and social psychology.
shown in Table 4. Table 3 shows that the mean degree of perceived integrity is closest to that of CTIS, and both of them are lower than the degree of trust propensity, perceived ability, and third party recognition, which may well indicate that perceived integrity contributes most to the CTIS. In the eyes of these college students, mostly potential Internet shoppers, online merchants were capable of handling Internet business, and third parties were doing a relatively good job, both of which didn’t cause as serious obstacle refraining them from online shopping, as integrity was. This naturally led to the conclusion that online merchants should build up their integrity if they expect to attract or cultivate more Internet shoppers.

However, the regression analysis may have its limitation. First, when the selection of independent variable (hypotheses for being tested) varies, the results may well be different and sometimes conflicted, due to interdependency and other possible problems. Even if we assume that this analysis incurred no such problem, the sampling limitation can also influence the accuracy of results significantly. The result might merely represent the trust propensity of Hong Kong college students on Internet shopping, rather than Internet users of Singapore, British, Australia, USA, etc. For some countries third-party certification may have significant influence on consumers’ trust in online shopping, for others it may be merchants’ competence.

Besides, beyond the scope of this research article, we recognize that today, when competition becomes more intensive among online merchants and when return guaranties are already an industrial agreement, for many Internet shoppers, who have experienced either bad or good cases of online shopping, perceived abilities to provide satisfied service and competent products is no less important determinant of Internet shopping than perceived integrity. An online retailer without being able to process all the orders in Christmas season could turn a legion of customers away, and do you think they would trust this retailer in the future if there is no sign that this retailer would be more capable before next Christmas?
Do you agree with the theoretical framework for consumer attitudes and behavior on the Web proposed by the authors (p. 117, Figure 1)? From your experience, how can this framework be improved? If you are the CEO of a Web-based retailer, what business strategies will you implement based on the findings of this study?

Team1

We do not agree with the author’s framework, as depicted in Figure 1, since they did not include the very important factor, trust. Without trust, no customers would want to purchase goods from a store. Traditional merchants understand this importance because it takes a long time to establish reputation to gain trust from customers. The reason why BMW can sell cars at its prime price is because the brand established trust among consumers. Also, another reason why we did not agree with this diagram is because it did not include another important factor that is an atmosphere. The reason why there are different decorations in stores is because certain consumers are drawn to their favorite atmosphere. A store attracts certain type of crowd, and the store hires workers who fit the style of the store. To us, web stores are no different from physical counterparts. A web store must attract certain crowd who enjoys the atmosphere, that is, at their home by themselves.

From our own experience, we are reluctant to purchase anything from web stores because we cannot trust them. We always wonder if they would overcharge a us on our credit card. To us the best source of assurance is by word of mouth from friends or co-workers. If they had a positive experience from a web store, we might decide to purchase goods from that store. Even though we got some assurance from people we know, experience of most of us with Amazon.com has not been an ideal one. One of us purchased a book from them. The saving he got from Amazon.com was minimal. At first, the price saving figure looked enticing, however after adding the shipping cost, the saving he saved from Amazon was just two dollars. He had to wait more than one week before he received the book. For just a two dollars saving, we would prefer to buy that book from an established bookstore. We also prefer the atmosphere of bookstores such as Borders. Going to Borders bookstore is not just finding and buying books, but also experiencing the atmosphere that the store offers, such as nice and quiet place with a light background music and coffee shop. From this aspect, web stores are at a disadvantage. Mere computer image of web stores cannot compete with the physical counterpart. So to improve the diagram or web operations, it needs to include trust factor and atmosphere of a store.

According to the study, none of the hypothesis except H7 was supported by the statistics. That shows there are no way the e-commerce alone can operate successfully and profitably as the history of dot com failure exemplifies. If one of us were the CEO of a web-based retailer, we would terminate the operation as soon as possible. We would rather open a physical store first and build a reputation. Only when my physical store becomes successful, we would start e-commerce to enhance the entire operation.
Team2

For the most part the framework is organized as enjoyment and control. As the paper states, creating online shopping enjoyment is one of the biggest challenges of online retailers. As was mentioned the atmosphere and shopping socializing were difficult to recreate.

I may challenge the idea of positive challenges in online retailing as being a major factor in shopping, as I would rather retrieve data about products, search competitive products and finally have little to no challenge in checking out of the online retailer. As was mentioned in Figure 2, classification of web-store search mechanisms.

The framework does systematically show that need specificity leads to search mechanism then shopping enjoyment or control then unplanned purchases or intention to return. This model appears to be a sound method as this is very similar to physical shopping where one would enter the store, determine a general area (search mechanism used), view their surroundings (atmosphere/shopping enjoyment), then possibly do impulse shopping or unplanned purchases.

By incorporating the advantages of online shopping, which include instant product information and the ability to shop multiple products in seconds, online stores should become product sales tools that encourage shoppers to visit the online stores for the best type of product and best brand features for that type.

Product information and alternate products (this is also known as shopping) may be stated under product involvement but should be separated to: customer needs, product information/need information and available solutions. With the explosion of web sites and products offered on the web, search engines have become paralyzed with unrelated findings leading to less efficient searches. Thus online stores can capitalize on search engine paralysis by offering the customer the options and feature/benefits on their pages as well as indirect product substitutes. This would transform shopping portals from a search engine to a tool for determining the optimal solution.

Value added, with positive challenges. Web sites that focus on customer needs and offer opportunities to diverge from the customers focus (known in the physical world as “shopping”), will create more loyalty.

This is seen in ebay when a customer has searched for products in the auction, the site offers products that are similar but different in nature. Thus ebay has created the ability to explore and experience shopping, and be based on the ability to search on exactly what was entered into the search engine.

Team3

In any business it is important for companies to encourage repeat business from their customers. Companies want to design systems that encourage customer retention and
increased sales. For businesses that rely on information technology and e-commerce traditional strategies may not always work, therefore these companies are challenged to find new ways to accomplish these business objectives. The authors of Consumer Behavior in Web-Based Commerce: An Empirical Study, present a very complex theoretical framework for consumer attitudes and behaviors on the web. The framework presents both dependant and attitudinal variables and individual and web store factors. As a group, we agree with the theoretical framework proposed by the authors and we would like to look closer at each area.

The individual and web store factors are used to determine how consumer’s perceived control and shopping enjoyment influence web customers. There are two web store factors, the search mechanism used and positive challenges. Search mechanisms, such as internal search engines, allow customers the organization, convenience, and control to quickly and easily find what they are looking for. Positive challenges presented by a web site would not include slow download times, but would include a user friendly well designed site that is helpful and enjoyable for the customer. Opposite of the web factors are the individual factors, which are need specificity, product involvement, and customer tenure (new vs. repeat). How well a customer knows what they are looking for, is the idea behind need specificity. A customer’s product involvement varies from customer to customer. The main idea behind customer involvement is one’s motivational state and it’s activation toward a product. (For example, different customers are going to feel differently about the purchase of a hammock for very different reasons.) Customer tenure is how many times a customer has been to an e-commerce site in the past. This has an effect on their intentions, if they have purchased before they are most likely visiting to purchase again.

The dependant and attitudinal variables, which are influenced by both web and individual factors, are used to determine the impact of customer experience and attitudes on consumer’s unplanned purchases and their intentions to return to a particular web site. The two attitudinal variables are shopping enjoyment (pleasure) and perceived control (dominance). Both physical retail shopping and online shopping fulfill different customer needs, this article presents a viewpoint that shopping enjoyment is both significantly and positively related to attitudes and intentions of online shopping. This means it is very important for customers to have an excellent experience from the minute the click into a company’s web store. Also, according to the authors, today’s e-commerce customers demand for “more control, less effort, and greater efficiency during shopping.” So many other outlets are available for customers, it is very important for these demands to be met. The two dependent variables are any unplanned purchases the customer makes and their intention to return to the web store. In the end, unplanned purchases are going to be affected by all of the factors and variables already discussed. However, time, money, shopping enjoyment, the level of impulse purchasing tendency, and the marketing exposure on a site are all especially going to increase impulsive, unplanned purchases. Finally, store loyalty is determined by three factors, resource constraints, non-shopping lifestyle, and discretionary loyalty. These three factors suggest that the satisfactory or above satisfactory experience a customer has with an online store is and will continue to be crucial for store loyalty. All businesses want to achieve their goal of repeat customers and this goal can be met by satisfying these three factors.
The framework presented by the three authors does not need a lot of improvement from our perspective. If any of us were the CEO of a web retailer we would find it very important, based on the findings of this study, to implement business strategies that would enable our company to positively impact the pleasure (shopping enjoyment) and dominance (perceived control) of our customer’s session, which in turn will increase unplanned purchases and customer retention. Customers find pleasure in walking through stores and seeing other customers browsing through the same products as them. Web stores are unable to achieve this; however it may be comforting for these customers to see a session count in the header of a web site that mentions how many customers are shopping on the web store at the exact same moment. This little trick can bring pleasure to an e-commerce customer. As for control, the dominance and perceived control of our customers can be enhanced through including both non-value added information and value added information about our company’s products and services. Value added information is going to give our company a competitive advantage over our competitors as well as benefit our customers in more than one way.
Article 3: Consumer Acceptance of Virtual Stores: A Theoretical Model and Critical Success Factors
By Leida Chen, Mark Gillenson, and Daniel Sherrell

Discussion Question:
Do you agree with the theoretical framework for consumer acceptance of virtual stores proposed by the authors (p. 28, Figure 2)? The model presents five potential critical success factors for virtual stores: product offerings, information richness, usability of storefront, perceived service quality, and perceived trust. Are there any other factors that may be critical to the success of a virtual store? If you are the CEO of a virtual store, how are you going to operationalize these critical success factors?

Team1

The authors attempt to define a model of the processes and criteria for customer acceptance of virtual stores. This paper does not intend to be the definitive definition of e-commerce customer value chains, it does create a framework to be tested and modified in future research. Posing questions, revealing weaknesses and showing gaps in the existing research in reference to e-commerce.

How and why do consumers decide to make purchases through virtual storefronts? The authors present an initial model based on five success factors for virtual stores: Product Offerings, Information Richness, Usability of Storefront, Perceived Service Quality, and Perceived Trust. The model presented shows the linkages between these success factors and how they contribute to the final result that is the actual use of the virtual store. The factors as presented show a logical flow and sequence of thought and action that will lead to a transaction between a customer and a virtual store. The process as shown is very similar to models used for traditional brick and mortar storefronts that are based on the 4 P’s: Product, Place, Price and Promotion.

Product Offerings (PO) of the virtual store model will correspond directly to product of the 4 P’s model. Any retail business, virtual or not, must provide a product of quality to attract customers. The product is the primary, but not only element in the perceived value of the transaction to the consumer. Virtual stores product offerings generally fall into two categories, common goods and specialty goods. When competitors can provide the same product, as often occurs in retail sales, the virtual store must exceed its competitors in one of the other success factors. An example of this is Amazon.com where the exact same product, books or music, can be acquired through physical or virtual stores. The virtual store can often provide a wider variety of products, or at least access to a wider variety. This critical success factor applies where the product is relatively common. In instances where rare products offerings are offered, virtual stores the Internet offers an advantage to virtual stores from a different perspective. Another characteristic of Product Offerings described in the article is that “people turn to the Internet to look for products that they cannot find anywhere else.” This factor is also a part of the place success factor where the Internet minimizes geographical boundaries. Rare or unusual products have a very fragmented and diverse customer base. The Internet provides a place where customers can search millions of virtual stores in minutes if not seconds.
The second critical success factor described in the article is Information richness. The article refers to the two stages of customer information search when contemplating a transaction. First the customer looks to past experiences and information provided in the past and retained by them. The second, if the first does not provide enough information to proceed, is a search of information from external sources. Information richness describes the ability to provide understanding within the limits of the media and the time available. If the customer collects enough information, to where there be reasonable expectation the product will meet their needs the purchase, usefulness is perceived and the purchase process will move to the next step. Parallel to this process is the critical success factor, Usability of Storefront. This factor has some similarity to place or location in the 4 P’s model. Usability of Storefront refers to the customer ability to find the desired product within the virtual store. It does not include the customer’s ability to find the virtual store. The Internet is build for fast detailed searches so that generally customers will search for specific product items, not for stores, or for lines of products. Once to the store the customer must be able to find the product, but to find add it to the “shopping basket” and check out in order to complete the transaction. Usability studies have proven themselves as valid measures of the customer usability of web sites or virtual storefronts. Storefront usability contributes directly to the perceived ease of use, which contributes to the perceived usefulness and improves the customer’s attitude toward buying.

Perceived Service Quality is the first of two critical success factors based on customer perception as opposed to finite measurable characteristics of the first three factors. The article defines perceived service quality as “the discrepancy between what customers expect and what customers get” and contributes directly to the customer’s attitude toward using in the process model. This critical success factor can then be approached from two directions; (i) where the service quality is raised above expectations, and (ii) where expectations are kept below the existing level of service. The measures of service quality used by customer’s to determine service quality are tangibles, reliability, responsiveness assurance, and empathy. Virtual stores are inherently handicapped in this critical success factor when compared to physical stores. The interaction between buyer and seller is limited by the quality of communication provided through electronic media as opposed to personal interaction. As technology has progressed the quality and depth of communications has vastly improved. This does not mean virtual stores should abandon the goal of high service levels. In fact perception of service and trust are key forms of differentiation between virtual stores.

Perceived trust is the second perceived and fifth critical success factor for virtual stores. It also contributes directly to the customer’s attitude toward using. Again expectations are crucial factor in determining perceived trust. The increase in fraud and identity theft has made many potential customers apprehensive. Studies have proven a large number of potential customers will leave a web site when asked for personal information due to privacy concerns, a direct indication of their lack of trust of the web site operators. Surveys have shown that once a customer has successfully used a virtual store they are more likely to use one again. Use or familiarity increases trust and virtual store usage; it is getting the first transaction that seems the most difficult.

We think the model is fairly accurate. In many respects it can be applied to any retail venture, but the characteristics of virtual stores present them with problems physical stores do not face. The computer interface to the virtual store does not address
the same social issues as direct human sales. This is may be an issue of perception and one this model attempts to include.

One factor that was not discussed in detail was price. While customers may expect lower costs due to the perceived efficiencies of virtual stores, converting that to lower expected prices may be a reach. The lower expected prices might also be caused by the perceived trust gap. Customers are not willing to take additional risk, overcoming the lack of trust when price are lower. The vendor is paying for the lack of customer trust in lower prices.

As a CEO of a virtual store we would use this model and determine what factors are store based, and can used to differentiate my store from others, and which are industry based. The perceived trust issues seem to be industry based and need to be addressed at a higher business and social level. Apprehension is about sending information over the Internet, not to my store. Building a customer’s trust in a technology would be beyond the scope of our virtual store, so we might try to target customers who already trust virtual store technology, finding customer instead of creating them.

Team2

The framework proposed in this article is based on two antecedent models: the Technology Acceptance Model (TAM) and the Innovation Diffusion Theory (IDT). The model presented here basically compliments the former model by adding Critical Success Factors (CSFs) and the compatibility issue of the latter model, as well. By looking at the framework of the base model (i.e., TAM), we have to understand it from the right to the left. This base model approaches the idea of consumer acceptance by looking at the factors that influence the actual use of the system (USE). USE is in turn influenced by the consumer’s actual intention to use the system, or BI (i.e., Behavioral Intention). Consumer’s intention to use the system is also conditioned by the consumer’s attitude toward using the system (A) and his or her usefulness perception of the system itself (PU). At the same time, A is also shaped up by the consumer’s beliefs in the system, which has a double component: the usefulness perception mentioned before, or how the user perceives the system in regards of his or hers performance increase, and the perceived ease of use (PEOU), or how much effort a user must apply to learn the system.

As said before, the model proposed also plugs in the five CSFs: product offerings (PO), information richness (IR), usability of storefront (US), perceived trust (T), and perceived service quality (SQ). The first two factors affect directly the perceived usefulness part of the base model, while the third one is attached to the PEOU part. The last factors are considered influence parts of A, as well as the Compatibility part of the IDT model. I will have to agree with the framework presented here in the sense that it provides a good tool in assessing the usefulness and acceptance of any virtual store. With the help of models like this more strategy decisions can be made in an effective and efficient manner. However, I will also have to disagree with some of the specifics of this model in the sense of how all the pieces tie together.

I think that Product Offerings plays a determinant role in the consumers’ attitude toward using the system. Product Offerings is defined in this model as the compound of breadth of product selection, pricing strategies, and product retail channel fit. If we focus on the
last criteria we will find out that the type of products being offered by our virtual store will condition the attitude of our customers in using the system. There are certain products that people still want to buy being present at the transaction time. People may apply online for a mortgage but they will only buy the house if they get a walk-thru, or almost nobody will buy a car without test-driving it, for instance. By the same token, I also think that the Usability of the Storefront, while having a strong presence in PEOU, also should be tied to A. The average Internet user has a conceptual model of how a web site should look like in terms of navigation and presentation patterns. Poorly designed web sites will affect very negatively in the customer’s attitude toward using the system at first without even considering whether is easy to use or not.

The critical success factors in this model complements the base Technology Acceptance Model, and their parts can be defined as follows:
Product Offerings (PO): Consumers turn to the Internet when they cannot find a specific product elsewhere and because they know they can get the same item at a probably lower price. As stated before, the type of product being offered is key here also.
Information Richness (IR): The ability to clarify ambiguity and bring understanding of the product being offered in a timely manner.
Usability of Storefront (US): The degree of design success of the virtual store in terms of navigation, product search, and ordering process.
Perceived Serviced Quality (SQ): The variance between what can customers expect from the virtual store and what actually get in return of their business.
Perceived Trust (T): In the sense of online shopping, it is the degree up to how well personal information is treated and data transmitted.

The only factor that I will include in this model would be Advertising. The success of any kind of business relies on how well you can other people get to know you. No matter how well we implement this model in our business or how well we design our web site, if we cannot attract customers and make them visit our web site we are condemned to failure. This is probably one of the factors why so many companies perished in the dotcom crash 5 years ago, and therefore this is key if all our business is going to deal with online operations.

External factors can also influence the success of our web site. For instance, these can be things like a weak economy: with people loosing purchasing power any physical or virtual store will suffer in terms of sales, and with people having less money to buy computers may become a secondary item to be purchased in a family.

Product Offerings (PO): In my opinion, the key on this factor relies on choosing the right kind of products we want to sell. We can also enhance strategic decisions that would lead eventually to increase our product line but we always have to keep in mind the core of our business. Just for illustration purposes, Priceline.com used to offer special deals on buying gas or long-distance minutes besides airline tickets. Nowadays, they focus only on the latter and have created an extensive product line around it (e.g., cruises, vacation packages, hotel rooms, etc).
Information Richness (IR): In order to provide good information to the customers about our products, we can create a model like Dell.com has implemented. When you are going through the process of buying a new computer and choosing those wanted parts, you can always find a “Help Me Choose” link at the top of every category. In the popup window, you have a list of all the components available and their specifications. This kind of glossary helps reducing the ambiguity of a specific product.

Usability of Storefront (US): In this area, we can find an extensive literature of how to fit the conceptual model of our target users in terms of navigation, search, and product ordering process. As an example, it is well proven that a clear background and dark fonts constitute a helpful visual aid for displaying relevant information. Moreover, a navigational menu should always be at the top or left side of the web site, and the idea of a shopping cart helps the customer in keeping track of all the items for potential purchase.

Perceived Service of Quality (SQ): A key in this field has to deal with how fast and accurate we can ship the items to our customers. When people buy in Internet, they expect to have their products as soon as possible or they will change their mind and buying them at a local retail store. Therefore, business relationships with overnight shipping companies like UPS or FedEx is vital in the success of our business. Nevertheless, providing good service quality also means resolve customer inquiries in a timely manner (e.g., email messages should be answered within two hours). By the same token, personalize home pages will create a more human touch feeling that may lead to higher customer satisfaction levels (e.g., Amazon.com).

Perceived Trust (T): The key here deals again with information: the more informed our customers are in terms of how we will handle their information and transactions, the higher the level of trust the customer will place on us. For example, by displaying a Verisign icon in the web site and information of what this means we can gain that trust and retain our customers.

Team3

The authors very effectively pointed out the necessary societal and emotional factors that the average user uses to determine if they would like to use and continue to use virtual stores for their shopping needs. As the number of virtual stores increase and the value of e-commerce becomes more well known, these factors will have an increasingly important effect on consumer decisions.

The five CSF’s identified: perceived trust, product offerings, information richness, usability of storefront and perceived service quality all contribute on different levels to the value of the framework. However, it seems this framework applies more to the “average user” rather than the advanced user – and as e-commerce continues to grow, there will be an ever increasing number of experienced, advanced users. For this reason, it seems that the framework identified may need some modifications as the years go on: not necessarily with the five CSF’s, but rather with the original base model.

A large portion of the human factors the base model addresses will vary upon user comfort with e-commerce as a whole, not only with virtual stores. As more experienced users are applied to the model, we feel the perceived usefulness and perceived ease of use will become more of a sub-conscience factor, and perhaps drop another level deeper than the current model. For example, when an experienced user shops online, because of their
technical background and consistent web use, they are typically familiar enough with the technology and security behind many of the online stores that they do not hesitate to purchase items on any sites, really. Many experienced users know that PayPal is responsible and secure, that Amazon.com has safely stored their bank account info. As more users feel this comfort zone it will make the framework re-align (making some factors less important and possibly removed).

The average user, however, still has a very solid process they go through when making decisions regarding virtual stores – and the framework identified very accurately covers the different parts of the process. The only addition that could be made is user awareness of the site – with the growing number of virtual stores online, it is pertinent for a site to make itself known. This could possibly fall under information richness, but would best fit under it’s own category in the model – perhaps as User Awareness. For example, Amazon has done an amazing job of following the identified framework which has ultimately accounted for much of it’s success – however, it has also done a great job of reaching new potential customers through marketing and advertising – the customer must come to the site before they can determine if they are going to continue to use it.

As a CEO of a virtual store, I would utilize these critical success factors by having occasional surveys of my users to determine what their needs are. By hearing directly from the customer, it will give me a realistic idea of what changes may or may not need to be made in order to implement all of the success factors. For example, a questionnaire that asks general questions about trust of virtual sites and then continues on with questions specific to my site will give me a feel for how the user views the trust for my site in comparison with my competitors. In order to succeed, it is pertinent that I always stay at the same level or above my competitors in each of the success factors. Likewise, if I have a questionnaire regarding what types of products my customers would like to see added to my site or to virtual stores in general, it will aid my in planning for future product lines and processes.

Overall, the Theoretical model accurately portrays the consumers acceptance factors for using virtual stores. Considering the large range of users and various virtual sites, the model does an excellent job diagramming the theory of the process.