

Master's Thesis

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INTERNATIONAL BUSINESS

DEMOGRAPHIC FACTORS INFLUENCING THE BUYING PROCESS

Online consumers from Denmark and Iceland

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Abstract

Recent developments have shown that U.S. online retailers have started to internationalize through global e-commerce as a result of buyer demand for lower prices and greater product availability. These firms though continue to struggle with how to effectively market to these online buyers as they vary greatly in terms of their consumer behavior and buying process. Past research on online consumer behavior has mainly focused on consumers purchasing products domestically, with scarce research on those purchasing products internationally. Therefore, this study chose to focus on online consumers from Denmark and Iceland who are purchasing products from U.S. online retailers. These consumers were surveyed in order to gain insight into the influence of various demographic factors—including gender, age, and income—on their buying process. The results indicated vast differences between these demographic segments, especially in regards to gender. The findings of this research inform marketers how to plan and align their marketing activities in order to attract various demographic segments from Denmark and Iceland. Furthermore, this research contributes to Kotler's framework on the forces influencing the buying process.

Keywords: Internationalization, Global E-commerce, Online Consumer Behavior, Consumer Buying Process

Declaration of Research Work and Integrity

This work has not previously been accepted in substance for any degree and is not being concurrently submitted in candidature of any degree. This thesis is the result of my own investigations, except where otherwise stated. Other sources are acknowledged by giving explicit references. A bibliography is appended.

By signing the present document I confirm and agree that I have read RUs ethics code of conduct and fully understand the consequences of violating these rules in regards to my thesis.

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Signature

Preface

This thesis concludes my studies for a Master of Science degree in International Business at Reykjavik University. The process of writing this thesis has been extremely challenging and couldn't be done without the help of various people whom I would like to express my gratitude towards.

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1 Introduction

This chapter consists of background information concerning the research topic followed by the research problem and questions. Then specific hypotheses will be stated with the aim of answering the research question.

1.1 Background

Recent developments have shown that as the U.S. domestic market is getting more saturated, American companies have been looking to attract consumers in culturally similar regions such as Western Europe. This region is typically the most similar culturally and therefore requires less adaptation (Iyer, Taube, & Raquet, 2002). These developments can be traced back to the impact of globalization, a phenomenon (Higgott, 2004) describes as the triumph of American values. One significant force driving the globalization of business is the explosive growth of low-cost technology connecting people and locations, such as the Internet (Ruzzier, Hisrich, & Antoncic, 2006). The Internet can substantially improve communications with actual and potential customers, suppliers, and partners abroad; generate a wealth of information on market trends and developments worldwide; provide an “ear to the ground” on the latest technology and R&D; and can be a very powerful international promotion and sales tool (Zahra, Ucbasaran, & Newey, 2009).

As observed today, international entrepreneurial enterprises are capable of exploiting global market opportunities more rapidly and efficiently. Among them, more and more participate in international activities shortly after their inception, an international Born-Global phenomenon (Zhou, Wu, & Luo, 2007). A few years ago an innovation could barely be marketed beyond the innovator’s home market, while today billions of potential customers worldwide will be informed via the Internet about the new product or service. This increased market potential encourages entrepreneurs and risk-taking companies to further boost innovation efforts and the associated risks (Iyer et al., 2002). Moreover, operating in multiple countries, the internationalizing firm confronts new customer needs and new testing grounds for their existing products, triggering its own: new ideas, solutions, and practices that generate new skills (Zahra et al., 2009).

Most U.S. firms internationalizing, are doing so through e-commerce (EC), “a business model that encompasses a firm selling goods to global consumers

electronically, as over the Internet. These firms, using the “virtual entry strategy,” (Lianxi Zhou, Wu, et al., 2007) have come to be known as electronic retailers, serving the business to consumer segment, or B2C (Wan, 2002). Probably the most significant revolution caused by e-commerce, especially B2C, will be the rise of the buyer. Consumers now have access to the greatest source of power since the dawn of time: information. It will be the buyer, not the supplier, that will begin driving the supply chain, and their needs are much different. As buyers, we want exactly what we want, when we want, and at the lowest possible price (Wan, 2002). Although, given the Internet meltdown at the end of the 1990s and plenty of more recent anecdotal and empirical evidence indicate that many online firms still do not completely understand the needs and behavior of the online consumer while many of them “...continue to struggle with how effectively to market and sell products online” (Constantinides, 2004). Moreover, firms have discovered that the needs and priorities of different consumer segments differed dramatically, and in order to design new products and marketing strategies that would fulfill consumer needs, they had to study consumers and their consumption behavior in depth. Consumer behavior online has been a topic that has increasingly drawn the attention of researchers, indicated by the 120 relevant academic papers published in 2001 alone (Constantinides, 2004).

Of this recent research, most of the debate is focused on the identification and analysis of factors that one way or another can influence or even shape the online consumer’s behavior. In regards to this consumer behavior, a good deal of the research effort is focused on modeling the online buying and decision-making process, known as the buying process (Constantinides, 2004). There are five stages in the buying process: need/problem recognition, information search, evaluation of alternatives, purchase decision, and post-purchase behavior (Kotler, P., 2003). Marketers use the five stages to plan and align marketing activities, thereby improving the customer experience while attracting potential customers (Sarner, 2007).

1.2 Research Problem

There is an extensive amount of research on the buying process of online consumers (Turley & LeBlanc, 1995; Zhou, Dai, & Zhong, 2007; Cunningham, Gerlach, Harper, & Young, 2005; Cunningham, Harper & Young, 2005; Comegys, Hannula, & Vaisanen, 2006; Constantinides, 2004). This past research though has only focused on online consumers purchasing products domestically through e-commerce. Research on online consumers purchasing products internationally, through global e-commerce has been

scarce. Therefore, this gap in the research will be the emphasis of this particular thesis. More specifically, this research will focus on the buying process of online consumers from Denmark and Iceland purchasing products from U.S. online retailers.

P. Kotler (2003), in his framework, identified various personal and environmental uncontrollable factors that influenced the buying process. These factors were demographic, personal, cultural, sociological, economic, legal, and environmental. The main focus of this particular thesis will be on the influence of various demographic factors (gender, age, and income) on the buying process. That being said, the main research question for this thesis will be stated as follows:

How is the buying process of online shoppers from Denmark and Iceland influenced by demographic factors when purchasing products from U.S. online retailers?

In order to answer the research problem, the following hypotheses regarding the effect of gender, age, and income on the buying process of online shoppers will be stated as follows:

H1: Gender does not influence the buying process

H1a: Gender does not influence the Need/Recognition stage

H1b: Gender does not influence the Information Search stage

H1c: Gender does not influence the Evaluation of Alternatives stage

H1d: Gender does not influence the Purchase Decision stage

H1e: Gender does not influence the Post-Purchase behavior stage

H2: Age does not influence the buying process

H2a: Age does not influence the Need/Recognition stage

H2b: Age does not influence the Information Search stage

H2c: Age does not influence the Evaluation of Alternatives stage

H2d: Age does not influence the Purchase Decision stage

H2e: Age does not influence the Post-Purchase behavior stage

H3: Income does not influence the buying process

H3a: Income does not influence the Need/Recognition stage

H3b: Income does not influence the Information Search stage

H3c: Income does not influence the Evaluation of Alternatives stage

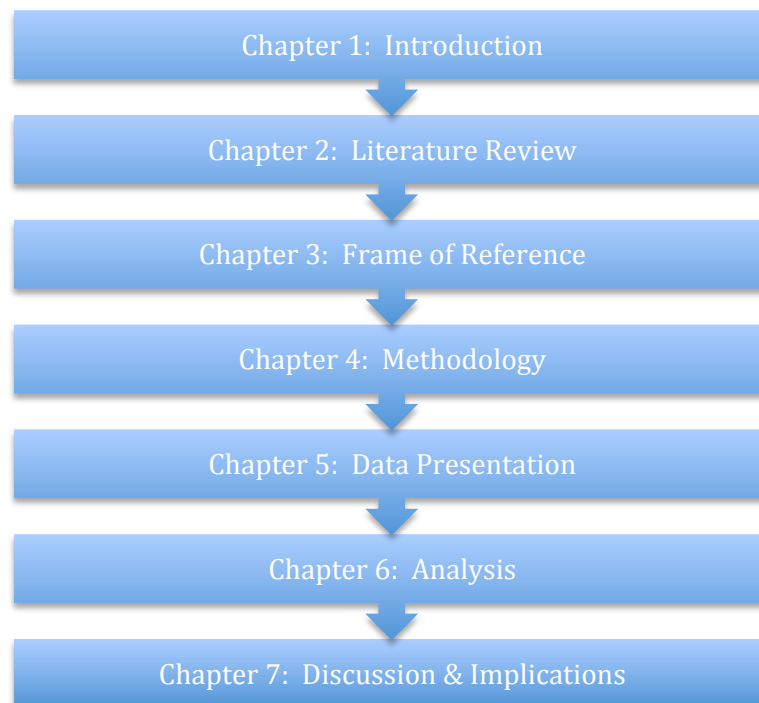
H3d: Income does not influence the Purchase Decision stage

H3e: Income does not influence the Post-Purchase behavior stage

1.3 Structure of the Research

This research consists of seven chapters, as shown in Figure 1. In this chapter an introduction to the research was given and the research purpose was stated. The second chapter presents the literature. In the third chapter, a conceptual framework, adapted from Kotler's (2003) theoretical framework will be illustrated. The fourth chapter covers the methodology that was used for this thesis. In the fifth chapter, the empirical findings will be illustrated and explored. The sixth chapter will include the analysis for this research. Lastly, chapter seven will discuss the findings of this research, as well as limitations, implications and suggest future research.

Figure 1: Research Structure



2 Literature Review

This chapter reviews the earlier studies related to the stated research question in chapter one. More specifically, recent developments regarding online retailing are discussed along with past research on online consumer behavior and the factors influencing the buying process.

2.1 Recent Developments in Online Retailing

As observed today, international entrepreneurial enterprises are capable of exploiting global market opportunities more rapidly and efficiently than ever before by internationalizing through global e-commerce (Knight, Cavusgil, & Innovation, 2004). Extensive research on the critical success factors in internationalization, all point to a similar perspective on the significance of establishing a partnership (Hamill, 1997; Ahmad & Qui, 2009; Zahra et al., 2009). Through partnerships, firms can acquire knowledge, communicate more efficiently with their foreign markets, add value to their product offerings, and are able to fully service the needs of customers across their international markets (Ahmad & Qiu, 2009). An example of this partnership, is exporting through intermediaries (Albaum & Duerr, 2008). Although, with the revolution of the Internet, this need for traditional intermediaries has been reduced. To survive, such intermediaries will need to begin offering a different range of services. Their value added will no longer be principally in the physical distribution of goods but rather in the collection, collation, interpretation, and dissemination of vast amounts of information. The critical resource possessed by this new breed of “cyber-mediary” will be information rather than inventory (Hamill, 1997). Emerging from these recent developments is a new breed of export buying agents known as package-forwarding companies (PFCs).

According to Albaum & Duerr (2008), an export-buying agent (EBA) is “a representative of foreign buyers who resides in the exporter’s home country. This type of agent is essentially the overseas customers’ hired purchasing agent in the exporter’s domestic market, operating on basis of the orders received from these buyers. Since the EBA is acting in the interest of the buyer, it’s the buyer that pays commission. The exporting manufacturer is not directly involved in determining the terms of the purchase; these are worked out between the EBA and the overseas buyer.” Although

similar in nature, PFCs are more sophisticated in their value added due to the recent demand for information-based services.

Most PFCs came into existence between 1997 and 2003 during the Dot-com bubble. These PFCs operate solely in the U.S. through an online presence. Their value-added is in minimizing and overcoming several export-barriers including: knowledge, resource, procedure, and exogenous barriers (Arteaga-Ortiz & Fernández-Ortiz, 2010). Specifically, PFCs assist suppliers in terms of transportation, export documentation, custom duties, and any other paperwork required for export. PFCs also inform suppliers of potential export markets and opportunities for their product/services abroad. Along with these information-based added values, they also operate warehouses to store inventory for export, relieving suppliers of the need for additional warehouse capacities (H. Hauksdottir, personal communication, October 2, 2011). This is vital according to Forrester Research, who states that many leading U.S. websites turn away almost half of the orders originating outside the U.S., as they are not designed to handle non-U.S. addresses or work out shipping costs (Chen, 2003). These warehouses of PFCs, in turn, serve as the U.S. address for overseas consumers who desire products from U.S. online retailers. These overseas consumers are demanding products from U.S. online retailers due to various reasons including high price and lack of product availability in their home country (H. Hauksdottir, personal communication, October 2, 2011).

There are a handful of PFCs in existence, one of which is ShopUSA, which operates out of Virginia Beach, VA. ShopUSA is a franchise-based PFC operating in five countries including: Iceland, Denmark, Sweden, Norway, and Australia (H. Hauksdottir, personal communication, Oct. 2, 2011). This particular research, focusing on online consumer behavior, will examine ShopUSA's customers in Iceland and Denmark. That being said, most of the following literature review is aimed at gaining insight into the general behavior of online consumers, although mostly in regards to consumers from Denmark and Iceland, through past surveys and literature.

2.2 Online Consumer Behavior

2.2.1 Surveys

Regarding past surveys, this research will focus on surveys conducted by Nielsen, a global information and media company. The Nielsen Company conducts the largest survey of its kind, aimed at gauging current confidence levels, on spending habits/intentions and current major concerns of consumers across the globe. Nielsen has

leading market positions in marketing information (ACNielsen), media information (Nielsen Media Research), online intelligence (NetRatings and BuzzMetrics), mobile measurement, trade shows and business publications (Billboard, The Hollywood Reporter, Adweek). The privately held company is active in more than 100 countries, with headquarters in Haarlem, the Netherlands, and New York, USA (S. Rosborg, personal communication, Dec. 1 2011).

Their latest survey, conducted in March 2010, polled over 27,000 Internet users in 55 markets from Asia Pacific, Europe, Middle East, North America and South America to look at how consumers shop online: what they intend to buy, how they use various sites, the impact of social media and other factors that come into play when they are trying to decide how to spend their money. The results of the Nielsen survey showed that global online consumers mainly buy books and clothing online. Specifically, 46 percent of global consumers said they purchased books in the past three months and 41 percent bought clothing/accessories/shoes online. Other categories trailing behind these two were airline ticket/reservations (32%), electronic equipment (27%), tours and hotel reservations (26%), and cosmetics/nutrition supplies (22%) in order from most to least bought products online (S. Rosborg, personal communication, Dec. 1 2011).

Globally, one third of online consumers say they primarily do their Internet shopping at retailers that have only an online presence (such as Amazon.com), followed by an equal 20 percent of respondents who prefer sites that also have traditional “brick and mortar” stores. In the same study, only 16 percent of respondents globally indicate they have never shopped online. So Internet shopping seems to be a global phenomenon that affects all kinds of people from all parts of the world.

Although the majority of global consumers have shopped online, there remains tremendous room for growth, as 44 percent of online consumers say they spend less than 5 percent of their monthly spending online and 29 percent say they spend between 6 and 10 percent (S. Rosborg, personal communication, Dec. 1 2011).

One of the many benefits of online shopping is the ability to read others’ reviews of products, be the experts or simply fellow shoppers. These opinions are most important when it comes to purchasing consumer electronics as 57 percent of online respondents consider reviews prior to buying. Reviews on cars (45%) and software (37%) rounded out the top three most important online influences when making a purchase. Online reviews and peer recommendations also played a key role for shoppers researching future purchases of consumer electronics, cars and travel, and 40

percent of online shoppers indicate they would not even buy electronics without consulting online reviews first (S. Rosborg, personal communication, Dec. 1 2011).

Moreover, consumers tend to stick to what they know when it comes to online shopping, according to the Nielsen survey. Sixty percent of online shoppers say they buy mostly from the same site, proving that online shoppers are uniquely loyal. “This shows the importance of capturing the tens of millions of new online shoppers as they make their first purchases on the Internet. If shopping sites can capture them early, and create a positive shopping experience, they will likely capture their loyalty and their money,” said Jonathan Carson, the President of Nielsen Online.

Other deciding factors in helping consumers decide from which online stores to shop at include: search engine (37%), personal recommendations (32%), special offers (30%), general surfing (28%), online recommendation/review (26%), same store I buy from offline (26%) and shopping comparison website (19%) in order from most to least helpful factors (S. Rosborg, personal communication, Dec. 1 2011).

If consumer attitude in Europe is considered for example, intention to shop online is high, with 79 percent of online European consumers planning to purchase products or services via the Internet in the next six months. Online consumers in Norway and Great Britain, for instance, show the greatest propensity with almost 90 percent planning a web purchase in the near future. More online residents of Estonia, Croatia and Latvia indicate they would not be making any online purchases in the next six months than in the rest of Europe (42%, 41%, and 41%, respectively). More than half of online Austrians who shop via the web plan to buy books, while online Germans and Czechs intend to turn to the Internet for clothing and shoes more than any other online shoppers in the region. Future online purchases for Norwegians are likely to include a vacation or a show as indicated by their strong intent to purchase travel and event tickets. More than one-third of online Brits plan to purchase DVDs and games online, while connected Greeks indicate a preference for electronic equipment and computer hardware. Web-savvy Israelis seek the Internet to purchase electronic equipment more than any other item and are the least likely in the region to purchase clothing or shoes online. From this perspective, it can be summarized that intentions and attitudes toward online shopping within Europe is vastly different, although similar in parts. This significant difference could be due to various social, economic, political and/or environmental issues within each particular country (S. Rosborg, personal communication, Dec. 1 2011).

Overall, Nielsen found that online shoppers were: younger, wealthier, better educated, more computer literate, more likely to spend time on the computer, more likely to find online shopping to be easy and entertaining, and less fearful about financial loss resulting from online transactions (S. Rosborg, personal communication, Dec. 1, 2011).

Bellman, Lohse, and Johnson (1999) also found Internet shoppers to be younger, more educated and wealthier and to have a more “wired lifestyle,” but also to be more time constrained than non-Internet shoppers. Lastly, Donthu and Garcia (1999) found that Internet shoppers tend to be convenience seekers, innovative, impulsive, variety seekers, less risk averse, less brand and price conscious, and with a more positive attitude towards advertising and direct marketing.

For this particular research, the focus will be on online shoppers from Denmark and Iceland. Therefore, a demographic profile of online shoppers from these countries, as opposed to the others, is more applicable for this particular research. Although, understanding profiles of online shoppers around the globe is important for comparison purposes. The demographic profiles of Danish and Icelandic online shoppers were obtained through various sources (S. Rosborg, personal communication, Dec. 1 2011; “CIA – The World Factbook,” 2011; K. Hauksson, personal communication, Nov. 20, 2011; H. Hauksdottir, personal communication, Nov. 1, 2011).

In Iceland, there are over 301,600 Internet users, or 97% of the total population (“CIA - The World Factbook,” 2011). Of those Internet users, 94% have shopped online either domestically or internationally according to K. Hauksson, owner of Nordic eMarketing (K. Hauksson, personal communication, Nov. 20, 2011). As this research is mainly concerned with online shopping from U.S. online retailers, the focus will be on ShopUSA’s customers. A past survey conducted by ShopUSA in 2010 examined variables like gender, age, income, education, and living area. There were 557 respondents out of 12,000 that answered the survey. Regarding gender, 59.6% of ShopUSA’s customers were male and only 40.4% were female. Concerning education, 42.2% had at least a college education. Regarding income, according to ShopUSA’s customers, 64.7% had a monthly household income of 250.000 ISK to 749.000 ISK. Regarding living area, sixty-six percent of them lived in the Greater Reykjavik area (Stór-Reykjavíkursvæði).

These demographic statistics on age, gender, income, education, and living area are explained in more detail in Table 1.

Table 1: Demographic profile of ShopUSA's customers (H. Hauksdottir, 2011)

Variable	Construct	% of sample
Age	20 and Under	1.2%
	21 to 25	5.4%
	26 to 30	7.0%
	31 to 35	10.1%
	36 to 40	14.8%
	41 to 45	12.4%
	46 to 50	15.3%
	51 to 55	17.1%
	56 to 60	8.5%
	61 and older	8.2%
Gender	Male	59.6%
	Female	40.4%
Income	Less than 250.000 ISK	10.4%
	250.000 ISK to 499.999 ISK	34.6%
	500.000 ISK to 749.999 ISK	30.1%
	750.000 ISK to 999.999 ISK	15.2%
	1.000.000 ISK or More	9.7%
Education	Less than High School	20.5%
	High School	32.5%
	College	42.2%
	Other	4.9%
Living area	Stór-Reykjavíkursvæði	66.3%
	Suðurnesjum	8.5%
	Suðurlandi	5.2%
	Vesturlandi	5.0%
	Norðurlandi	9.6%
	Austurlandi	4.0%
	Other	1.5%

In Denmark, on the other hand, no research has been conducted concerning online shoppers purchasing products from U.S. online retailers. Therefore, in profiling Danish online shoppers demographically, this research will focus on domestic online

shoppers. Moreover, as part of the 2010 Nielsen Online survey mentioned before, 500 respondents of the total 27,000 were from Denmark according to S. Rosborg, Coordinator at Nielsen Denmark (S. Rosborg, personal communication, Dec. 1 2011). These respondents were surveyed in regards to online consumer behavior and attitudes. The demographic of this sample, in regards to age and gender, is as shown in Table 2 below:

Table 2: Demographic profile of online consumers from Denmark (S. Rosborg, 2011)

Variable	Construct	% of Sample
Age	15-17	2%
	18-20	6%
	21-24	9%
	25-29	11%
	30-34	8%
	35-39	12%
	40-44	8%
	45-49	10%
	50-54	10%
	55-59	10%
	60-64	3%
	65 and over	11%
Gender	Male	51%
	Female	49%

From the table, we can see that age distribution is fairly symmetrical and the genders are divided almost evenly across the sample. Other consumer behaviors analyzed by Nielsen in the survey, were purchase intention and online shopping percentage of total monthly spending. Of the respondents, the top five products respondents intended to purchase online in the next six months were: books (38%), clothing/accessories/shoes (28%), videos/DVDs/games (22%), electronic equipment (21%), and computer hardware (19%). Concerning online shopping percentage of total monthly spending, over 69% of the respondents said it was less than 5% of total monthly spending (S. Rosborg, personal communication, Dec. 1 2011).

Apart from the Nielsen survey on the spending habits/intentions and current major concerns of consumers across the globe, there is also extensive *literature* related to *consumer behavior*.

2.2.2 Literature

The consumers' buying behavior has always been a popular marketing topic, extensively studied and debated over the last decades while no contemporary marketing textbook is complete without a chapter dedicated to this subject. This is mainly due to the widespread adoption of the marketing concept by American businesses in the study of consumer behavior. The marketing concept, a business orientation that evolved in the 1950s through several alternative approaches toward doing business referred to, respectively, as the (1) production concept, the (2) product concept, and the (3) selling concept (Schiffman & Kanuk, 2004).

1. The production concept assumes that consumers are mostly interested in product availability at low prices with implicit marketing objectives being cheap, efficient production and intensive distribution.
2. The product concept assumes that consumers will buy the product that offers them the highest quality, the best performance, and the most features. A product orientation leads the company to strive constantly to improve the quality of its product and to add new features that are technically feasible without finding out first whether or not consumers really want these features.
3. Lastly, a natural evolution from both the production concept and the product concept is the selling concept, in which a marketer's primary focus is selling the product(s) that it has unilaterally decided to produce. The assumption of the selling concept is that consumers are unlikely to buy the product unless they are aggressively persuaded to do so.

After extensive marketing research on this matter, firms discovered that the needs and priorities of different consumer segments differed dramatically, and in order to design new products and marketing strategies that would fulfill consumer needs, they had to study consumers and their consumption behavior in depth. Thus, the marketing concept underscored the importance of consumer research and laid the groundwork for the application of consumer behavior principles to marketing strategy. The strategic tools that are used to implement the marketing concept include segmentation, targeting,

positioning, and the marketing mix. The study of consumer behavior further enables marketers to understand and predict consumer behavior in the marketplace. It is concerned with not only what consumers buy but also with why, when, where, how, and how often they buy it (Schiffman & Kanuk, 2004).

Understanding the mechanisms of virtual shopping and the behavior of the online consumers is a priority issue for practitioners competing in the fast expanding virtual marketplace. This topic is also increasingly drawing the attention of researchers. Indicative of this is the fact that more than 120 relevant academic papers were published in 2001 alone (Constantinides, 2004). This growth of online shopping is gradually transforming e-commerce into a mainstream business activity. At the same time, online consumers are maturing and virtual vendors are starting to realize the importance and urgency for a professional and customer oriented approach. Yet the Internet meltdown at the end of the 1990s and plenty of more recent anecdotal and empirical evidence indicate that many online firms still do not completely understand the needs and behavior of the online consumer while many of them "...continue to struggle with how effectively to market and sell products online" (Constantinides, 2004).

As in the case of traditional marketing in the past, most of the recent research and debate is focused on the identification and analysis of factors that one way or another can influence or even shape the *online consumer's behavior* as mentioned in this section. A good deal of this research effort is focused on modeling the online buying and decision-making process (Turley & LeBlanc, 1995; Zhou, Dai et al., 2007; Cunningham et al., 2005; Comegys et al., 2006; Constantinides, 2004). Consequently, this particular research will focus on this buying and decision-making process of online consumers—known as the *buying process*.

2.3 Buying Process

The predominant approach in contemporary marketing textbooks, explaining the fundamentals of consumer behavior, describes the consumer *buying process* as a learning, information-processing and decision-making activity divided into several consequent steps. The consumer buying process is a five-stage buying decision process model, which marketers use to gain a better understanding about their customers and their behavior. The idea of the model is that when a customer purchases an item, the purchase event is a forward-moving process, which begins long before the actual purchase and continues even after the purchase is made. Many customers go through a similar buying process allowing marketers to use the five stages to plan and align

marketing activities, thereby improving the customer experience while attracting potential customers (Sarner, 2007). Ideally, marketers try to enable their e-marketing technologies to move customers from need/want recognition to purchase.

The five stages of the buying process are as follows (Comegys et al., 2006):

1. Need/Problem recognition
2. Information search
3. Evaluation of alternatives
4. Purchase decision
5. Post-purchase behavior

2.3.1 Stage 1: Need/Problem Recognition

The buying process begins with need recognition (sometimes referred to as problem recognition), where the buyer senses a difference between their actual state and a state they desire. This need can be triggered by either an internal (e.g. hunger, thirst) or external (e.g. passing through McDonald's stimulates hunger) stimuli (Comegys et al., 2006).

There are many influential factors in aspiring a need/desire for a product including one's social environment in terms of normative beliefs. Normative beliefs refer to "the perceived behavioral expectations of such important referent individuals or groups as the person's spouse, family, friends, and—depending on the population and behavior studied—teacher, doctor, supervisor, and coworkers." Normative beliefs can influence behavioral intention through "subjective norms" (e.g. the perceived social pressure to engage or not to engage in a behavior) based on the theory of planned behavior (Lianxi Zhou, Wu, et al., 2007).

There are also inferred influences which affect need recognition. Psychological factors play a major role in these inferred influences. Of these psychological factors, motivation is the basis of all consumer behavior. Although there is no general agreement among psychologists on the best way to classify consumer needs as far as motivation goes, some divide the motivational needs into physiological and psychological needs. The former include, for example, the need for food and shelter, while the latter are generated by one's social environment (Comegys et al., 2006).

Moreover, perception reflects how the customers see themselves and their surroundings, which in turn affects not only the need recognition phase, but the other phases as well. Depending on the consumer's needs and perceptions, need recognition may take different forms. In addition to purchasing something totally new or replacing

a broken/outdated item, consumers may replace a product that fills their needs completely with another. This phenomenon is called variety seeking. Van Trijp, Hoyer and Inman (1996) have suggested that higher purchase frequencies stimulate repeat purchasing rather than variety seeking behavior, which gives e-marketers a good reason to make the threshold for shopping as low as possible.

Of the concepts discussed in the *need/recognition* stage of the buying process, this particular research will focus on: *need, desire, and motivation*. More specifically, it will focus on *desire* (whether the desire is external or internal (*need*)) and *motivation* (in terms of the ultimate consumer of the product and reasons for seeking products from U.S. retailers). First, desire will inform the online retailer to what extent the intensity of the need is for a specific product as demonstrated by Kotler. Secondly, motivation, will inform the online retailer who the ultimate consumer of the product is and why the online shopper doesn't just purchase the product from their home country.

2.3.2 Stage 2: Information Search

The second stage in the buying process is 'information search.' This is where the consumer tries to gather the sources and information about the product using different channels in order to solve the need arousal. Kotler (2003) defines two levels of arousal during the information search phase. In the milder state, heightened attention, the consumer becomes more receptive to the information regarding the different products that might be suitable for them. In this state, the consumer only pays attention to advertisements and conversations about the subject. For example, if a consumer needs to purchase a television, he/she will pay more attention to TV ads and the remarks made by friends and associates about TVs. If the need is more intense, the consumer enters the state of active information search. Here, the consumer tries to collect more information about the product, its key attributes, qualities of various brands, and about the outlets where they are available through various information sources (Comegys et al., 2006).

There are four consumer information sources: personal sources (family, relatives, friends, etc.), commercial sources (advertisements, salesmen), public sources (mass media, consumer rating organizations), and experiential sources (handling, examining, using the product). Most of the information comes from the commercial sources, but according to Dubois, the most effective information comes from personal sources (Comegys et al., 2006). Identifying the information sources and their respective

roles and importance calls for interviewing consumers about the sources of information and can use the findings to plan its advertisements accordingly.

Of all the possible products and brands that might satisfy a customer's needs, only a handful will be brought to the consumer's attention. Kotler (2003) defines four sets of alternatives from which the final purchase decision will be made. The total set includes all the possible brands available to the customer. Derived from the total set, is an awareness set, which includes the brands the customer has come to know. Brands that meet the buyer's purchasing criteria are taken from the awareness set to form the consideration set. As more information about the products of the consideration set is gathered and evaluated, the final purchase decision will be made from the choice set (Comegys et al., 2006).

Peter, Olson. & Grunert (1999), define a similar process, which divides all the brands in the product class into familiar and unknown brands. From unknown brands, those that are found accidentally and those found through intentional search make it to the choice set. From familiar brands, only those that are activated from memory (evoked set) make it to the choice set. Among the familiar brands, they're maybe some that once have been familiar to the customer but are lost in the memory. Of the evoked set, brands that are liked more and thought more typical to the product class tend to emerge into the choice set (Comegys et al., 2006).

Narayana & Markin (1975) have extended the awareness set to consist of three different subsets. They define the evoked set as a set of products of which the consumer has a positive opinion and from which they are likely to make their purchase. Inert set includes products for which the consumer has neither negative nor positive opinion. The consumer may be aware of such products but not have formed an opinion, possibly due to lack of knowledge. The final set is called the inept set, which includes the products for which the consumer has formed a negative opinion, and therefore these products will not be purchased (Turley & LeBlanc, 1995).

No matter how one conceptualizes these sets, the online environment gives the consumers a variety of different tools for information search to form these sets. Many companies have utilized the so-called recommendation agents, which are interactive tools that assist the consumers in their screening of alternatives based on the information they have provided. Häubl & Trifts (2000) have gathered evidence that these recommendation agents 'reduce the number of alternatives for which detailed product information is viewed', thus reducing the search time of the consumers. One of

the most common online search methods is browsing. Rowley (2000) asserts that browsing can be either general or purposive. Purposive browsing occurs when the consumer has fairly specific requirements of the needed product, as opposed to general browsing, which is used to keep up to date with the latest knowledge concerning the product range. Rowley (2000) defines three distinctive purposes where browsing is preferred to search engines: 1) the search objective cannot be clearly defined, 2) the cognitive burden (i.e. the knowledge the consumer needs to have in order to do the searching) makes browsing easier, 3) the consumer's system interface encourages browsing over other methods of searching (Comegys et al., 2006).

Although, of all the concepts discussed in the *information search* stage of the buying process, this research will only focus on *how the consumer begins their search for a store to purchase from*. More specifically, it will focus on the use of consumer information sources identified by Comegys et al. (2006) including: personal, commercial, and public sources when searching for a store to purchase from. The findings will assist marketers in identifying the most useful information sources for various consumer segments when store searching.

2.3.3 Stage 3: Evaluation of Alternatives

Having collected the information, the consumer clarifies and evaluates the alternatives. Unfortunately, there is no simple and single evaluation process used by all consumers or even by one consumer in all buying situations. Instead, consumers tend to set rules, or attribute cut-offs for the products in their choice set. These are the minimum acceptable levels that an alternative must possess in order to be considered as the final purchase. Huber & Klein (1991) have showed two characteristics to these cut-offs. The first one states that when the reliability of the attribute the customer is considering is high (the information comes from a reliable source, at least in the customer's eyes), the cut-offs on that attribute are more severe than when reliability is low (Comegys et al., 2006). The second characteristics is that when there is a positive correlation between two attributes (for example, low rent in a high-quality apartment), the cut-offs on those attributes are more severe than they would be if the correlation was negative or of equal magnitude. With respect to price, these cut-offs may however vary between online and offline transactions. Bhatnagar & Ghose (2004) found that price was not one of the major factors for online shoppers when they evaluate different alternatives. This may be because consumers might think the web prices are broadly similar and so they do not need to pay much attention to the price tag (Lina Zhou, Dai, et al., 2007).

As consumers reduce their alternatives to the choice set, they have to first acquire information about the products and then compare and evaluate them. As no consumer has unlimited resources (time, in this case) at their disposal, a line must be drawn as to when to stop the evaluation process and make the actual purchase decision. Hauser, Urban, & Weinberg (1993) proposed that consumers allocate their time in such a fashion that when the trouble of getting extra information about the product outweighs the value of the additional information itself, information search and evaluation stop. More precisely, consumers try to maximize the equation (Comegys et al., 2006).

This produces a great challenge for marketers in an online environment, as customers may be faced with a plethora of different advertisements, prior to the one that is needed to get their attention. This is where the new customization technology has its advantages. By keeping record of individual customers' purchases and personal information, companies can now target their advertising accurately to each individual customer, thus having a chance to exploit the concept of conceptual fluency discussed above (Comegys et al., 2006).

Of the concepts discussed in the *evaluation of alternatives* stage of the buying process, this research will focus on the evaluation of alternative *products* and *stores*. More specifically, the evaluation of *product* alternatives will focus on *seven* various factors: *price, quality, brand name, warranty, product reviews, sale/promotion, and exchange rate*. The evaluation of store alternatives, on the other hand, will focus on *eight* various factors: *using a previously purchased store, product information, website quality, product variety, availability/selection, flexible delivery options, customer service, and reputation*. These factors were chosen as they have been shown to affect online shopping intention as mentioned in the literature review chapter (some of the evaluation factors were retrieved from the literature in the second part of this chapter). This evaluation will inform marketers as to what extent of importance is each factor in regards to the evaluation process.

2.3.4 Stage 4: Purchase Decision

After the evaluation stage, the consumer has ranked the items in the choice set in some sort of order but not always will the number one (if there is a number one assigned) item be chosen. There are two factors that come between the evaluation and purchase decision stages. First there are the attitudes of others, where best friends or community pressure may change a consumer's preference ranking for a certain brand even if they intended to buy a different one. Secondly there might be some unexpected situational

factors that affect the purchase decision. The price of the product may have suddenly gone up, or some other purchase becomes more urgent. As online shopping usually occurs in a more private environment, other people's influences are reduced at the point of purchase. Even when a consumer has decided the exact product they are going to buy, there are still a few purchase sub-decisions include price range, point of sale, time of purchase, volume of purchase, and method of payment (Comegys et al., 2006).

Of the concepts discussed in the *purchase decision* stage of the buying process, this research will focus on the: *type of product purchased and cost of product*. Knowing the type of products consumers are purchasing, informs online retailers of the potential markets that exist for various products. Product cost, on the other hand, shows how much online shoppers are willing to spend on various products. Additionally, knowing the type and cost of a product, further analysis can be conducted to see if the two variables influence the other stages of the buying process.

2.3.5 Stage 5: Post-Purchase behavior

The purchase process continues even after the actual purchase is made. If marketers and retailers want the customers to come back, they must understand their behavior after the purchase as well. Post purchase behavior can be divided into two subgroups: post purchase satisfaction and post purchase actions.

Post-purchase satisfaction is users' general feelings about past online shopping experience (DeLone & McLean, 1992). It is a stronger predictor of continuance (i.e. continue to use) intention than perceived usefulness because the effect of the latter decreases over time (Devaraj & Kohli, 2003). As more and more consumers go online, consumers' continuance intention is at least as important as, if not more than, their intention to choose online shopping. Satisfaction is predicted primarily according to consumer confirmation of expectations based on their experiences and secondarily by the perceived usefulness from the initial use of an information system. Confirmation is a cognitive belief derived from prior experience (Bhattacharjee, 2001). It is of great importance to online retailers to gain better understanding of factors impacting online consumer satisfaction (McKinney, Yoon, & "Mariam"Zahedi, 2002). Satisfaction is an attitude construct that reflects users' post-acceptance attitudes established during various stages of online shopping.

The importance of satisfaction is as relevant in an online environment as it is in an offline world. Evanschitzky, Iyer, Hesse, & Ahlert (2004) have replicated a study by Symanski & Hise (2000) and have concluded that the single most important factor

forming satisfaction in electronic commerce is the shopping convenience, which is a typical advantage of online shopping compared with conventional shopping (Comegys et al., 2006). Typically, if a customer is not satisfied with the purchase, there is a chance that they will complain about the product/service. As the channels involving traditional and electronic commerce differ, it is not surprising that there are noted differences in the complaining threshold and the degree of dissatisfaction of the purchase in an online vs. an offline environment as reported by Comegys et al. (2006).

When it comes to post purchase satisfaction, there is evidence offered by Mittal & Kamakura (2001) that consumers with different characteristics have different thresholds when it comes to loyalty towards the store even if they were dissatisfied with their purchase. Additionally, Oliver (1999) has further discussed the concepts of loyalty (post purchase action) and (post purchase) satisfaction. Typically loyal customers tend also to be satisfied, but according to Oliver (1999), satisfaction does not necessarily produce loyalty. However, studies on several areas of consumer research emphasize how satisfaction indeed does produce loyalty (Comegys et al., 2006).

In addition to satisfaction and loyalty, important issues in post purchase actions include brand preference and repurchase intentions and how they affect each other. Hellier, Geursen, Carr & Rickard (2003) have proposed a model where all these aspects are discussed and a number of hypotheses are derived (Comegys et al., 2006). The following conclusions were made: loyalty has a positive effect on brand preference; satisfaction has a positive effect on loyalty; and brand preference and the strength of brand preference have a positive effect on repurchase intentions.

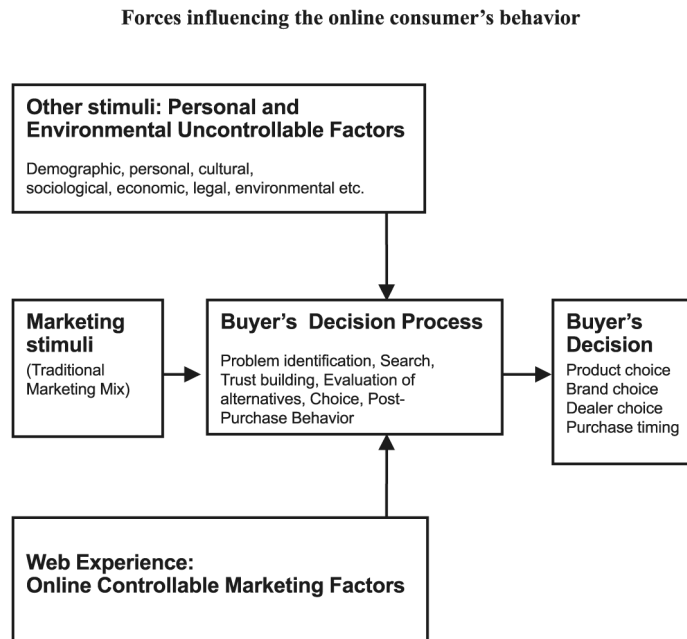
This research will focus on all of the concepts discussed in the *post-purchase behavior* stage of the buying process: *satisfaction, loyalty, and intention to purchase*. More specifically, concerning satisfaction, this research will focus on: *product, store, and satisfaction with ShopUSA*. In regards to loyalty, this research will focus on *repeat purchases*. Lastly, in terms of intention to purchase, this research will focus on the *likelihood* of purchasing from a particular store again.

2.3.6 Factors influencing the buying process

As mentioned in the context, the five stages of the buying process are influenced by various factors. Moreover, P. Kotler's (2003) framework, describes several of these forces that influence the buying process (buyer's decision process). These include both *uncontrollable factors* (e.g. demographic, personal, cultural, sociological, economic, legal, environmental etc.) and *controllable factors* (Web experience, marketing stimuli).

These factors influence the buying process, which in turn influences the buyer's final decision. The idea of this framework is that by understanding a consumer's buying process, marketers can adapt their *controllable* factors in order to appeal to various *uncontrollable* factors, or demographic markets, for instance. This process is explained, in more detail, in Figure 2:

Figure 2: Kotler's Framework on the Forces Influencing the Buying Process (Kotler, 2003)



Source: Based on the P. Kotler's framework (2003)

Uncontrollable Factors

Concerning the various uncontrollable factors (demographic, personal, cultural, sociological, economic, legal, environmental), this particular research is only interested in the *demographic* influences on the *buyer's decision process*. Furthermore, there is an extensive amount of literature on the effect of consumer demographics (age, gender, education and marital status) on online shopping intention (Comegys et al., 2006). This particular research though is only interested in the demographic effects of gender, age, income, and country-location (culture) on the buying process.

Gender

There has been extensive research on the effects of gender on the buying process. Traditionally, shopping is an activity more favored by women. It is women who are usually in charge of household shopping and hold more positive attitudes towards the traditional store and catalogue shopping than their male counterparts (Alreck & Settle,

2002). However, the new shopping channel provided by the Internet seems to result in a different, if not opposite, gender pattern. Although there was no significant difference between online shoppers and non-shoppers in terms of gender (Donthu & Garcia, 1999), men were found to make more purchases (Li, Kuo, & Russell, 1999) and spend more money online (Susskind, 2004) than women. Furthermore, men's perceptions of online shopping were approximately the same as (Alreck and Settle, 2002) or even more favorable than those of female consumers.

Such a change of gender pattern in the online shopping environment has been explained using different models or factors, including (1) shopping orientation (Rodgers & Harris, 2003; Swaminathan, Lepkowska-White, & Rao, 1999), (2) information technology acceptance and resistance (Rodgers and Harris, 2003; Susskind, 2004), (3) product involvement (Van Slyke, Comunale, & Belanger, 2002), (4) product properties (Citrin, Stem Jr., Spangenberg, & Clark, 2003a), and (5) perceived risks (Garbarino & Strahilevitz, 2004).

1. *Shopping orientation.* First, shopping orientation was found to influence consumers' shopping activities, interests and opinions. Men and women were found to have different shopping orientations—men were more convenience-oriented and less motivated by social interaction, while women were just the opposite (Swaminathan et al. 1999). The function of shopping online, as a social activity is weak compared with shopping in traditional stores. This is due to the lack of face-to-face interaction with sales associates online. Women did not find online shopping “as practical and convenient as their male counterparts” (Rodgers and Harris, 2003, p. 540).
2. *Information technology acceptance.* Another reason lies in the technology associated with online shopping. Information systems studies have shown that there are gender differences in the context of individual adoption and sustained usage of technology (Venkatesh & Morris, 2000). It was suggested that men are often considered to be more technologically literate than women, a fact that is reflected especially in stereotypes that portray the online shopping event (Citrin, Stem Jr., Spangenberg, & Clark, 2003b). There has been evidence found by Garbarino and Strahilevitz (2004) to support these stereotypes. Even though women have been closing the gender gap considering Internet usage, it is still thought that women perceive higher

risks than men in online purchasing in both probabilities and consequences (Comegys et al., 2006). Moreover, Rodgers and Harris (2003) reported that women had a lower level of web apprehensiveness (i.e. individual's resistance to or fear of the WWW as a channel for context free online counterparts), making women emotionally less satisfied with online shopping and made fewer online purchases than their male counterparts.

3. *Product involvement.* Third, women demonstrate a stronger need for tactile input in product evaluation than men (Citrin et al., 2003). The inability to touch or try on products, a shortcoming of online purchasing, might also result in fewer female online shoppers. This characteristic affects online purchase negatively, particularly for those products that require more tactile cues for their evaluation (e.g. shoes) (Comegys et al., 2006).
4. *Product properties.* Second, the products that male and female consumers are interested in buying are different. For example, male consumers are more interested in hardware, software and electronics, while females are more interested in food, beverages and clothing. In the early stage of e-commerce, the types of products available online used to be male-oriented (Slyke et al., 2002). Women did not shop online because they could not find products that interested them.
5. *Perceived risks.* Other research on gender influences (Comegys et al., 2006) has focused on the relationship between online advertisement interpretation and the attitude toward the advertisement, which in turn reflects that attitude towards the company. Thus, if the interpretation of an online advertisement is the same for both genders, but the attitude towards the ad is more positive by one gender, this would impact the perception of the entire buying process. Rodgers and Harris (2003) support this theory with their results. They claim that women are emotionally less gratified and have less satisfaction from online shopping than men. Men would also be more trusting than women and think that online shopping is more convenient.

All of the evidence above seems to indicate that there is indeed a difference in the way men and women perceive the entire online buying process.

Age

As with gender, age has also been extensively researched. From the inauguration of the Internet till late 1990s, Internet users were primarily middle aged and younger and unfortunately had less purchasing power than those who were older. As a result, early research showed either no significant age difference among online shoppers (Li et al., 1999) or that online shoppers were older than traditional store shoppers (Bhatnagar et al. 2000; Donthu and Garcia, 1999).

Nowadays the age gap between online and non-online consumers is diminishing, but the effect of age on consumers' intention to purchase online remains unclear. For example, some studies identified a positive relationship between consumers' age and their likelihood to purchase products online (Stafford, Turan, & Raisinghani, 2004), whereas others reported a negative relationship (Joines, Scherer, & Scheufele, 2003) or no relationship (Li et al., 1999; Rohm & Swaminathan, 2004). Such a discrepancy in research findings might be caused by different criteria for defining age groups in different studies. For example, the above studies used a 10-year span (Li et al. 1999; Stafford et al. 2004), 15-year span (Donthu and Garcia 1999), 20-year span (Rohm and Swaminathan, 2004), respectively.

Overall, there seems to be some disagreement as to the age profile of online shoppers. Therefore, it is clear that additional research on *age* is required in order to evaluate any relationship between age and the buying process.

Income

As for income, it is not surprising that online shoppers tend to earn more money than traditional store shoppers (Bagchi & Adam, 2006; Donthu and Garcia, 1999; Korgaonkar & Wolin, 1999; Li et al., 1999; Susskind, 2004), considering that the most popular items purchased online, including books, CDs, holiday and leisure travel, PC hardware, and software, are all “normal goods”—those for which demand increases as income increases. Therefore, regarding income, there seems to be a universal agreement on the effects of income on the intention to purchase. Although, for this research, the focus is on the effects of income on the buying process, where the available literature is scarce.

Culture

The last demographic variable involved in this research, involves country-location factors. Most of the literature concerned with explaining the differences between

various countries concentrates on differing cultures. Culture, represents a shared set of values that influence: societal perceptions, attitudes, preferences, and responses. According to Hofstede's culture model, cultural differences (normally typified by country) are categorized into five dimensions, including power distance, individualism-collectivism, masculinity-femininity, uncertainty-avoidance, and long-term orientation (Hofstede, 1984; Hofstede, 1991). Among these five dimensions, individualism-collectivism and masculinity-femininity have been used to predict online consumer behavior.

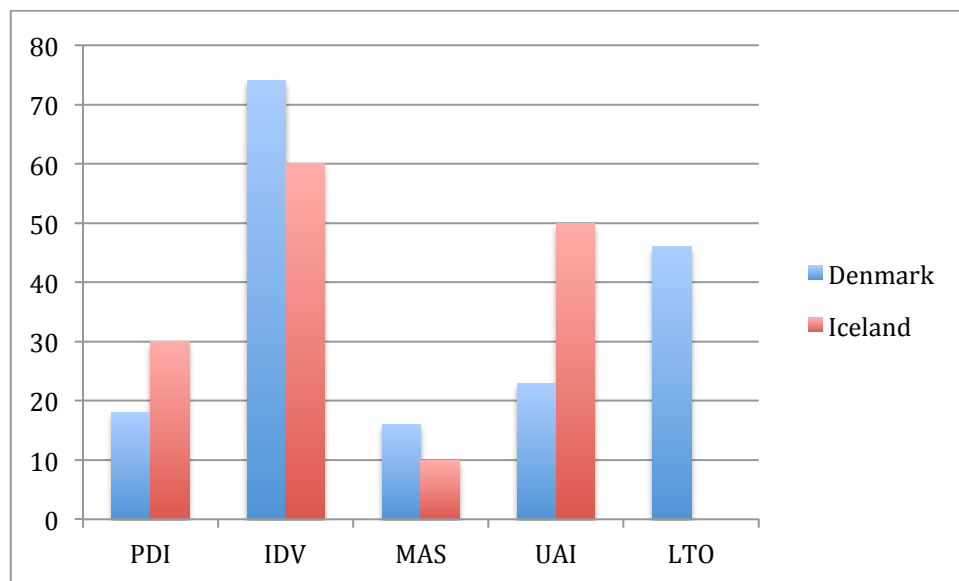
Collectivism-individualism refers to the extent to which members of a culture tend to have an interdependent versus independent construal of the self (Hofstede, 1984). Western and eastern cultures differ dramatically in this dimension, which leads to different online shopping behavior. In an individualistic culture (e.g. U.S. and Australia), the ties between individuals are loose. People tend to use the Internet mainly for personal purposes such as e-commerce and information searching (Chau, Cole, Massey, Montoya-Weiss, & O'Keefe, 2002; Park & Jun, 2003). In a collectivistic culture (e.g. China, Singapore and Mexico), people are integrated into strong, cohesive groups. They use the Internet mainly for social communication and hobbies, such as sending/receiving e-mails, accessing/downloading software and conducting work-related research (Wee & Ramachandra, 2000). Thus, the difference in the individualism-collectivism dimension can lead to different shopping orientations. It has been shown that entertainment shopping orientations drive the online buying intention of collectivistic consumers (Park et al., 2003); whereas convenience and variety seeking are important constructs for individualistic consumers (Park et al., 2003), they do not consider risk a significant decision factor. In addition, a collectivistic culture protects people throughout their lives. Hence, collectivists do not need to bear all the consequences of risk and thus tend to be less risk-averse (Weber & Hsee, 1998).

Masculinity refers to the extent of the distinction of social gender roles in a society (Hofstede, 1984). In a masculine culture, social gender roles are clearly distinct. In contrast, social gender roles overlap in a feminine culture. A society with more masculinity (e.g. Britain) tends to have a greater gender divide, predominantly male shoppers, than a less masculine society (e.g. Taiwan) (Shiu & Dawson, 2002). Stafford et al. (2004) compared the online shopping behavior of consumers in the U.S., Turkey and Finland. The masculinity scores, according to Hofstede's (1984) index, were high for the US, low for Turkey, and Finland had the lowest of the three countries. The

results show that consumers from less masculine societies (e.g. Finland) are less involved in online shopping than those from more masculine societies (e.g. Turkey), which is consistent with the findings of gender pattern in online shopping.

Since this research is solely focusing on Denmark and Iceland, only the cultural differences between these two countries will be useful. In examining this cultural difference, this research uses Hofstede's five dimensions as mentioned before. Here, below, is the analysis comparing the two countries:

Figure 3: Cultural Difference Between Iceland and Denmark (Hofstede, 2011)



Here we can see that both countries rank: low on power distance, high on individualism, and low on masculinity. They only score slightly different on uncertainty avoidance (Denmark = 23, Iceland = 50). For long-term orientation, there was no data on Iceland and so the graph only shows Denmark's score (46), which is almost 50, meaning that Danish people are both short and long term oriented. So overall, Danish and Icelandic people are very similar in terms of Hofstede's four dimensions, especially on individualism and masculinity, the factors that predict online shopping. Therefore, it can be inferred that the country effects on the buying process will be slim to none, in regards to varying cultures.

Controllable Factors

The controllable factors, on the other hand, that influence the buying process of consumers, as described by Kotler (2003), include *marketing stimuli* and *Web Experience*.

Web Experience

Exposing consumers to the company's marketing can affect the decision-making process by providing inputs for the consumer's black box where information is processed before the final consumer's decision is made (Kotler, 2003). Online marketers can influence the decision making process of the virtual customers by engaging traditional, physical marketing tools but mainly by creating and delivering the proper online experience, the *Web experience*: a combination of online functionality, information, emotions, cues, stimuli, and products/services, in other words a complex mix of elements going beyond the 4Ps of the traditional marketing mix. The prime medium of delivering the Web experience is the corporate Web site, the interfacing platform between the firm and its online clients (Constantinides, 2004).

Identification and classification of the Web inclusive picture of the controllable actors are likely to affect or even determine the outcome of the virtual interaction. The classification can help marketing practitioners to recognize and better understand the nature and potential of their online marketing tools. It can also contribute to the ongoing theoretical debate on online consumer's behavior by summarizing the prevailing ideas of researchers and identifying issues for further research.

Several academics and practitioners have identified the "online shopping experience" or "virtual experience" as a crucial e-commerce marketing issue (Constantinides, 2004). The online shopping experience is defined as a process of four stages describing the successive steps of an online transaction (Constantinides, 2004). Considering that an online customer is not simply a shopper but also an information technology user, one can argue that the online experience is a more complicated issue than the physical shopping experience. The Web experience can be defined as the consumer's total impression about the online company resulting from his/her exposure to a combination of virtual marketing tools "...under the marketer's direct control, likely to influence the buying behavior of the online consumer" (Constantinides, 2004, p. 60). The Web experience embraces elements like searching, browsing, finding, selecting, comparing and evaluating information as well as interacting and transacting with the online firm. The virtual customer's total impression and actions are influenced by design, events, emotions, atmosphere and other elements experienced during interaction with a given Web site, elements meant to induce customer goodwill and affect the final outcome of the online interaction. It should be noticed here that the Web experience is important not only for Web sites marketing products or services but also

for sites targeting customers interested in informational content (news, weather, sports, etc.), sites acting as online intermediaries and generally to all types of Internet ventures competing for the attention of the online public (Constantinides, 2004).

The Web experience as a major parameter of customer influence is crucial for dot.com-type firms but also for multi-channel vendors. For traditional firms expanding their business with Internet presence, the quality of online experience they deliver is an issue requiring special attention: poorly designed and dysfunctional Web sites are a potential threat not only to the company's virtual aspirations but also a hazard for their physical activities. According to the Dieringer Research Group half of all adult Internet users who have abandoned online orders seem to have changed their opinion about brands due to negative online experience, while 60 percent of those online adults who opinions have changed, switched brands at purchase, whether they bought via the Net or at a brick-and-mortar store (Chan, 2010).

The primary means of delivering the Web experience is the corporate Web site. Sites delivering superb Web experience are designed in a way not only addressing the client's product needs and expectations but also assisting the customers through the steps of the buying process. In that respect the back office e-commerce infrastructure is also of crucial importance. Web sites must be seen therefore as vital instruments of customer service and persuasion rather than simply as online brochures or catalogues of the company's products (Constantinides, 2004).

Two main factors are frequently found to influence the Web consumer's behavior: *functionality* (usability and interactivity) and *psychology* (online trust and aesthetics).

Functionality

The two components of Web site functionality are *usability and interactivity*. These factors are frequently referred to in the literature as closely associated with success or failure of Web sites, by directly and profoundly influencing the online consumer's experience. Slow, dysfunctional Web pages and poor interactivity prompt most online customers to look for alternatives, since time saving and shopping convenience are important motives to do business online for the majority of Internet users (Constantinides, 2004).

Nah & Davis (2002) define Web *usability* as "the ability to find one's way around the Web, to locate desired information, to know what to do next, and, very importantly, to do so with minimal effort. Central to this idea of usability are the

important concepts of ease of navigation and search” (Nah and Davis, 2002, p. 99). Usability is considered as an important quality criterion of information systems and Web sites (Osterbauer, Grechenig, & Tscheligi, 2000). Elements enhancing the Web site usability are the convenience of using the site, the loading speed of the pages, the information structure, etc. Creating a user-friendly Web site not only requires high quality, state of the art technology but also thorough knowledge of the needs and characteristics of the potential Web site user.

Usability of Web sites has been constantly improving over the years, not only because online firms and Web designers gain more experience but also as a result of technological developments (Constantinides, 2004). Broadband connectivity—more than 20 per cent of Web users have a broadband connection in the USA in 2003—and new programming tools have contributed to faster loading times saving valuable customer time (Constantinides, 2004). The different components of usability in short are:

- Convenience: research indicates that convenience is a prime motivator for Web customers to stop and interact with online vendors. Customers associate convenience with easy and fast information browsing, shopping and settling of the online transaction; Web designers must try to understand how their customers are likely to perform these activities online and adjust their procedures accordingly.
- Site navigation, information architecture and search facilities/search process: online customers expect easy site navigation and easily accessible information. Search engines providing fast and reliable results helping customers to quickly locate information in the site, must be part of every well-designed commercial Web site.
- Site findability and accessibility: most Web consumers are searching for products and services by means of search engines and online directories. It is very important that site designers apply a consistent search engine strategy so that online consumers can easily find the site. Web sites must be furthermore accessible by users making use of different types of Web browsers.

- Site speed: online customers expect fast loading Web pages. Web designers must keep in mind that the average time customers per page viewed is low and steadily diminishing over time (Cockburn & McKenzie, 2001).
- Ordering/payment processes: cumbersome and lengthy processes required for ordering and settling online transactions are still one of the most important sources of customer irritation, loss of goodwill and interrupted online transactions. A balanced approach is necessary so that Web sites remain simple to use and secure at the same time.

Interactivity, the second dimension of functionality, of the Internet allows online vendors to enhance the Web experience by presenting the customer with more personalized services and facilitating interaction with other online users willing to share experiences and suggestions. Interactivity therefore can be seen as underpinning two of the basic elements of the Internet revolution, namely personalization and networking. Interactive elements are contributing to a positive customer experience by reducing uncertainty during the online transaction and the cognitive dissonance afterwards. Elements enhancing interactivity are facilities allowing interaction with vendors in case customers have questions or difficulty to use the site, online help-desks for technical assistance or support. Networking and the possibility of establishing contacts with other users by means of active or passive interfaces (user's forums, chat rooms, or bulletin boards) are also factors enhancing the Web site interactivity. One component of interactivity is with the *online vendor* (Constantinides, 2004).

Customer service/after sales service online, interaction with company personnel and customization are components of interactivity between customer and online vendor. Web customers expect next to convenient shopping and support in case of problems with products or services purchased. Good organized online or offline helpdesks, efficient reverse logistics, quick response to e-mail complaints and inquiries are some of the issues where marketers and Web designers must focus their attention. As in the case of usability, good knowledge of customer profiles and needs are of vital importance for the designers of these online services (Constantinides, 2004).

For this particular research, in regards to *usability*, the focus will be on *website usability, and navigation*. In regards to *interactivity*, on the other hand, this research will focus on influence of *customer service*. The importance of these four dimensions

for the Web experience will be determined in order to show their influence on the *evaluation of alternatives* stage of the buying process.

Psychology

Another factor found influential to the Web experience is psychology, in terms of: online trust and aesthetics.

Online Trust

Online trust is one of the issues researchers, as well as practitioners, frequently associate with the success or failure of online ventures. According to Harris Interactive (2001) around 70 per cent of the U.S. Web users are seriously concerned about the safety of their personal information, transaction security and misuse of private consumer data. Subjects like hacking, fraud, spam and online scams frequently make headlines, raising security concerns as well as skepticism and mistrust. The physical distance, lack of personal contact and the anonymity of the Internet are also factors further increasing the consumers' anxiety and risk perceptions. Online firms, especially those lacking strong brand recognition and physical presence, should not underestimate the importance of trust as a Web experience element.

The multi-dimensional character of online trust makes it a complicated issue and despite considerable research attention several online trust issues are still very little explored. A study of Grabner-Kräuter & Kaluscha (2003) underlines the complexity of this subject. Based on an extensive review of research work done in this field these researchers identified trust constructs reflecting "...both institutional phenomena (system trust) and personal and interpersonal forms of trust (dispositional trust, trusting beliefs, trusting intentions and trust-related behaviors..." (Grabner-Krauter and Kaluscha, 2003, p. 783).

Online marketers should identify elements enhancing or undermining trust among potential customers and try to understand how those can affect the online customer's perceptions. This knowledge is valuable for including the right mix of trust-establishing elements in the Web site and creating the proper organizational as well as managerial—needed for delivering this mix. Next to Web site trust-enhancing elements, the "off-line" vendor image and reputation have been often found to be critical enablers of virtual interactions and transactions by lowering the transaction risk threshold and reducing customer anxiety (Constantinides, 2004).

For Web pure-plays the question of winning customer trust must be a central issue when designing their Web site. Addressing trust-related issues is also possible by pursuing synergies with marketing activities taking place in the physical marketplace. An interesting question in the debate around gaining the consumer's trust online is the effect of third-party approvals and endorsements (Verisign, Truste, WebTrust, Trusted Site Seal, etc.) on abating the consumer's risk perception (Constantinides, 2004).

Multi-channel firms with well-established reputation, brands or products usually have a serious advantage against online novices and startups. High levels of brand awareness and good reputation make it easier for customers of physical firms to trust them online, reducing the online customers' demands for credibility or integrity credentials (Nah & Davis, 2002; Constantinides, 2004). The different elements of online trust, in more detail, are as follows:

- *Transaction security and customer data safety.* These are principal concerns of online customers purchasing products or services online. Service disruptions, hacking into online vendors' databases and display of customer data on clandestine Web sites are frequent Internet incidents asking for constant vigilance by online firms.
- *Clear ordering, payment and refunding procedures.* These include concrete customer policies, good communication and strict security to help customers face online transactions with more confidence. Online vendors can also win security-minded customers by offering multiple payment alternatives, something though not always feasible (ex. Customers overseas).
- *Customer data abuse.* A critical question for privacy minded customers is whether personal data known to online firms is used for any type of commercial purposes against their knowledge and will. This is a growing concern among Internet users confronted daily with an explosive growth of spam, fraud, and online scam (Harris Interactive, 2001). Web vendors should allow online customers to opt for possible follow-up activities and ask always the customer's clear permission for any further use of data for commercial purposes.
- *Guarantees and return policies.* Like in traditional business, product guarantees offered by Web firms are powerful tools for gaining competitive advantages, raising the level of customer trust and reducing the online transaction anxiety.

Clear policies outlining product returning procedures and compensation in case of dissatisfaction with the product have been found to have a positive effect on online vendors' credibility.

- *Uncertainty reducing elements.* Components of uncertainty reducing elements are "frequently asked questions" (FAQs) and conflict-resolution policies. Allowing easy access of online customers to this type of information enhances trust but also reduces the number of inquiries of customers with questions on such issues.

As online trust covers a great deal of factors, this research will only focus on a few in particular. Moreover, this particular research will focus on *online trust*, in terms of *brand awareness and reputation*, as well as *guarantees*, in terms of a *warranty*. The importance of these factors, in regard to the Web experience, will be determined in order to show their influence on the *evaluation of alternatives* stage of the buying process.

Aesthetics

The second psychological factor influencing the Web experience is *aesthetics*. Special attention must be paid to aesthetics, not only because aesthetic elements are often important indicators of online vendor quality but also form the main clue of vendor and Web site credibility for the majority of Web users (Vrechopoulos, O'Keefe, Doukidis, & Siomkos, 2004).

Aesthetics embrace the artistic and creative elements of the online presentation, aiming at a pleasing appearance or effect. These elements communicate the Web site's atmosphere, something important for attracting online customers by inducing positive and powerful motives for visitors to stop, explore and possibly interact with the site. Traditional retailers are well aware of the fact that a positive experience of new customers entering their shop is an important factor in their decision to stay or leave; the atmosphere is a major retailing quality evidence affecting his/her impression about a sales outlet and defining the customer's further actions and behavior (Constantinides, 2004; Kotler, 2003).

Research suggests that aesthetics influence online and traditional shoppers in similar ways, underlying the importance of these elements as success factors in online retailing (Vrechopoulos et al., 2004).

Design and style/atmosphere of Web sites are elements quite crucial in shaping the online experience and the buying decision making process. Like shoppers in traditional shops, for first-time Web site visitors these elements are particularly important. But unlike traditional shoppers online consumers spend much less time in Web shops they visit. Given the very limited time the average Internet users spend on browsed pages when searching for information or products online the design and atmosphere of Web sites must attract the attention and capture the interest of the online customer in a very short time (Constantinides, 2004).

This particular research will focus on *aesthetics*, in terms of *website design*. The importance of website design, in regard to the Web experience, will be determined in order to show the extent of its influence on the *evaluation of alternatives* stage of the buying process.

Marketing Stimuli

Besides Web experience, various marketing stimuli have also been found to influence the consumer buying process. This has been explored by several researchers that have focused on the impact of *marketing mix* elements on the behavior of Web users searching the Internet or buying products and services online. Researchers agree that the marketing mix's 4Ps—including fulfillment—are essential influencers of the consumer buying process. The ongoing debate on the value of the marketing mix as the toolkit of conventional marketing (Constantinides, 2004) underlines though the fact that more research is needed in order to define the exact role of the Ps as part of the online content and online marketing in general. The marketing mix elements are listed as follows:

- *Communication.* The literature references on this aspect refer to the quality of information provided about the firm's products, the clarity of selling conditions and the delivering terms. Information can to a certain degree compensate the lack of physical contact with the product, reducing the online consumer's uncertainties.
- *Fulfillment.* With the exception of digitized products (music, software, e-books, etc.) easily delivered online, for all other types of products offered online the order fulfillment and product delivery do not coincide with the placing of the online order. The way online vendors follow up orders and deliver products has an immediate impact on the willingness of customers to order and more

importantly, to return to the Web site for business in the future. Alternative payment methods, fast delivery, flexible delivery options and order tracking are frequently mentioned elements of the fulfillment process.

- *Product* elements affecting the Web experience are the online brands and product assortment, product features, and product presentation. Online vendors can in some cases improve the customer experience by enhancing their product presentation by means of 3D or other high-tech methods.
- *Price.* The number of literature references of the price as an input influencing the online consumer's behavior is limited. Next to that, research on the role and importance of the online price contradicts the predominant belief that price is the main motivator for consumers when choosing a particular Web site. And while most online consumers would insist that low price is their major motive to buy online products, facts do not seem to confirm this. Research based on click-through analysis indicates that only 8 per cent of Web users in North America are aggressive price hunters and only 30 per cent of purchasing managers identify lower prices as the key benefit of buying online (Constantinides, 2004). Factors found in the literature associated with the price as part of the Web Experience are the price level, the online promotional actions or discounts and the price transparency.
- *Promotion.* This element is also rarely found to be one of the essential ingredients of the Web experience; the number of relevant literature references is rather limited. Specific promotional elements mentioned in the literature as enhancing the Web experience are free extra services, sales promotions and incentive programs.

In regards to the various marketing stimuli covered in this section, this particular research will focus on all of the 4Ps—including fulfillment. Specifically, for communication, the focus will be on the importance of *product information* in regards to store evaluation. For fulfillment, the focus will be on the importance of offering *flexible delivery options* in regards to store evaluation. For product, the focus will be on the importance of offering: a *variety of products and an extensive selection/availability* of products. Lastly, for price and promotion, the focus will be on the importance of product *price* and *sale/promotion* when evaluating product alternatives.

3 Frame of Reference

The aim of this chapter to develop a conceptual framework that is based on the theoretical framework discussed in chapter two. The conceptual framework will then be used to organize and direct data collection for the remaining chapters.

3.1 Conceptual Framework

The conceptual framework for this research is derived from Kotler's (2003) theoretical framework on the forces influencing online consumer behavior as stated in the literature review chapter. The forces that influence the *buying process* of consumers are *uncontrollable factors*, *marketing stimuli*, and *controllable factors*. As the literature describes, these forces influencing the buying process cover a very broad range. Therefore, in developing a conceptual framework for this research, only various concepts of those mentioned in the literature will be used. That being said, this research will mainly focus on the uncontrollable influences on the buying process as stated by the research question in chapter one.

3.1.1 Demographic Factors

According to Kotler (2003) there are various personal and environmental uncontrollable factors including: demographic, economic, legal, and environmental. These factors cover a fairly broad ground, so for the purposes of this particular research, the focus will only be on the influence of *demographic* factors on the buying process. Specifically, the *demographic* factors used for this research will consist of: *gender*, *age*, *income*, and *country*. An overview of this aspect of the conceptual framework, in regards to the demographic factors, is displayed in Figure 5.

Figure 4: Demographic Factors-Conceptual Framework Part 1



3.1.2 Buying Process

The buying process consists of five stages as explained by Kotler's (2003) framework: need recognition, information search, evaluation of alternatives, purchase decision, and post-purchase behavior. In order to analyze the demographic influence on the buying process, this research has incorporated the controllable (Web experience) and marketing stimuli factors into the buying process as stated in the literature review chapter. That

being said, each stage is thoroughly explained in terms of the concepts used for this particular research.

Need/Problem Recognition

For this first stage in the buying process, this research will focus on the following concepts: *desire, need, and motivation*. *Desire* will be analyzed in terms of whether it's external or internal. Specifically, whether the consumer was affected by external desires in terms of *paid advertising, word of mouth, sale/promotion* and/or *non-paid advertising* or if the desire rose from an *internal need*. Paid advertising will be broken in two: advertising by the U.S. online retailer and advertising by ShopUSA. Word of mouth (WOM) will also be broken into two: WOM through social media sites and WOM through other sources. Dividing these categories into two will be important in distinguishing which advertising or which word of mouth is more influential. Non-paid for advertising, on the other hand, will focus on media influence and sale/promotion will be as is. If none of these were chosen, then it can be inferred that the need was internal.

In terms of *need*, it will also be of significance to evaluate who the ultimate consumer of the product is. Whether the consumer is purchasing a product for *themselves* or for a *family member/relative/friend*, etc. This may have an influence on the buying process.

In terms of *motivation*, the focus will be on the reasons why the consumer didn't just buy that particular product at home. Specifically whether *price, quality, product availability, size/color availability* had an influence, or if it was just the *convenience/enjoyment of shopping online*.

Information Search

For the second stage in the buying process, this research will focus on how the consumer began their online *store search*. In evaluating how consumers begin their store search, responses from the 2010 Nielsen survey will be used. These include: *the website of a store previously purchased from, search engines, shopping comparison sites, and word of mouth*.

Evaluation of Alternatives

For the third stage in the buying process, this research will focus on the importance of various *product* and *store* evaluating factors when choosing alternatives. For product

evaluation, this research will focus on the following factors: *price, product reviews, quality, brand name, warranty, sale/promotion, and exchange rate*. All of these factors were found influential in regards to online shopping intention as explained in the literature review, with exchange rate being the exception. Since this particular research is focusing on global e-commerce, it is of crucial importance to evaluate whether the exchange rate (USD/Foreign) had an impact on product purchase.

For store evaluation, on the other hand, this research will focus on the following factors: *choosing a store previously purchased from, customer service, product variety, product information, reputation, availability/selection, website quality (design, usability, navigation) and flexible delivery options*. All of these factors were found influential in regards to online shopping intention as explained in the literature review.

Purchase Decision

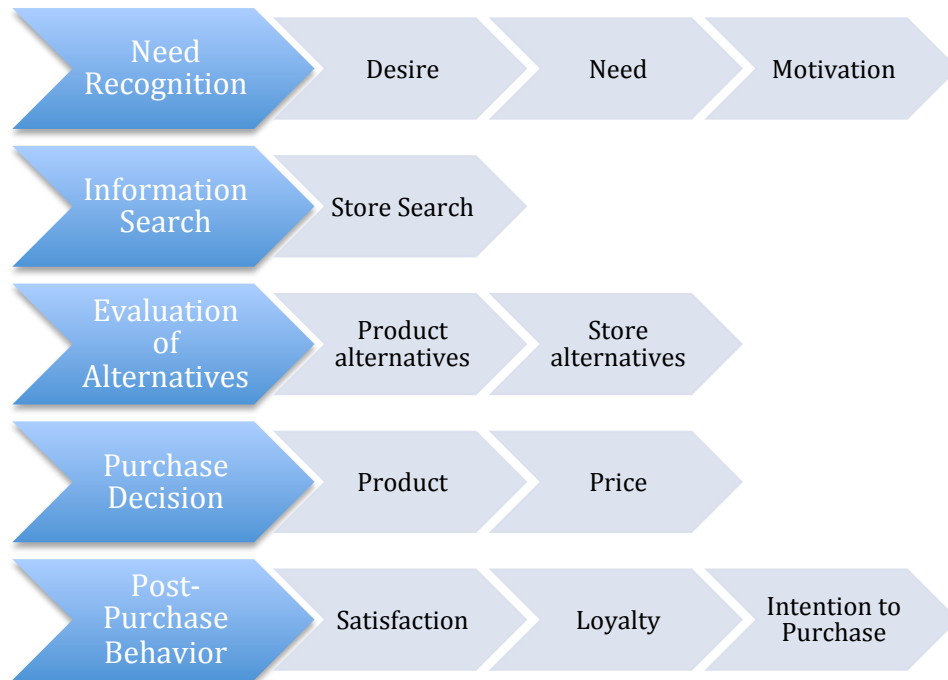
For the fourth stage in the buying process, this research will focus on *product* and *price*. Price will be detrimental in determining how much online shoppers are willing to spend online. Products purchased, on the other hand, will give marketers an idea of whether there is an existing or potential market for various products. Additionally, both *product* and *price* have been known to influence the buying process, as mentioned in the literature review.

Post-Purchase Behavior

For the last stage in the buying process, this research will focus on *satisfaction, loyalty, and intention to purchase*. Specifically, satisfaction will evaluate three aspects: *product, store, and satisfaction with ShopUSA*. Loyalty, in this research, refers to whether the consumer has purchased a product from that specific store before. Lastly, intention to purchase will be measured in terms of the likelihood of repeat purchase. These factors are detrimental to online retailers, as research shows that satisfaction relates to loyalty, which relates to intention to purchase. Therefore, by attracting new customers, marketers have a much likelier chance of retaining them.

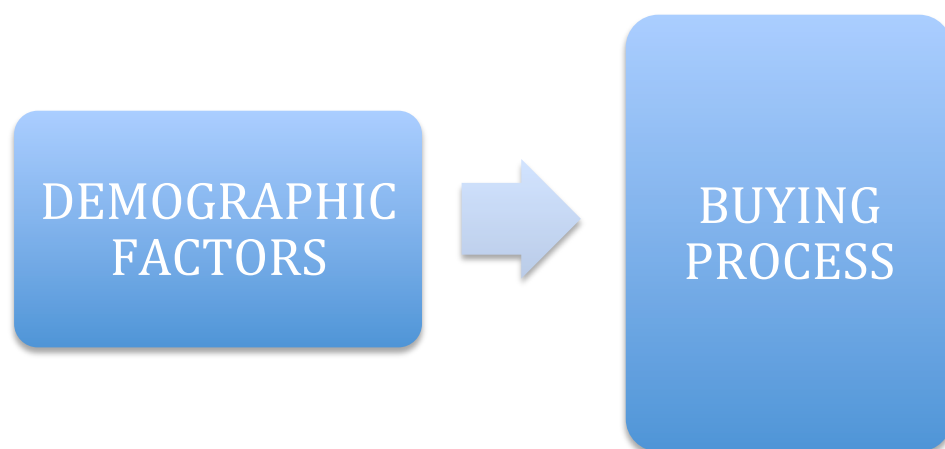
An overview of the main concepts used in this research concerning the buying process is displayed in Figure 6.

Figure 5: Buying Process-Conceptual Framework Part 2



After evaluating the *uncontrollable factors* and the *buying process* separately, the following conceptual framework is construed, as shown in Figure 7, in line with the main research question in this study (*How is the buying process of online shoppers from Denmark and Iceland influenced by demographic factors when purchasing products from U.S. online retailers?*)

Figure 6: Conceptual Framework



4 Methodology

Potter (1996) states that Methodology is a strategy or plan for achieving some goal and provides the blueprints that prescribe how the tools should be used. In this chapter the undertaken research methodology choices will be discussed and justified. These research methodology choices will give guidelines as to how the needed information should be gathered and processed. This will increase the possibilities to receive appropriate answers to the research questions and assist in making valuable conclusions.

4.1 Research Purpose

There are many ways to carry out research. Most types of research can be classified according to how much the researcher knows about the problem before starting the investigation. According to Aaker, Kumar, & Day (2007) there are three classifications of research available when dealing with a research problem: exploratory, descriptive, and/or explanatory.

Exploratory studies aim at exploring something, and are appropriate when the research problem is difficult to delimit. The purpose is to gather as much information as possible concerning a specific problem. Exploratory research is often used when a problem is not well known, or the available knowledge is not absolute. The technique that is best suited for information gathering when performing an exploratory research is interview (Aaker et al., 2007).

Aaker et al. (2007) argue that descriptive research is often used when a problem is well structured and there is no intention to investigate cause/effect relations. Descriptive research is recommended when you search data, often secondary, in order to describe a few aspects of a clearly structured problem.

Explanatory research is to develop precise theory that can be used to explain the empirical generalizations. Based on this, the researcher formulates hypotheses that are tested empirically. This kind of research is also appropriate when it does not exist a clear apprehension about what model that should be used and what qualities and relations that is important (Aaker et al., 2007).

This study's research problem is as follows: *"How is the buying process of online shoppers from Denmark and Iceland influenced by demographic and product-related factors when purchasing products from U.S. online retailers?"* which has mainly *descriptive* characteristics. That is, the problem is well structured based on the

conceptual framework and there are no cause/effect relations being investigated. Therefore, descriptive research will be used for this thesis.

4.2 Research Approach

Any research project will involve the use of theory. The extent to which a researcher is clear about the theory at the beginning of his research raises an important question concerning the design of the research project. This is whether the research should use the deductive approach, where the researcher develops a theory and hypothesis and designs a research strategy to test the hypothesis, or the inductive approach, where the researcher collects data and develops a theory as a result of his data analysis (Dubois & Gadde, 2002). In this case, P. Kotler's (2003) theory on the forces influencing the buying process will be used to formulate the hypotheses. Therefore, a deductive approach is chosen for this research, as there is no intention to create new theories based on the literature that has been studied.

Furthermore, a research can be approached in either a quantitative or qualitative way. The research problems for this thesis are specific and well defined, and the researcher has precise information needs, which suggest quantitative research (Shiu, Hair, Bush, & Ortinau, 2009). This particular research also deals with a relatively large sample size, meaning quantitative research will be more efficient in inquiring estimates, relationships, and predictions for the target population (Shiu et al., 2009).

4.3 Research Strategy

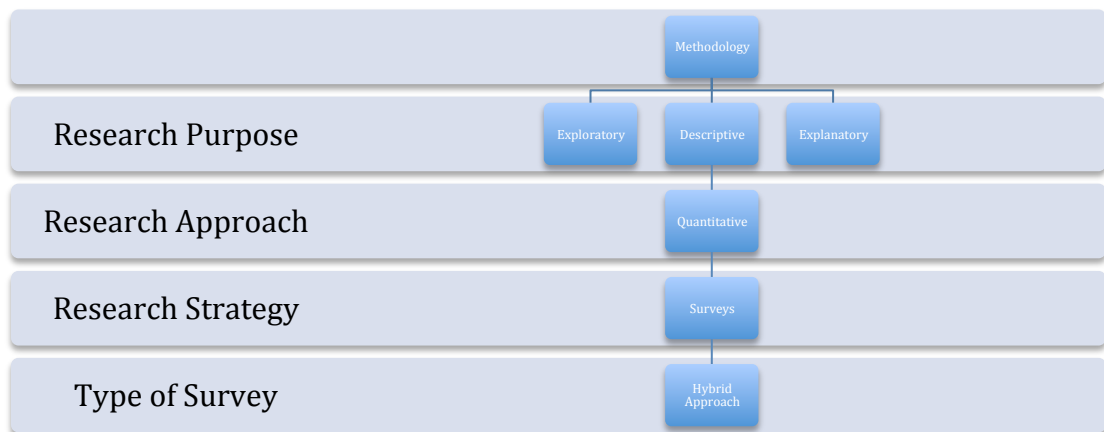
The two main strategies of inquiry for quantitative research are experiments and surveys. In a survey, respondents may be asked a variety of questions regarding their behavior, intention, attitudes, awareness, motivation, demographic and lifestyle characteristics (Cooper, Schindler, & Sun, 2003). As this research deals with consumer behavior, it is more appropriate to use the survey method. Additionally, the nature of this research deals with consumers online, therefore an online survey will be used. This will increase the turnaround time while reducing costs (Andrews, Nonnecke, & Preece, 2007). More specifically a Web-based e-mail survey, or a hybrid approach, will be used as recommended by Zhou, et al. (2007) in improving the quality of results and sample representativeness (Andrews et al., 2007).

4.4 Data Collection

The data collection method is highly influenced by the methodology chosen (Andrews et al., 2007). Quantitative research places heavy emphasis on using formalized questions and predetermined response options in questionnaires administered to large numbers of respondents (Shiu et al., 2009). Therefore a ‘questionnaire’ format will be used in this applied research as the source for the data collection of this survey (Shiu et al., 2009).

A review of the methodology chosen for this research is displayed in Figure 8 below:

Figure 7: Methodology Review

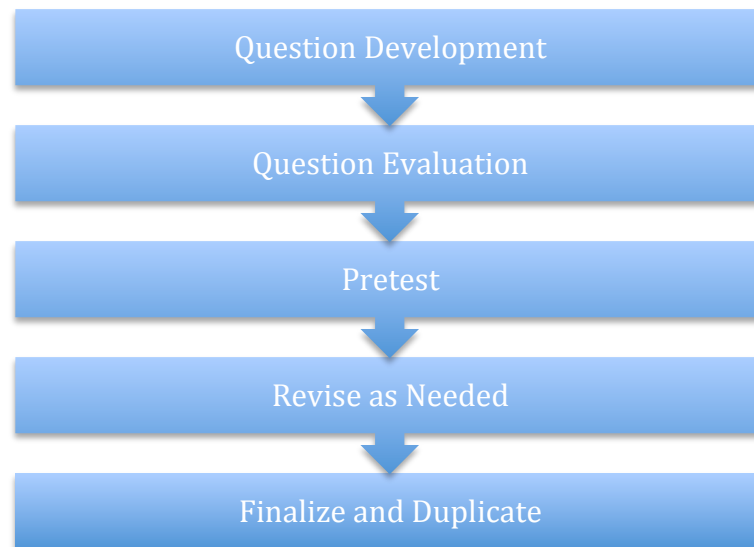


4.5 Questionnaire Design

A questionnaire serves six key functions. (1) It translates the research objectives into specific questions that are asked of the respondents. (2) It standardizes those questions and the response categories so every participant responds to identical stimuli. (3) By its wording, question flow, and appearance, it fosters cooperation and keeps respondents motivated throughout the interview. (4) Questionnaires serve as permanent records of the research. Lastly, (5) depending on the type of questionnaire used, a questionnaire can speed up the process of data analysis (Burns & Bush, 2003).

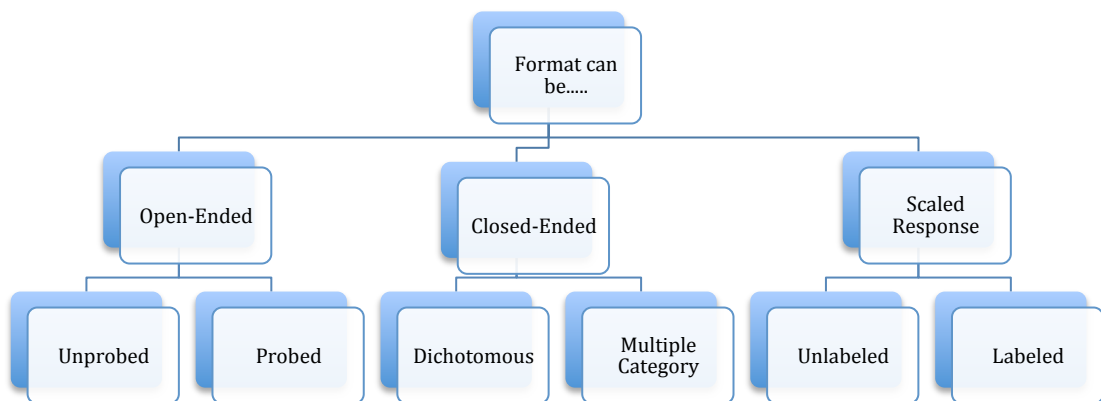
Given that it serves all of these functions, the questionnaire is a very important element in the research process. As suggested by Burns & Bush (2003), the questionnaire design for this research followed the steps shown in Figure 9:

Figure 8: Questionnaire Design Steps (Burns & Bush, 2003)



The first phase, question development, involves selecting the appropriate response formats and levels of measurement (Burns & Bush, 2003). There are three response formats to choose from: open-ended, close-ended, and, scaled-response. Additionally, there are two variations for each response format as explained in Figure 10 below:

Figure 9: Question Response Formats (Burns & Bush, 2003)



As this research contains a relatively large sample size, only closed-ended and scaled-response questions were used. Closed-ended questions were used for simplistic reasons and in order to standardize the questionnaire, while scaled-responses were used in order to conduct high-level sophisticated analysis. Open-ended questions were excluded from this questionnaire as they are thought to be the most taxing questions for respondents and in fact, some researchers rarely recommend using them (Burns & Bush, 2003).

Furthermore, the variations of the response formats used in this questionnaire were as follows: dichotomous and multiple category closed-ended format and labeled scaled-response format. Multiple category questions will be used in order to categorize the respondent demographically and categorically according to various constructs, while dichotomous questions will be used in questions involving a 'yes' or 'no' answer. In regards to scaled-questions, the labeled scaled-response format will be used to minimize any misinterpretation of the intervals of the scale (Burns & Bush, 2003).

These question response formats further influence the levels of measurement used (Burns & Bush, 2003). For this research, a combination of nominal, ordinal, and interval scaled questions will be used due to the nature of properties being measured, previous research studies, and the ability of the respondent as recommended by Burns & Bush (2003). Moreover, nominal and ordinal levels of measurement will be used to categorize the respondent according to various constructs. While interval scaled-questions will allow for high-level analysis on the attitudes of respondents using variations of a Likert scale. The Likert scales used for this particular research will be used to measure the following constructs: importance, intention to purchase, and satisfaction. These constructs have all been extensively researched; therefore in order to increase scale validity, modified Likert scales will be adopted for this research.

After choosing the question-response format and levels of measurement for the questionnaire, a sequencing process was undertaken. As research suggests, a common sequence of questions, should follow some understandable logic in order to keep the respondent's attention and in obtaining a higher response rate for individual questions. First, a screening question was developed in order to exclude those consumers that haven't purchased a product online. This was of crucial importance to separate respondents in terms of buyer and non-buyer as the focus of this research only concerns online consumers. Following the screening question, the questionnaire was constructed to follow the particular sequence as recommended by Burns & Bush (2003): warm-up questions, complicated/difficult questions, and classification questions.

Following question development and continual evaluation, pre-testing was conducted. The pre-test involved a draft of the questionnaire being sent out to a representative sample of ten online consumers in Iceland. This was in accordance with Burns & Bush (2003), who consider ten respondents the upper recommended limit for a pre-test sample. Moreover, participants were informed of the pre-test, and their cooperation was requested in spotting words, phrases, instructions, question flow, and

other aspects of the questionnaire that appeared confusing. This pre-test was followed by final revisions to the questionnaire.

After final revisions, a cover letter was written as an introduction to the survey. An introduction, if written well, can persuade prospective respondents to take part in the survey (Burns & Bush, 2003). Therefore, the cover letter was designed properly and written in accordance with the five functions recommended by literature. These include: identifying the surveyor/sponsor, stating survey purpose, explaining respondent selection, and request for participation/providing incentive. An incentive was provided in form of an iPod Nano (Appendix B) in order to increase the participation rate, as ShopUSA did not allow reminder e-mails to be sent out.

Along with the question-response formats and measurement levels of scales, the various constructs described in the conceptual framework were embedded into the questionnaire. Specifically, questions 6-8 measure *need recognition*, question 9 measures *information search*, questions 10-11 measure *evaluation of alternatives*, questions 4-5 and 14 measure *purchase decision*, and questions 12-13 and 15-16 measure *post-purchase behavior*. The final questionnaire (Appendix A) consisting of the constructs measured, question-response format, and measurement levels of scales used, is presented in Table 3.

Table 3: Design of Final Questionnaire

Question #	Construct	Question-Response Format	Measurement Level of Scale
1.	Screening Question	Closed-ended	Nominal
2.	Warm-Up	Closed-ended	Nominal
3.	Warm-Up	Closed-ended	Ordinal
4.	Purchase Decision	Closed-ended	Nominal
5.	Purchase Decision	Closed-ended	Ordinal
6.	Need Recognition	Closed-ended	Nominal
7.	Need Recognition	Closed-ended	Nominal
8.	Need Recognition	Closed-ended	Nominal
9.	Information Search	Closed-ended	Nominal
10.	Evaluation of Alternatives	Scaled	Interval--Labeled
11.	Evaluation of Alternatives	Scaled	Interval—Labeled
12.	Post-Purchase Behavior	Scaled	Interval—Labeled
13.	Post-Purchase Behavior	Scaled	Interval—Labeled
14.	Purchase Decision	Closed-ended	Nominal
15.	Post-Purchase Behavior	Scaled	Interval—Labeled
16.	Post-Purchase Behavior	Scaled	Interval—Labeled
17.	Demographic (Country)	Closed-ended	Nominal
18.	Demographic (Age)	Closed-ended	Ordinal
19.	Demographic (Gender)	Closed-ended	Nominal
20.	Demographic (Income)	Closed-ended	Ordinal

4.6 Sample Selection

After finalizing the questionnaire, a population or sample was needed to research. This research is concerned with online consumers from Denmark and Iceland purchasing products from U.S. online retailers. As this target population is significantly large and vastly unknown, sampling is recommended (Aaker et al., 2007). There are two main types of sampling procedures: probability and non-probability sampling. Non-probability sampling is typically used in situations such as: (1) the exploratory stages of a research project, (2) pretesting a questionnaire, (3) dealing with a homogenous

population, (4) when a researcher lacks statistical knowledge, and (5) when operational ease is required (Aaker et al., 2007).

Furthermore, there are four types of non-probability sampling procedures including: judgmental, snowball, convenience, and quota sampling (Aaker et al., 2007). Judgmental sampling, for instance, is where judgment is used in identifying representative samples. This research has arbitrarily chosen ShopUSA's customers as the sample for this research to represent online shoppers from Denmark and Iceland who are purchasing products from U.S. online retailers. Therefore, this sample is derived on a judgmental basis. This approach was taken due to cost, convenience, and time frame restrictions.

Moreover, since this questionnaire is in form of an e-mail survey, only ShopUSA's e-mail subscribers can be surveyed. Specifically, there are 17,263 e-mail subscribers in Denmark and 16,171 in Iceland. Therefore, this survey will be sent out to a total sample size of 33,434.

4.7 Quality Criteria

There are two important concepts one should keep in mind when writing a report, validity and reliability. Validity is the ability of a chosen instrument to measure what it is supposed to measure. Reliability is the extent to which the research results would be stable or consistent if the same techniques were used repeatedly (Yin, 1999).

Furthermore, the role of reliability is to minimize the errors and biases in a study. According to Yin (1999) the quality of empirical research can be judged by conducting six specific tests: face validity, criterion validity, convergent validity, discriminant validity, construct validity and reliability. This particular research established face validity and reliability.

Face validity was established by consulting an expert at Capacent to comment on the representativeness and suitability of the questionnaire (Ó. Elínarson, personal communication, Oct. 20, 2011). From this consultation, several structural changes were made to the questionnaire including the sequence and order as well as eliminating several question biases (leading questions). Along with these changes, the pre-test was influential to the layout of the questionnaire. Concerning the layout, two pre-testers suggested that the questionnaire be on five different pages instead of only one. The primary reason for this is that the pre-testers felt that the questionnaire was too lengthy and almost opted out of the survey. By having the questionnaire on several pages, the pre-tester felt more "at ease" when filling out the survey. Since it was on five pages,

navigation buttons were added to the bottom of the survey to help navigate the survey and a “progress bar” was added to the top of the questionnaire to indicate the percent of completion at each page. This combination of consultation and pre-testing increased the face validity of the content.

Reliability, on the other hand, was measured by comparing the data sample of Icelandic online consumers from this survey to the sample derived from an earlier ShopUSA study in March of 2010. This comparison was conducted in order to see if the percentage of respondents were similar in regards to gender. A Chi-Square test was used to measure goodness of fit, or how similar the data from the survey was in terms of percentages. After testing, it was evident that the residuals between the two samples were very similar. Specifically, the residuals between observed and expected N was a mere 1.4, meaning that the observed N was only 1.4 from the expected N. This is very low and therefore it can be inferred that the two samples were similar, consequently making this survey more reliable.

5 Data Presentation

The aim of chapter five is to present the empirical data collected from the online consumers in Denmark and Iceland. This particular data is descriptive to gain insight into whether the profile of online shoppers is different between Denmark and Iceland in terms of various demographic factors and stages of the buying process. This will assist in determining whether further statistical analysis on the buying process of these online shoppers can be done for both countries together or if they have to remain separate.

5.1 Denmark vs. Iceland

There were 684 respondents of the survey (a 2% survey response rate). From the 684 respondents, 526 had purchased a product from U.S. online retailers through ShopUSA, 50 had not. These numbers were derived from the screening question (Q. 1) in the questionnaire. Consequently, as we are only focused with those that have purchased a product, analysis will only be done on those 526 respondents.

Of these 526 respondents, 326 were from Iceland and 200 were from Denmark. Table 4 shows a description of these online consumers from Iceland and Denmark in regards to gender, age, and income:

Table 4: Demographic Profile of Respondents

Variable	Classification of Variable	Iceland		Denmark	
		Frequency	Percentage	Frequency	Percentage
Gender	Female	139	41.0%	41	18.5%
	Male	200	59.0%	181	81.5%
Age	20 and under	6	1.8%	15	6.7%
	21 to 30	44	12.9%	49	22.0%
	31 to 40	103	30.3%	77	34.5%
	41 to 50	106	31.2%	54	24.2%
	51 to 60	61	17.9%	12	5.4%
	61 to 70	16	4.7%	12	5.4%
	71 and over	4	1.2%	4	1.8%
Income	150.000 ISK or Less (7.000 DK or Less)	17	5.4%	21	10.0%
	150.001 ISK to 300.000 ISK (7.001 DK to 14.000 DK)	88	27.8%	24	11.5%
	300.001 ISK to 450.000 ISK (14.001 DK to 21.000 DK)	73	23.0%	16	7.7%
	450.001 ISK to 600.000 ISK (21.001 DK to 28.000 DK)	74	23.3%	32	15.3%
	600.001 ISK to 750.000 ISK (28.001 DK to 35.000 DK)	30	9.5%	36	17.2%
	750.000 ISK or More (35.000 DK or More)	35	11.0%	80	38.3%

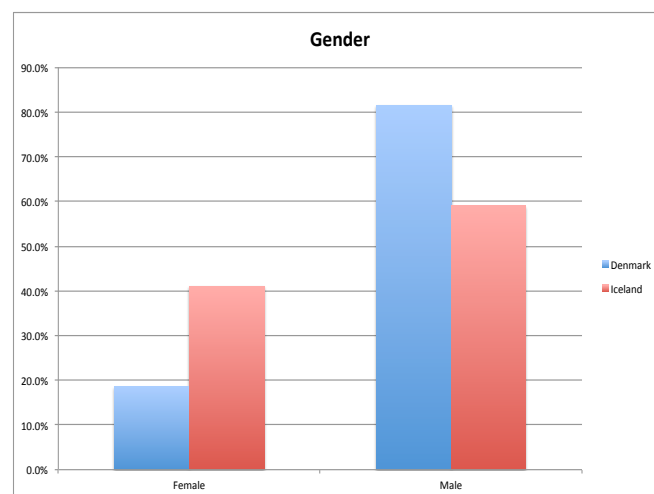
At first glance, the frequency table shows that the age group “71 and older” only had 4 respondents from each country. Since it is difficult to do statistical analysis with such few cases there was some recoding conducted. This recoding involved combining

the two age groups “61 to 70” and “71 and older” into one group that was given the name “61 and older”. This was the only change done regarding the demographic classification of respondents.

To further interpret this data, column charts were created to compare each variable (x-axis: gender, age, income) in order to explore any differences/similarities among countries. Since more respondents were from Iceland (62%), it was essential to show the descriptive comparison charts using percentages on the y-axis in order to standardize the scale and properly compare the two countries. Furthermore, the blue columns indicate Denmark’s respondents and the red columns indicate Iceland’s respondents.

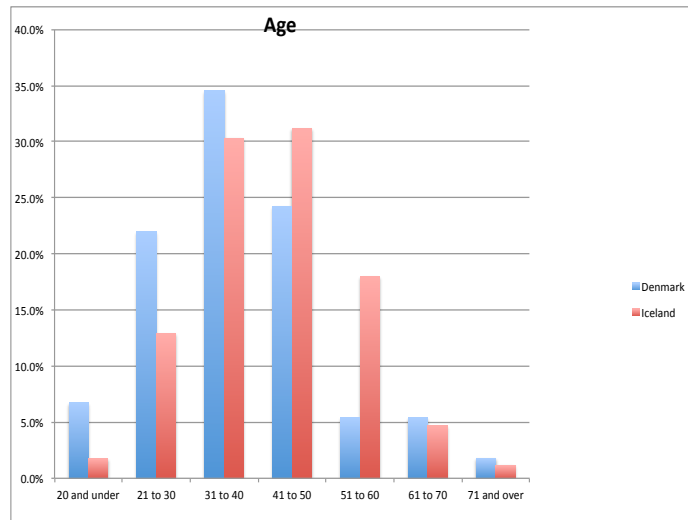
As observed in Figure 11, concerning gender, there are more males online shopping in Denmark than in Iceland, or 81.5% vs. 59%. Additionally, there are more females online shopping in Iceland than in Denmark or 41% vs. 18.5%.

Figure 10: Gender-Country Crosstabs



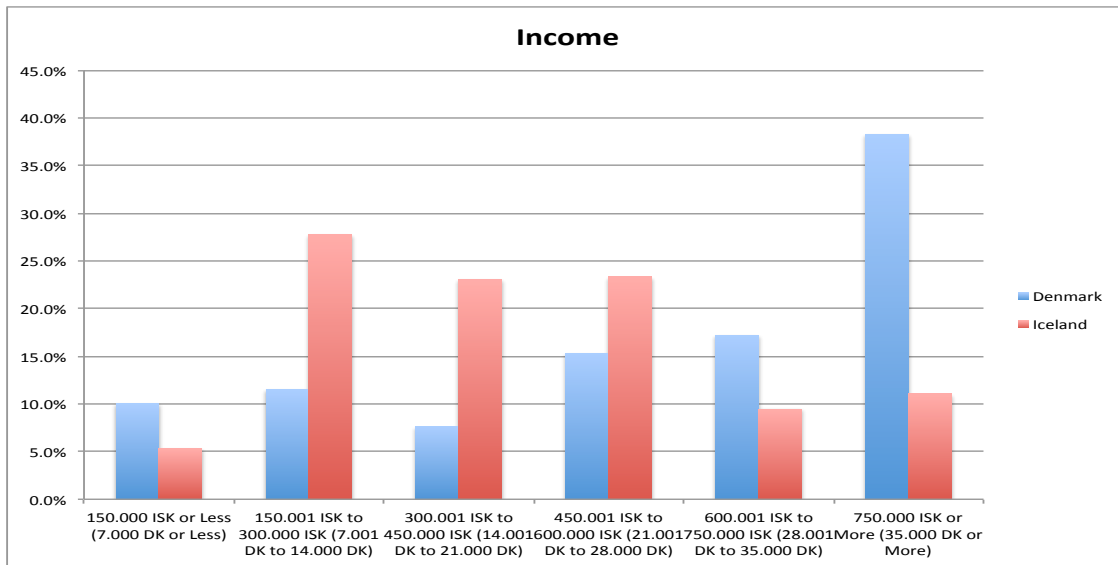
In regards to age, respondents from Denmark are much younger than respondents from Iceland, as shown in Figure 12. This can be inferred by examining the distribution of Denmark’s respondents, as they are skewed to right. Iceland’s respondents, on the other hand, follow a rather symmetrical distribution. Furthermore, most of Denmark’s respondents are between 31 to 40 years of age, or 34.5% of the sample. Most of the respondent’s from Iceland, on the other hand, are between 41 to 50 years of age, or 31.2% of the sample.

Figure 11: Age-Country Crosstabs



Lastly, regarding income, the monthly gross income is expressed on the x-axis in both the Danish (DK) and Icelandic (ISK) currencies, as shown in Figure 13. In this research, the income levels were standardized in order to properly compare the samples of Denmark and Iceland together. For instance, the lowest income level for Iceland (150.000 ISK or Less) is equivalent to the lowest income level for Denmark (7.000 DK or Less) (assuming an exchange rate of 21.53 DK/ISK). With that in mind, 38.3% of Denmark's respondents had a monthly gross income of over 35.000 DK, which is equivalent to 750.000 ISK. Only 11% of respondents from Iceland make that same income. Moreover, almost 75% of Iceland's respondents had an income between 150.000 ISK to 600.000 ISK. For that same income bracket (7.001 to 28.000 in DK), only 34.5% of Denmark's respondents fell into that category. Meaning that while Iceland's respondents are fairly symmetrical when it comes to monthly gross income, Denmark's respondents are skewed to the left. Specifically, almost 71% of Denmark's respondents had an income over 21.000 DK.

Figure 12: Income-Country Crosstabs



5.2 Exploring Country Relationship

After comparing the descriptive frequencies for gender, age and income, for both Denmark and Iceland, there are some visible differences between the profiles of respondents in the two countries. Therefore, it is essential to further explore the relationship between countries on the following demographic variables: (1) gender, (2) age, and (3) income before continuing on to high-level, sophisticated analysis. Consequently, in order to explore these relationships, Chi-square tests will be conducted to test for a statistically significant difference.

1. A Chi-Square test for independence indicated (with Yates Continuity Correction) that there is a *significant* difference between *country and gender*, $\chi^2 (1, n = 522) = 29.69, p = .00, \phi = .24$. Yates Continuity Correction was used in this case as each variable had only two categories. Moreover, the phi coefficient (.243) indicates only a small effect between country and gender according to Cohen's (1988) criteria. This correlates with the descriptive frequency chart in Figure 11, that the majority of *males exceed females* for both countries. Although in Denmark, this difference between the genders is far greater than in Iceland (82.8% compared to 59.6%).
2. Secondly, a Chi-square test for independence is used to see if there is any association between *country* (Denmark/Iceland) and *age* (20 and under, 21 to 30, 31 to 40, 41 to 50, 51 to 60, 61 to 70, 71 and older). The test indicated (with Pearson Chi-Square) that there is a *significant* difference between

country and age, $\chi^2 = (5, n = 524) = 36.645$, $p = .00$, Cramer's $V = .26$.

Pearson's Chi-Square was used in this case as one of the variables, age, had *more than* two categories (six total). Moreover, Cramer's V coefficient (.264) indicates a medium effect between country and age according to Cohen's (1988) criteria. This parallels with the descriptive frequency chart in Figure 12, that Denmark's respondents are *younger* than Iceland's respondents. Of Denmark's respondents, 65.8 % are younger than 41, meanwhile only 45.2% of Iceland's respondents fall within that same age category. Iceland's respondents are therefore older than Denmark's. More specifically, 54.8% of Iceland's respondents are 41 or older, while only 28.2% of Denmark's respondents fall into that same age category.

3. Finally, a Chi-square test for independence is used to see if there is any association between *country* (Denmark/Iceland) and *monthly gross income*. As we are dealing with two different countries with differing currencies, the currencies were standardized in order to conduct statistical analysis. Consequently, the currencies: ISK (Icelandic currency) and DK (Danish currency) were displayed as approximately equal (using a foreign exchange rate of 21.498 ISK/DK) on the questionnaire. That being said, the income levels (expressed as gross monthly income) were as follows: 150.000 ISK or Less (7.000 DK or Less), 150.001 ISK to 300.000 ISK (7.001 DK to 14.000 DK), 300.001 ISK to 450.000 ISK (14.001 DK to 21.000 DK), 450.000 ISK to 600.000 ISK (21.001 DK to 28.000 DK), 600.001 ISK to 750.000 ISK (28.001 DK to 35.000 DK), 750.001 ISK or More (35.001 DK or More).
4. The Chi-square test indicated (with Pearson Chi-square) that there is a *significant* difference between *country and income*, $\chi^2 = (5, n = 500) = 93.19$, $p = .00$, Cramer's $V = .43$. Cramer's V coefficient (.43) indicates a large effect between country and income according to Cohen's (1988) criteria. This again parallels with the descriptive frequency chart in Figure 13, that Denmark's respondents have *higher* gross monthly incomes than Iceland's respondents.

Overall, Denmark's respondents consist mainly of males (82.8%), who are relatively young (65.8% younger than 41 years old), and have high incomes (56.4% make more than 28.001 DK). Iceland's respondents, on the other hand, also consisted

mainly of males (59.6%), who are relatively older (54.8% older than 41), and have low-to-medium incomes (73.8% earn between 150.001 ISK to 600.000 ISK).

In conclusion, according to the various Chi-Square tests and descriptive analysis, it can be inferred that Iceland and Denmark are significantly different in regards to gender, age, and income (gender had a small effect, age had a medium effect and income had a large effect). Therefore, the majority of the following high-level statistical analysis has to factor in this difference and evaluate each country separately, in terms of the influence of demographic factors on the buying process.

6 Analysis

In this chapter, the demographic factors will be analyzed against the buying process as mentioned in the conceptual frame of reference in chapter three. The Chi-Square tests from chapter five suggest significant differences in age, income, and gender when comparing respondents from Iceland and Denmark. Therefore, in order to properly analyze the effects of the demographic factors (gender, age, and income) on the buying process, each country will be separately analyzed by filtering the responses accordingly. Consequently, the first section of the analysis will be concerned with Denmark, while the second section will be concerned with Iceland. The types of analysis that will be conducted in this chapter include: descriptive frequencies, cross tabulations, independent-samples t-test, chi-square tests, one-way analysis of variance (ANOVA) and one-way between-groups multivariate analysis of variance (MANOVA).

6.1 Introduction

The structure of this chapter will be split into two main sections. The first section will be an analysis of Denmark, and the second section will be an analysis of Iceland. Within each section, the demographic variables (gender, age, and income) will be analyzed separately in regards to the five stages of the buying process.

6.2 Denmark

Denmark had a total of 199 respondents after the screening process. Of those 199 respondents, 164 were male and 34 were female. Concerning age, 65.8% of the respondents were younger than 40 years of age. Regarding income, 56.4% of the sample had a gross monthly income of 21.000 DK or more.

6.2.1 Demographic Effects on Buying Process

To test for the influence of gender, age, and income on the buying process, a combination of crosstabs, Chi-Square Tests for Independence, Independent Sample T-Tests, one-way ANOVA, and one-way between-groups MANOVA will be used.

Gender

To test for the influence of gender on the buying process, the following descriptive frequencies and tests will be used: Crosstabs, Chi-Square Tests for Independence, Independent Samples T-Test, one-way between-groups MANOVA.

Need/Problem Recognition

This research focused on three different parts of *Need/Problem recognition*. (1) The respondent was asked who the ultimate consumer of the product was. (2) The respondent was asked why he/she didn't buy that product in home country. (3) Lastly, he/she was asked whether the desire was internal or external (marketing factors), and if external then which marketing factors were influential. All of the above questions contained categorical variables and were allowed multiple answers. Therefore, the analysis was limited to *cross tabulation* and/or *Chi-Square testing* in order to explore the relationship between *gender and need/problem recognition* as follows:

1. Due to the fact that ultimate consumer violated the assumption of chi-square concerning the 'minimum expected cell frequency'; the responses were recoded into three variables instead of six. That is, the responses concerning the following: relative, friend, work, pet, and work, were combined into one category (category 3: Other). Using these three categories, a Chi-Square test for independence (with Pearson Chi-Square) indicated *no significant* association between gender and ultimate consumer, $\chi^2 = (2, n = 194) = 2.601$, $p = .272$, Cramer's $V = .272$.
2. A cross tabulation showed that most respondents didn't buy the particular product in their home country due to two reasons, *high price (52.7%) and product availability (65.2%)*. Other reasons like low quality, size and color availability, and convenience/enjoyment of online shopping only accounted for a total of 13.4%. In comparing males and females, males list the following reasons for not purchasing product at home, in order of importance: product availability (63.2%), high price (56.1%), and convenience/enjoyment of shopping online (5.8%). On the other hand, females list the following reasons: product availability (75%), high price (36.1%), and convenience/enjoyment of shopping online (8.3%).
3. A cross tabulation showed that 58.8% of respondents were influenced by an external desire when purchasing the product, opposed to only 41.2% with an internal need. The external desires were sparked by various marketing factors as follows, in order of influence: word of mouth through recommendations (16.6%), sale/promotion (16.6%), advertisements by U.S. online retailer (15.1%), advertisements by ShopUSA (7.5%), word of mouth through social media sites (7.5%), and media (5.6%). In comparing males and females,

males listed the following influences, in order of influence, of external factors that had an impact on their desire for the product: word of mouth through recommendations (17.8%), ads by U.S. online retailer (16.6%), sale/promotion (16.6%), word of mouth through social media sites (9.8%), media (9.2%), and ads by ShopUSA (4.9%). On the other hand, females listed the following influences, in order of influence, of external factors that had an impact on their desire for the product: ads by ShopUSA (19.4%), sale/promotion (16.7%), word of mouth through recommendations (11.1%), ads by U.S. online retailer (8.3%), word of mouth through social media sites (8.3%), and media (5.6%).

Information Search

This research focused on only one part of *Information Search*, or more specifically (1) where the respondent began their store search. Again, the analysis was limited to *cross tabulation* as the variables were categorical and questions allowed for multiple answers.

1. The results of this cross tabulation illustrated that most respondents either visited the website of a store they've previously purchased from (43.7%) and/or used search engines (40.2%). Other information search alternatives were ShopUSA's website (17.6%), word of mouth (8.5%), and/or Shopping Comparison sites (5.0%). In comparing males and females, males used the following mediums in their store search: search engines (43.3%), visit the website of a store they've previously purchased from (42.7%), ShopUSA's website (17.1%), word of mouth (9.1%) and shopping comparison sites (5.5%). On the other hand, females use the following mediums: visit the website of a store they've previously purchased from (63.9%), search engines (33.3%), ShopUSA's website (25%), word of mouth (5.6%) and shopping comparison sites (2.8%).

Evaluation of Alternatives

This research focused on the respondent's evaluation of alternatives, in regards to both (1) product and (2) store. A one-way between-groups multivariate analysis of variance was used to explore gender differences in a set of product/store evaluation factors as follows:

1. A one way between groups multivariate analysis of variance (MANOVA) was performed to investigate gender differences in evaluating product alternatives. Seven dependent variables were used: brand name, price,

quality, product reviews, warranty, sale/promotion, and exchange rate. The independent variable was gender. Preliminary assumption testing was conducted to check for normality, linearity, univariate and multivariate outliers, homogeneity of variance-covariance matrices, and multicollinearity, with one violation. This assumption of Levene's Test of Equality of Error Variances was violated for brand name. Therefore, for more robustness, the MANOVA test was conducted used Pillai's Trace statistic instead of the Wilk's Lambda. This violation was probably due to the fact that only 31 females responded to the survey, compared with 154 male respondents. Consequently, the standard deviation for females that chose brand name as an important evaluating factor was 1.55, which was much higher than other standard deviations.

That being said, there was a statistically significant difference between males and females on the combined dependent variables, $F(7, 185) = 2.7, p = .011$; Pillai's Trace = .097; partial eta squared = .097. When the results of the dependent variables were considered separately, the only difference to reach statistical significance, using a Bonferroni adjusted alpha level of .007, were *product reviews*, $F(1, 184) = 10.54, p = .001$, partial eta squared = .054 and *sale/promotion*, $F(1, 184) = 9.529, p = .002$, partial eta squared = .049. Both partial eta squared values illustrate a large effect between gender and product reviews & sale/promotion. Upon further examination, it can be inferred that females value the importance of product reviews ($M = 3.66$) and sale/promotion ($M = 2.85$) much more than their male counterparts ($M = 2.91$ and $M = 2.19$, respectively) as shown in the Table 5 below:

Table 5: One-Way ANOVA for Evaluation of Product Alternatives

	Gender	N	Mean	Std. Deviation	Std. Error Mean
Sale/Promotion	Male	159	2.1887	1.08599	.08612
	Female	34	2.8529	1.15817	.19862
Product Reviews	Male	160	2.9063	1.24283	.09825
	Female	32	3.6563	1.18074	.20873

2. A one way between groups MANOVA was performed to investigate gender differences in evaluating store alternatives. Eight dependent variables were

used: visiting website of a store purchased from before, reputation, product variety, availability/selection, product information, website quality, flexible delivery time, and customer service. The independent variable was gender. Preliminary assumption testing was conducted to check for normality, linearity, univariate and multivariate outliers, homogeneity of variance-covariance matrices, and multicollinearity, with one violation. This assumption of Levene's Test of Equality of Error Variances was violated for reputation and availability/selection. Therefore, for more robustness, the MANOVA test was conducted used Pillai's Trace statistic instead of the Wilk's Lambda. This violation was probably due to the fact that only 31 females responded to the survey, compared with 154 male respondents. Consequently, the standard deviation for females that chose reputation as an important evaluating factor was .99 and .86 for availability/selection, which are much lower than the other standard deviations. That being said, there was *no significant* difference between males and females on the combined dependent variables, $F(8, 185) = 1.28, p = .257$; Pillai's Trace = .055; partial eta squared = .055.

Purchase Decision

This research focused on the final purchase decision of the respondent in terms of (1) product-type, (2) cost of product and (3) whether the respondent has purchased from that store before. A descriptive analysis will be used to explore the relationship between gender and product-type and an Independent Samples T-Test to explore the relationship between gender and price of product. Lastly, a Chi-Square Test will be conducted to illustrate any associations between gender and whether respondent has purchased from that same store before.

1. A frequency chart was used to illustrate the gender differences when it comes to purchasing specific products. Due to the sample of females being so low, the only way to illustrate gender differences was through cross tabulation. One of the Chi-Square assumptions is that at least 80 percent of the cells have expected frequencies of 5 or more. This assumption was violated for 12 cells when using Chi-square to test for differences. From the frequency chart, one can see that fashion (clothing, shoes, accessories, jewelry, watches, etc.) is the most popular product category for both males

(28.7%) and females (51.6%). Other popular product categories for males include: electronics (18.5%), parts for automobiles/motorcycles/tractors (10.2%), sports & outdoor equipment (10.2%), and computer hardware/software (9.6%). Other popular product categories for females include: books (9.7%), health & beauty (9.7%) and electronics (9.7%). From this analysis, it can be inferred that women are mostly purchasing fashion-related products online, or over 51.6% of their purchases. On the other hand, men seem to be more spread among several categories including some that women don't purchase from like parts for automobiles/motorcycles/tractors, sports & outdoor equipment and computer related products. Although about 47.2% of males are purchasing either fashion-related products and/or electronics.

2. An independent samples t-test was conducted to compare the cost of the product for males and females. There was *no significant* difference in means for males ($M = 1.97$, $SD = 1.25$) and females, ($M = 1.59$, $SD = .78$); $t(198) = 1.71$, $p = .089$ (two-tailed). The magnitude of the differences in the means (mean difference = .38, 95% CI: -.06 to .82) was very small (eta squared = .001).
3. A Chi-Square test for independence (with Yates Continuity Correction) indicated *no significant* association between gender and whether respondent had purchased from that store before, $\chi^2(1, n = 196) = 1.20$, $p = .273$, $\phi = -.092$.

Post-Purchase Behavior

This part of the research focused on post-purchase behaviors such as satisfaction and intention to purchase. For satisfaction, there are three levels: (1) product satisfaction, (2) store satisfaction, and (3) satisfaction with ShopUSA. These variables are all measured on a Likert scale for satisfaction (very satisfied to very dissatisfied). Then (4) intention to purchase will be analyzed. Intention to purchase was also measured on a Likert scale (very likely to very unlikely). The independent variable, gender, is categorical on two levels. Consequently, all of the post-purchase behaviors will be analyzed using an independent-samples t-test to test whether there is a significant difference in satisfaction and intention to purchase for males and females.

1. An independent-samples t-test was conducted to compare product satisfaction for males and females. There was a significant difference in product satisfaction for males ($M = 1.50$, $SD = .73$) and females ($M = 1.17$, $SD = .39$); $t(197) = 3.73$, $p = .00$ (two-tailed), as shown in Table 6. The magnitude of the differences in the means (mean difference = .33, 95% CI: .15 to .50) was very small (eta squared = .005).
2. An independent-samples t-test was conducted to compare store satisfaction for males and females. There was a significant difference in store satisfaction for males ($M = 1.53$, $SD = .74$) and females ($M = 1.26$, $SD = .45$); $t(197) = 2.768$, $p = .007$ (two-tailed), as shown in Table 6. The magnitude of the differences in the means (mean difference = .27, 95% CI: .07 to .46) was very small (eta squared = .002).
3. An independent-samples t-test was conducted to compare satisfaction with ShopUSA for males and females. There was a significant difference in satisfaction with ShopUSA for males ($M = 1.62$, $SD = .85$) and females ($M = 1.26$, $SD = .51$); $t(197) = 3.256$, $p = .002$ (two-tailed), as shown in Table 6. The magnitude of the differences in the means (mean difference = .36, 95% CI: .14 to .58) was very small (eta squared = .004).
4. An independent-samples t-test was conducted to compare intention to purchase for males and females. There was not a significant difference in intention to purchase for males ($M = 1.84$, $SD = .93$) and females ($M = 1.59$, $SD = .70$); $t(197) = 1.47$, $p = .144$ (two-tailed). The magnitude of the differences in the means (mean difference = .17, 95% CI: -.09 to .58) was very small (eta squared = .00).

Table 6: Independent Samples T-Test for Post-Purchase Behavior

	Gender	N	Mean	Std. Deviation	Std. Error Mean
Product	Male	163	1.5031	.73177	.05732
Satisfaction	Female	34	1.1765	.38695	.06636
Store	Male	164	1.5305	.73829	.05765
Satisfaction	Female	34	1.2647	.44781	.07680
ShopUSA	Male	164	1.6220	.84563	.06603
Satisfaction	Female	34	1.2647	.51102	.08764

Age

To test for the influence of age on the buying process, the following descriptive frequencies and tests will be used: Crosstabs, Chi-Square Tests for Independence, one-way ANOVA, and one-way between-groups MANOVA.

Need/Problem Recognition

First, a Chi-Square Test was used to explore the associations between age and (1) ultimate consumer. Upon testing for association, one serious violation was noted regarding the assumption of chi-square concerning the 'minimum expected cell frequency'. Therefore, the age groups were recoded from the original six to three. The final age groups then became 30 and under, 31 to 50, and 51 and older. Then a cross tabulation was used both to explore the association between age and (2) reasons for not purchasing product at home and between age and (3) impact of marketing factors on desire for the product.

1. Due to the fact that ultimate consumer violated the assumption of chi-square concerning the 'minimum expected cell frequency'; the responses were recoded into three variables instead of six. That is, the responses concerning the following: relative, friend, work, pet, and work, were combined into one category (category 3: Other). Using these three categories, a chi-square test for independence (with Pearson Chi-Square) indicated *no significant* association between age and ultimate consumer, $\chi^2 = (4, 195) = 3.397$, $p = .494$, Cramer's $V = .093$.
2. A cross tabulation showed that the respondents aged 20 and under mainly bought products from U.S. online retailers because of product availability (66.7%) and high price (60%). Ages 21 to 30 also mainly purchased due to product availability (75%) and high price (45.8%). Ages 31 to 40 and 41 to 50 also bought due to high price (55.6% and 61.7%) and/or product availability (55.6% and 63.8%). Ages 51 to 60, on the other hand, mainly bought products because they were not available in their home country, or 91.7%, and only 33.3% who stated high price. Overall, most of the respondents stated that high price and product availability was the reason they didn't purchase the product in their home country.

3. A cross tabulation showed that the percentage of all age groups (21 and under, 21 to 30, 31 to 40, 41 to 50, and 51 to 60) with an internal need for the product were as follows: 28.6%, 31.1%, 45.8%, 46.5%, and 36.4% respectively. Meaning that an average of 59.5% were influenced by an external desire. Ages 20 and under, were mainly influenced by the following external factors, in order of influence: word of mouth through recommendations (42.9%), sale/promotion on product (35.7%), and word of mouth through social media sites (28.6%). Ages 21 to 30 were influenced by: advertisements by U.S. online retailer (26.7%), sale/promotion (22.2%), media (15.6%) and word of mouth through social media sites and recommendations (13.3% each). Ages 31 to 40 were influenced by: word of mouth through recommendations (16.7%), sale/promotion (12.5%), ads by retailer (12.5%), ads by ShopUSA (8.3%), and word of mouth through social media sites and media (5.6% each). Ages 41 to 50 were influenced by: ads by retailer (14%), word of mouth through recommendations (14%), sale/promotion (14%), ads by ShopUSA (11.6%), media (11.6%), and word of mouth through social media sites (7%). Lastly, ages 51 to 60 were influenced by: sale/promotion (27.3%), word of mouth through recommendations (18.2%), and word of mouth through social media sites and media (9.1%).

Information Search

This part of the analysis, exploring the associations between (1) age and information search, was limited to cross tabulation as the variables were categorical and questions allowed for multiple answers.

1. A cross tabulation showed that ages 20 and under used the following for information search on a store to purchase from, in order of importance: website of a store previously purchased from (50%), search engines (50%), ShopUSA's website (28.6%), word of mouth (14.3%) and shopping comparison sites (7.1%). Ages 21 to 30 used: search engines (47.8%), previous store (39.1%), ShopUSA's website (15.2%), word of mouth (10.9%) and shopping comparison sites (2.2%). Ages 31 to 40 used: previous store (48.6%), search engines (41.4%), ShopUSA's website (12.9%), word of mouth (7.1%), and shopping comparison sites (4.3%).

Ages 41 to 50 used: previous store (54.5%), search engines (38.6%), ShopUSA's website (20.5%), shopping comparison sites (9.1%) and word of mouth (9.1%). Lastly, ages 51 to 60 used: search engines (50%), previous store (25%), and ShopUSA's website (25%).

Evaluation of Alternatives

This research focused on the respondent's evaluation of alternatives, in regards to both (1) product and (2) store. A multivariate analysis of variance was used to explore age differences in a set of product/store evaluation factors as follows:

1. A one way between groups multivariate analysis of variance (MANOVA) was performed to investigate age differences in evaluating product alternatives. Seven dependent variables were used: brand name, price, quality, product reviews, warranty, sale/promotion, and exchange rate. The independent variable was age. Preliminary assumption testing was conducted to check for normality, linearity, univariate and multivariate outliers, homogeneity of variance-covariance matrices, and multicollinearity, with no serious violations noted. There was no significant difference between age groups on the combined dependent variables, $F(7, 186) = 1.325$, $p = .101$; Wilks' Lambda = 1.325; partial eta squared = .050.
2. A one way between groups multivariate analysis of variance (MANOVA) was performed to investigate age differences in evaluating store alternatives. Eight dependent variables were used: visiting website of a store purchased from before, reputation, product variety, availability/selection, product information, website quality, flexible delivery time, and customer service. The independent variable was age. Preliminary assumption testing was conducted to check for normality, linearity, univariate and multivariate outliers, homogeneity of variance-covariance matrices, and multicollinearity, with no serious violations noted. There was a statistically significant difference between age groups on the combined dependent variables, $F(8, 186) = 1.478$, $p = .031$; Wilks' Lambda = 1.478; partial eta squared = .063. When the results for the dependent variables were considered separately, using a Bonferroni adjusted alpha level of .006; there was no significant difference (previous store and product variety came close at .009 which is above the alpha level (.006)).

Purchase Decision

A descriptive analysis was used to explore the relationship between age and (1) product-type and one-way between groups ANOVA was used to explore the impact of age on (2) product cost. Lastly, a Chi-Square Test will be conducted to illustrate any associations between age and (3) whether respondent has purchased from that same store before.

1. A frequency chart was used to illustrate the age differences when it comes to purchasing specific products. From the frequency chart below, one can see that fashion (clothing, shoes, accessories, jewelry, watches, etc.) is the most popular product category for all age groups. Ages 20 and under are mostly purchasing fashion (38.5%), electronics (23.1%), sports and outdoor equipment (15.4%) and health & beauty products (15.4%). Ages 21 to 30 are mostly purchasing fashion (31.8%), electronics (29.5%), computer hardware/software (13.6%), and sports and outdoor equipment (6.8%). Ages 31 to 40 are mostly purchasing fashion (34.8%), electronics (13%), computer hardware/software (8.7%), parts for automobiles (8.7%) and home and kitchen appliances (7.2%). Ages 41 to 50 are mostly purchasing fashion (34.9%), parts for automobiles (18.6%), books (7%), computer hardware/software (7%), electronics (7%) and home and kitchen appliances (7%). Lastly, ages 51 to 60 are mostly purchasing fashion (27.3%), computers/laptops/printers (9.1%), computer hardware/software (9.1%), electronics (9.1%) and health and beauty products (9.1%).
2. A one-way between groups ANOVA was conducted to explore the impact of age on the product cost. (The assumption for Levene's Test of Homogeneity of Variances was violated so in order to overcome this, the age groups were recoded into larger age brackets as follows: 15 to 30, 31 to 50, and 50 and older.) Subjects were divided into three groups according to their age (Group 1: 30 and younger, Group 2: 31 to 50, and Group 3: 50 and older. There was no significant difference at the $p\text{-level} = .056$.
3. A Chi-Square test for independence (with Pearson Chi-Square) indicated no significant association between age and whether respondent had purchased from that store before, $\chi^2(5, N = 197) = 2.21, p = .82, \text{Cramer's } V = .106$.

Post-Purchase Behavior

To investigate age differences in product satisfaction, store satisfaction, ShopUSA satisfaction, and intention to purchase, a (1) one-way between groups MANOVA test was conducted as follows:

1. A one-way between groups MANOVA was performed to investigate age differences in satisfaction and intention to purchase. Four dependent variables were used: product satisfaction, store satisfaction, ShopUSA satisfaction, and intention to purchase. The independent variable was age. Preliminary assumption testing was conducted to check for normality, linearity, univariate and multivariate outliers, homogeneity of variance-covariance matrices, and multicollinearity, with no serious violations noted. There was no significant difference between age groups on the combined dependent variables, $F(4, 197) = .638$, $p = .886$; Wilks' Lambda = .935; partial eta squared = .017.

Income

To test for the influence of income on the buying process, the following descriptive frequencies and tests will be used: Crosstabs, Chi-Square Tests for Independence, one-way ANOVA, and one-way between-groups MANOVA.

Need/Problem Recognition

A cross tabulation was used to explore the associations between monthly gross income and need recognition in regards to (1) ultimate consumer of product, (2) reasons for not purchasing in home country, and (3) whether the desire was internal or external. (A Chi-Square Test could not be used in this case as the assumption of chi-square concerning the 'minimum expected cell frequency', which should be 5 or greater (or at least 80 percent of cells have expected frequencies of 5 or more) was violated).

Therefore, the cross tabulations are shown below:

1. A cross tabulation showed that all respondents, despite income, are mainly purchasing products for themselves. The respondent's with income levels of 7.001 DK to 14.000 DK, 14.001 DK to 21.000 DK and 35.001 DK or more are also purchasing products for family members (22.2%, 25%, 24.7% respectively). Other ultimate consumers mentioned by all income levels were relative, friend, and other (3.6% total).

2. A cross tabulation showed that the respondents with an income of 7.001 DK to 14.000 DK mainly bought products from U.S. online retailers because of product availability (70%) and high price (60%). Respondents with income levels of 14.001 DK to 21.000 DK also mainly purchased due to product availability (60%) and high price (40%). Respondents with income levels of 21.001 DK to 28.000 DK and 35.001 DK or more, also bought due to high price (40% and 66.2%) and/or product availability (62.3% and 66.2%). Overall, most of the respondents stated that high price and product availability was the reason they didn't purchase the product in their home country.
3. A cross tabulation showed that the percentage of respondents with all levels of income (7.001 DK to 14.000 DK, 14.001 DK to 21.000 DK, 21.001 DK to 28.000 DK, 28.001 DK to 35.000 DK and 35.001 DK or more) with an internal need for the product, were as follows: 21.1%, 37.5%, 46.7%, 39.4%, and 44.4% respectively. Meaning that an average of 59.4% were influenced by an external desire. Respondents with an income level of 7.001 DK to 14.000 DK, were mainly influenced by the following external factors, in order of influence: sale/promotion (36.8%), word of mouth through recommendations (31.6%), media (21.1%), ads by U.S. online retailer (15.8%), word of mouth through social media sites (10.5%) and ads by ShopUSA (5.3%). Respondents with an income level of 14.001 DK to 21.000 DK were influenced by: ads by U.S. online retailer (18.8%), ads by ShopUSA (18.8%), word of mouth through social media sites (12.5%), media (12.5%), word of mouth through recommendations (6.3%), and sale/promotion (6.3%). Respondents with an income level of 21.001 DK to 28.000 DK were influenced by: sale/promotion (20%), word of mouth through social media sites (13.3%), ads by U.S. online retailer (13.3%), media (10%), word of mouth through recommendations (10%), ads by ShopUSA (6.7%). Respondents with an income level of 28.001 DK to 35.000 DK were influenced by: word of mouth through recommendations (21.2%), sale/promotion (15.2%), ads by U.S. online retailer (9.1%), ads by ShopUSA (6.1%), word of mouth through social media sites (6.1%), and media (3%). Lastly, respondents with the highest income level of 35.001 DK or more were influenced by: ads by U.S. online retailer (16.7%), word

of mouth through recommendations (15.3%), sale/promotion (12.5%), media (8.3%), ads by ShopUSA (8.3%), word of mouth through social media sites (8.3%).

Information Search

This part of the analysis, exploring the associations between (1) gross monthly income and information search was limited to cross tabulation as the variables were categorical and questions allowed for multiple answers.

1. A cross tabulation showed that respondents with an income level of 7.001 DK to 14.000 DK used the following for information search on a store to purchase from, in order of importance: search engines (45%), website of a store previously purchased from (40%), ShopUSA's website (20%), word of mouth (10%) and shopping comparison sites (5%). Respondents with an income level of 14.001 DK to 21.000 DK used: ShopUSA's website (40%), search engines (33.3%), previous store (20%), and word of mouth (13.3%). Respondents with an income level of 21.001 DK to 28.000 DK used: search engines (48.3%), previous store (41.4%), ShopUSA's website (20.7%), and word of mouth (13.8%). Respondents with an income level of 28.001 DK to 35.000 DK used: previous store (52.9%), search engines (38.2%), ShopUSA's website (11.8%), word of mouth (5.9%) and shopping comparison sites (2.9%). Lastly, respondents with an income level of 35.001 DK or more used: previous store (46.7%), search engines (41.3%), ShopUSA's website (17.3%), shopping comparison sites (9.3%), and word of mouth (5.3%).

Evaluation of Alternatives

This research focused on the respondent's evaluation of alternatives, in regards to both (1) product and (2) store. A multivariate analysis of variance was used to explore income differences in a set of product/store evaluation factors as follows:

1. A one way between groups multivariate analysis of variance (MANOVA) was performed to investigate income level differences in evaluating product alternatives. Seven dependent variables were used: brand name, price, quality, product reviews, warranty, sale/promotion, and exchange rate. The independent variable was income level. Preliminary assumption testing was

conducted to check for normality, linearity, univariate and multivariate outliers, homogeneity of variance-covariance matrices, and multicollinearity, with no serious violations noted. There was no significant difference between income levels on the combined dependent variables, $F(7, 182) = .998$, $p = .474$; Wilks' Lambda = .819; partial eta squared = .039.

2. A one way between groups multivariate analysis of variance (MANOVA) was performed to investigate income differences in evaluating store alternatives. Eight dependent variables were used: visiting website of a store purchased from before, reputation, product variety, availability/selection, product information, website quality, flexible delivery time, and customer service. The independent variable was income levels. Preliminary assumption testing was conducted to check for normality, linearity, univariate and multivariate outliers, homogeneity of variance-covariance matrices, and multicollinearity, with no serious violations noted. There was no significant difference between income levels on the combined dependent variables, $F(8, 182) = 1.031$, $p = .421$; Wilks' Lambda = 1.031; partial eta squared = .046.

Purchase Decision

A descriptive analysis was used to explore the relationship between income levels and (1) product-type, as well as a one-way between groups ANOVA to explore the impact of income on (2) product cost. Lastly, a Chi-Square Test will be conducted to illustrate any associations between income and (3) whether respondent has purchased from that same store before.

1. A frequency chart was used to illustrate the income differences when it comes to purchasing specific products. From the frequency chart below, one can see that fashion (clothing, shoes, accessories, jewelry, watches, etc.) is the most popular product category for all income levels. Respondents with an income level of 7.001 DK to 14.000 DK are mostly purchasing fashion (26.7%), computer hardware/software (26.7%) and electronics (20%). Respondents with an income level of 14.001 DK to 21.000 DK are mostly purchasing electronics (33.3%), fashion (26.7%), and computer hardware/software (20%). Respondents with an income level of 21.001 DK to 28.000 DK are mostly purchasing fashion (28.6%), electronics (21.4%),

automobile parts (10.7%), and computer hardware/software (7.1%). Respondents with an income level of 28.001 DK to 35.000 DK are mostly purchasing fashion (47.1%), parts for automobiles (5.9%), computer hardware/software (8.8%), sports and outdoor equipment (8.8%) and electronics (8.8%). Lastly, respondents with an income level of 35.001 DK or more are mostly purchasing fashion (27.9%), electronics (14.7%) automobile parts (13.2%) and sports and outdoor equipment (11.8%).

2. A one-way between groups ANOVA was conducted to explore the impact of income on the product cost. Subjects were divided into six groups according to their income (Group 1: 7.000 DK or less, Group 2: 7.001 DK to 14.000 DK, Group 3: 14.001 DK to 21.000 DK, Group 4: 21.001 DK to 28.000 DK, Group 5: 28.001 DK to 35.000 DK, and Group 6: 35.001 DK or more. There was a statistically significant difference at the $p < .05$ level in product cost for the six income groups: $F(5, 195) = 2.295$, $p = .047$, as shown in Table 7 below. The effect size, calculated using eta squared, was .057. Post-Hoc comparisons using the Tukey HSD test indicated that the mean score for Group 1 ($M = 1.43$, $SD = .90$) was significantly different from Group 6 ($M = 2.23$, $SD = 1.46$). The other groups did not differ significantly from each other.

Table 7: One-Way ANOVA for Purchase Decision (Product Cost)

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	15.633	5	3.127	2.295	.047
Within Groups	257.516	189	1.363		
Total	273.149	194			

3. A Chi-Square test for independence (with Pearson Chi-Square) indicated no significant association between income and whether respondent had purchased from that store before, $\chi^2(5, n = 193) = 5.410$, $p = .368$, Cramer's $V = .17$.

Post-Purchase Behavior

To investigate income differences in product satisfaction, store satisfaction, ShopUSA satisfaction, and intention to purchase, a (1) one-way between groups MANOVA test was conducted as follows:

1. A one-way between groups MANOVA was performed to investigate income differences in satisfaction and intention to purchase. Four dependent variables were used: product satisfaction, store satisfaction, ShopUSA satisfaction, and intention to purchase. The independent variable was income. Preliminary assumption testing was conducted to check for normality, linearity, univariate and multivariate outliers, homogeneity of variance-covariance matrices, and multicollinearity, with one serious violation of Box's Test of Equality of Covariance Matrices. Due to this violation, the Pillai's Trace statistic was used, as it is more robust. There was no significant difference between income levels on the combined dependent variables, $F(5, 193) = ., p = .633$; Pillai's Trace = .090; partial eta squared = .023.

6.3 Iceland

Iceland had a total of 325 respondents after the screening process. Of those 325 respondents, 193 were male and 129 were female. Concerning age, 85.1% of the respondents were older than 30 years of age. Regarding income, 79.2% of the sample had a gross monthly income of less than 600.000 ISK.

6.3.1 Demographic Effects on Buying Process

To test for the influence of gender, age, and income on the buying process, a combination of crosstabs, Chi-Square Tests, Independent Sample T-Tests, one-way between-groups ANOVA, and a one-way MANOVA will be used.

Gender

To test for the influence of gender on the buying process, the following descriptive frequencies and tests will be used: crosstabs, Independent Samples T-Test, Chi-Square Tests for Independence, one-way ANOVA, and one-way between-groups MANOVA.

Need/Problem Recognition

This research focused on three different parts of *Need/Problem recognition*. (1) The respondent was asked who the ultimate consumer of the product was. (2) The

respondent was asked why he/she didn't buy that product in home country. (3) Lastly, he/she was asked whether the desire was internal or external (marketing factors), and if external then which marketing factors were influential. All of the above questions contained categorical variables and were allowed multiple answers. Therefore, the analysis was limited to cross tabulation and/or Chi-Square testing in order to explore the relationship between *gender and need/problem recognition* as follows:

1. Due to the fact that ultimate consumer violated the assumption of chi-square concerning the 'minimum expected cell frequency'; the responses were recoded into three variables instead of six. That is, the responses concerning the following: relative, friend, work, pet, and work, were combined into one category (category 3: Other). Using these three categories, a Chi-Square test for independence (with Pearson Chi-Square) indicated a statistically *significant* difference between gender and ultimate consumer, $\chi^2 = (2, n = 303) = 32.780, p = .00$, Cramer's $V = .33$, as shown in Table 8. Upon further examination, it is safe to say that males purchase products for themselves more often than females, or 82.2% versus 54.3% for females. Moreover, females are purchasing products for family members, or 40.9% of the time, versus 13.1% for males.

Table 8: Chi-Square Test for Need Recognition (Ultimate Consumer)

		Value	Approx. Sig.
Nominal by	Phi	.329	.000
Nominal	Cramer's V	.329	.000
N of Valid Cases		303	

a. Not assuming the null hypothesis.

2. A cross tabulation showed that most respondents didn't buy the particular product in their home country due to two reasons, *high price* (58.2%) and *product availability* (56.3%). Other reasons like low quality, size and color availability, and convenience/enjoyment of online shopping only accounted for a total of 18.2%. In comparing males and females, males list the following reasons for not purchasing product at home, in order of importance: high price (62.1%), product availability (54.9%), and convenience/enjoyment of shopping online (7.2%). On the other hand,

females list the following reasons: product availability (58.5%), high price (52.3%), and convenience/enjoyment of shopping online (15.4%).

3. A cross tabulation showed that 60.8% of respondents were influenced by an external desire when purchasing the product, opposed to only 39.2% with an internal need. The external desires were sparked by various marketing factors as follows, in order of influence: advertisements by U.S. online retailer (21.5%), word of mouth through recommendations (20.3%), sale/promotion (12.9%), advertisements by ShopUSA (9.3%), word of mouth through social media sites (7.1%), and media (3.5%). In comparing males and females, males listed the following influences, in order of influence, of external factors that had an impact on their desire for the product: ads by U.S. online retailer (20.4%), word of mouth through recommendations (16.7%), sale/promotion (12.9%), ads by ShopUSA (9.1%), word of mouth through social media sites (6.5%), and media (4.8%). On the other hand, females listed the following influences, in order of influence, of external factors that had an impact on their desire for the product: word of mouth through recommendations (25.6%), ads by U.S. online retailer (23.2%), sale/promotion (12.8%), ads by ShopUSA (9.6%), word of mouth through social media sites (8%), and media (1.6%).

Information Search

This research focused on only one part of *Information Search*, or more specifically where the respondent began their store search. Again, the analysis was limited to cross tabulation as the variables were categorical and questions allowed for multiple answers.

1. The results of this cross tabulation illustrated that most respondents either visited the website of a store they've previously purchased from (46.8%) and/or used search engines (33.4%). Other information search alternatives were ShopUSA's website (25.4%), word of mouth (7%), and/or Shopping Comparison sites (4.7%). In comparing males and females, males used the following mediums in their store search: visit the website of a store they've previously purchased from (43.3%), search engines (43.4%), ShopUSA's website (19.1%), word of mouth (8.1%) and shopping comparison sites (4%). On the other hand, females use the following mediums: visit the website of a store they've previously purchased from (51.6%), ShopUSA's

website (34.1%), search engines (19.8%), shopping comparison sites (5.6%) and word of mouth (5.6%).

Evaluation of Alternatives

This research focused on the respondent's evaluation of alternatives, in regards to both (1) product and (2) store. A multivariate analysis of variance was used to explore gender differences in a set of product/store evaluation factors as follows:

1. A one way between groups multivariate analysis of variance (MANOVA) was performed to investigate gender differences in evaluating product alternatives. Seven dependent variables were used: brand name, price, quality, product reviews, warranty, sale/promotion, and exchange rate. The independent variable was gender. Preliminary assumption testing was conducted to check for normality, linearity, univariate and multivariate outliers, homogeneity of variance-covariance matrices, and multicollinearity, with one violation. This assumption of Levene's Test of Equality of Error Variances was violated for sale/promotion. Therefore, for more robustness, the MANOVA test was conducted used Pillai's Trace statistic instead of the Wilk's Lambda. That being said, there was a statistically significant difference between males and females on the combined dependent variables, $F(7, 288) = 3.638, p = .011$; Pillai's Trace = .083; partial eta squared = .083. When the results of the dependent variables were considered separately, the only difference to reach statistical significance, using a Bonferroni adjusted alpha level of .007, was *sale/promotion*, $F(1, 288) = 19.548, p = .00$, partial eta squared = .064. The partial eta squared (.064) indicates a *moderate* effect. Upon further examination, it can be inferred that females ($M = 2.80$) value the importance of *sale/promotion* much more than their male counterparts ($M = 2.15$), as shown in Table 9.

Table 9: One-Way ANOVA for Evaluation of Product Alternatives

	Gender	N	Mean	Std. Deviation	Std. Error Mean
Sale/Promotion	Male	179	2.1508	1.08857	.08136
	Female	121	2.8017	1.32048	.12004

2. A one way between groups MANOVA was performed to investigate gender differences in evaluating store alternatives. Eight dependent variables were used: visiting website of a store purchased from before, reputation, product variety, availability/selection, product information, website quality, flexible delivery time, and customer service. The independent variable was gender. Preliminary assumption testing was conducted to check for normality, linearity, univariate and multivariate outliers, homogeneity of variance-covariance matrices, and multicollinearity, with no serious violations noted. There was *no significant* difference between males and females on the combined dependent variables, $F(8, 286) = 1.438$, $p = .18$; Wilks' Lambda = .96; partial eta squared = .04.

Purchase Decision

This research focused on the final purchase decision of the respondent in terms of (1) product-type, (2) cost of product and (3) whether the respondent has purchased from that store before. A descriptive analysis will be used to explore the relationship between gender and product-type and an Independent Samples T-Test to explore the relationship between gender and price of product. Lastly, a Chi-Square Test will be conducted to illustrate any associations between gender and whether respondent has purchased from that same store before.

1. A frequency chart was used to illustrate the gender differences when it comes to purchasing specific products. Due to the sample of females being so low, the only way to illustrate gender differences was through cross tabulation. One of the Chi-Square assumptions is that at least 80 percent of the cells have expected frequencies of 5 or more. This assumption was violated for 12 cells when using Chi-square to test for differences. From the frequency chart, one can see that fashion (clothing, shoes, accessories, jewelry, watches, etc.) is the most popular product category for females (34.3%), while parts for automobiles is most popular among males (18.7%). Other popular product categories for *males* include: electronics (14.3%), fashion (13.2%), and sports & outdoor equipment (8.8%). Other popular product categories for females include: baby equipment (12.3%), books (9%), health & beauty (4.9%) and electronics (4.9%). From this analysis, it can be inferred that women are mostly purchasing fashion-related products

online, or over 34.4% of their purchases. On the other hand, men seem to be more interested in product categories including: parts for automobiles, sports & outdoor equipment and electronics, categories that females are not much interested in. Although the majority of males, or 46.2%, are purchasing from the following categories: fashion, parts for automobiles and/or electronics.

2. An independent samples t-test was conducted to compare the cost of the product for males and females. There was a statistically *significant* difference in means for males ($M = 2.19$, $SD = 1.49$) and females, ($M = 1.77$, $SD = 1.18$); $t(320) = 2.82$, $p = .005$ (two-tailed), as shown in Table 10 below. The magnitude of the differences in the means (mean difference = .42, 95% CI: .13 to .72) was very small (eta squared = .002). So it can be inferred that males are purchasing more expensive products, although the difference between genders is very small.

Table 10: Independent Samples T-Test for Purchase Decision (Product Cost)

	Gender	N	Mean	Std. Deviation	Std. Error Mean
Cost	Male	192	2.1875	1.48509	.10718
	Female	128	1.7656	1.18045	.10434

3. A Chi-Square test for independence (with Yates Continuity Correction) indicated *no significant* association between gender and whether respondent had purchased from that store before, $\chi^2(1, n = 315) = 1.97$, $p = .16$, $\phi = -.079$.

Post-Purchase Behavior

This part of the research focused on post-purchase behaviors such as satisfaction and intention to purchase. For satisfaction, there are three levels: (1) product satisfaction, (2) store satisfaction, and (3) satisfaction with ShopUSA. These variables are all measured on a Likert scale for satisfaction (very satisfied to very dissatisfied). Then (4) intention to purchase will be analyzed. Intention to purchase was also measured on a Likert scale (very likely to very unlikely). The independent variable, gender, is categorical on two levels. Consequently, all of the post-purchase behaviors will be

analyzed using an independent-samples t-test to test whether there is a significant difference in satisfaction and intention to purchase for males and females.

1. An independent-samples t-test was conducted to compare product satisfaction for males and females. There was *no significant* difference in product satisfaction for males ($M = 1.47$, $SD = .70$) and females ($M = 1.41$, $SD = .76$); $t(318) = .67$, $p = .50$ (two-tailed).
2. An independent-samples t-test was conducted to compare store satisfaction for males and females. There was *no significant* difference in store satisfaction for males ($M = 1.52$, $SD = .69$) and females ($M = 1.39$, $SD = .64$); $t(318) = 1.71$, $p = .09$ (two-tailed).
3. An independent-samples t-test was conducted to compare satisfaction with ShopUSA for males and females. There was *no significant* difference in satisfaction with ShopUSA for males ($M = 1.69$, $SD = .86$) and females ($M = 1.63$, $SD = .78$); $t(320) = .660$, $p = .510$ (two-tailed).
4. An independent-samples t-test was conducted to compare intention to purchase for males and females. There was *no significant* difference in intention to purchase for males ($M = 1.82$, $SD = .93$) and females ($M = 1.82$, $SD = 1.00$); $t(320) = .045$, $p = .964$ (two-tailed).

Age

To test for the influence of age on the buying process, the following descriptive frequencies and tests will be used: Crosstabs, Chi-Square Tests for Independence, one-way ANOVA, and one-way between-groups MANOVA.

Need/Problem Recognition

First, a Chi-Square Test was used to explore the associations between age and (1) ultimate consumer. Upon testing for association, one serious violation was noted regarding the assumption of chi-square concerning the 'minimum expected cell frequency'. Therefore, the age groups were recoded from the original six to three. The final age groups then became 30 and under, 31 to 50, and 51 and older. Then a cross tabulation was used both to explore the association between age and (2) reasons for not

purchasing product at home and between age and (3) impact of marketing factors on desire for the product.

1. Upon testing for an association between age and ultimate consumer, two serious violations were noted regarding the assumption of chi-square concerning the 'minimum expected cell frequency'. Therefore, the age groups were recoded from the original six to three. The final age groups then became 30 and under, 31 to 50, and 51 and older. Also, due to the fact that ultimate consumer violated the assumption of chi-square concerning the 'minimum expected cell frequency'; the ultimate consumer responses were recoded into three variables instead of six. That is, the responses concerning the following: relative, friend, work, and pet, were combined into one category (category 3: Other). Using the three age groups and ultimate consumer response categories, a chi-square test for independence (with Pearson Chi-Square) indicated *no significant* association between age and ultimate consumer, $\chi^2 = (2, 304 = 4.69, p = .096, \text{Cramer's } V = .124$.
2. A cross tabulation showed that the respondents aged 21 to 30 mainly bought products from U.S. online retailers because of product availability (71.4%) and high price (52.4%). On the contrary, all other age groups purchased due to high price in home country. Specifically, ages 31 to 40 mainly purchased due to product availability (59.4%) and high price (62.4%). Ages 41 to 50 and 51 to 60 also bought due to high price (57.4% and 55.2% respectively) and/or product availability (54.5% and 50%). Ages 61 to 70 followed this same trend, stating high price (53.3%) and product availability (40%). Age groups 21 to 30, 31 to 40, and 41 to 50 also stated that the convenience/enjoyment of shopping online was a factor (11.9%, 9.9%, and 12.9% respectively).
3. A cross tabulation showed that the percentage of all age groups (21 to 30, 31 to 40, 41 to 50, 51 to 60, and 61 to 70) with an internal need for the product were as follows: 27.5%, 49%, 45.8%, 25%, and 41.7% respectively. Meaning that an average of 59.6% were influenced by an external desire. Ages 21 to 30 were mainly influenced by the following external factors, in order of influence: word of mouth through recommendations (30%), word of mouth through social media sites (22.5%) media (15%) and media (15%).

Ages 31 to 40 were influenced by: word of mouth through recommendations (23.5%), advertisements by U.S. online retailer (16.3%), sale/promotion (9.2%), and ads by ShopUSA (8.2%). Ages 41 to 50 were influenced by: ads by U.S. online retailer (17.7%), sale/promotion (14.6%), word of mouth through recommendations (13.5%), ads by ShopUSA (9.4%), and word of mouth through social media sites (8.3%). Ages 51 to 60 were influenced by: ads by U.S. online retailer (35.7%), word of mouth through recommendations (19.6%), ads by ShopUSA (12.5%), and sale/promotion (8.9%). Lastly, ages 61 to 70 were influenced by: sale/promotion (8.3%), ads by ShopUSA (8.3%), and sale/promotion (8.3%).

Information Search

This part of the analysis, exploring the associations between (1) age and information search, was limited to cross tabulation as the variables were categorical and questions allowed for multiple answers.

1. A cross tabulation showed that ages 21 to 30 used the following for information search on a store to purchase from, in order of importance: website of a store previously purchased from (53.7%), search engines (29.3%), word of mouth (22%), ShopUSA's website (19.5%), and shopping comparison sites (7.3%). Ages 31 to 40 used: previous store (52.1%), search engines (25.5%), ShopUSA's website (23.4%), word of mouth (6.4%) and shopping comparison sites (4.3%). Ages 41 to 50 used: previous store (42.7%), search engines (36%), ShopUSA's website (31.5%), word of mouth (6.4%), and shopping comparison sites (5.6%). Ages 51 to 60 used: search engines (43.4%), previous store (41.5%), ShopUSA's website (24.5%), shopping comparison sites (3.8%) and word of mouth (1.9%). Lastly, ages 61 to 70 used: search engines (41.7%), previous store (41.7%), ShopUSA's website (16.7%), and word of mouth (8.3%).

Evaluation of Alternatives

This research focused on the respondent's evaluation of alternatives, in regards to both (1) product and (2) store. A multivariate analysis of variance was used to explore age differences in a set of product/store evaluation factors as follows:

1. A one way between groups multivariate analysis of variance (MANOVA) was performed to investigate age differences in evaluating product alternatives. Seven dependent variables were used: brand name, price, quality, product reviews, warranty, sale/promotion, and exchange rate. The independent variable was age. Preliminary assumption testing was conducted to check for normality, linearity, univariate and multivariate outliers, homogeneity of variance-covariance matrices, and multicollinearity. Levene's Test of Equality of Error Variances was violated for sale/promotion and warranty; therefore Pillai's Trace statistic was used for more robustness. There was *no significant* difference between age groups on the combined dependent variables, $F(7, 272) = 1.578$, $p = .018$; Pillai's Trace = .201; partial eta squared = .04.
2. A one way between groups multivariate analysis of variance (MANOVA) was performed to investigate age differences in evaluating store alternatives. Eight dependent variables were used: visiting website of a store purchased from before, reputation, product variety, availability/selection, product information, website quality, flexible delivery time, and customer service. The independent variable was age. In order to overcome the assumption violation of Levene's Test of Equality of Error Variances, the six age groups were combined into three: 30 and under, 31 to 50, and 51 and older. Preliminary assumption testing was conducted to check for normality, linearity, univariate and multivariate outliers, homogeneity of variance-covariance matrices, and multicollinearity, with no serious violations noted. There was *no significant* difference between age groups on the combined dependent variables, $F(2, 271) = 1.475$, $p = .104$; Wilks' Lambda = .915; partial eta squared = .043.

Purchase Decision

A descriptive analysis was used to explore the relationship between age and (1) product-type and a one-way between groups ANOVA was used to explore the impact of age on (2) product cost. Lastly, a Chi-Square Test will be conducted to illustrate any associations between age and (3) whether respondent has purchased from that same store before.

1. A frequency chart was used to illustrate the age differences when it comes to purchasing specific products. From the frequency chart below, one can see that fashion (clothing, shoes, accessories, jewelry, watches, etc.) is the most popular product category for all age groups. Ages 21 to 30 are mostly purchasing fashion (29.3%), electronics (14.6%), baby equipment (9.8%) and books (7.3%). Ages 31 to 40 are mostly purchasing fashion (16%), baby equipment (12.8%), parts for automobiles (12.8%), books (9.6%), and electronics (8.5%), and sports and outdoor equipment (7.4%). Ages 41 to 50 are mostly purchasing fashion (24.2%), parts for automobiles (14.3%), electronics (8.8%), and sports and outdoor equipment (7.7%). Ages 51 to 60 are mostly purchasing fashion (17.5%), electronics (10.5%), parts for automobiles (14%), musical instrument (8.8%) and sports and outdoor equipment (7%). Lastly, ages 51 to 60 are mostly purchasing fashion (38.5%), parts for automobiles (23.1%), electronics (23.1%), sports and outdoor equipment (7.7%). The frequency chart is displayed below:
2. A one-way between groups ANOVA was conducted to explore the impact of age on the product cost. Subjects were divided into six groups according to their age (Group 1: 20 and under, Group 2: 21 to 30, Group 3: 31 to 40, Group 3: 41 to 50, Group 4: 51 to 60, Group 5: 61 and older). There was no significant difference at the $p < .05$ level in means for product cost for the six age groups: $F(5, 302) = .738, p = .596$.
3. A Chi-Square test for independence (with Pearson Chi-Square) indicated no significant association between age and whether respondent had purchased from that store before, $\chi^2(5, N = 297) = 3.982, p = .552$, Cramer's $V = .116$.

Post-Purchase Behavior

To investigate age differences in product satisfaction, store satisfaction, ShopUSA satisfaction, and intention to purchase, a (1) one-way between groups MANOVA test was conducted as follows:

1. A one-way between groups MANOVA was performed to investigate age differences in satisfaction and intention to purchase. Four dependent variables were used: product satisfaction, store satisfaction, ShopUSA satisfaction, and intention to purchase. The independent variable was age.

Preliminary assumption testing was conducted to check for normality, linearity, univariate and multivariate outliers, homogeneity of variance-covariance matrices, and multicollinearity, with one serious violation. This violation was of the assumption of Box's Test of homogeneity of variance-covariance matrices. Therefore, the six age groups had to be combined into three groups: 30 and under, 31 to 50 and 51 and older. After this recoding, there was *no significant* difference between age groups on the combined dependent variables, $F(2, 296) = .223$, $p = .987$; Wilks' Lambda = .994; partial eta squared = .003.

Income

To test for the influence of income on the buying process, the following descriptive frequencies and tests will be used: Crosstabs, Chi-Square Tests for Independence, one-way ANOVA, and one-way between-groups MANOVA.

Need/Problem Recognition

First, a Chi-Square Test was used to explore the association between monthly gross income and (1) ultimate consumer of product. Then cross tabulations were used to explore the associations between income and (2) reasons for not purchasing in home country, and (3) whether the desire was internal or external. (A Chi-Square Test could not be used in the two latter cases as the assumption of chi-square concerning the 'minimum expected cell frequency', which should be 5 or greater (or at least 80 percent of cells have expected frequencies of 5 or more) was violated).

1. A Chi-Square Test for independence (with Pearson Chi-Square) indicated no significant association between income and ultimate consumer of product, $\chi^2(5, 288) = 3.648$, $p = .601$, Cramer's V = .113.
2. A cross tabulation showed that the respondents with income levels of 150.000 ISK or less mainly bought products from U.S. online retailers, instead of in their home country, because of product availability (58.8%), high price (47.1%) and/or convenience/enjoyment of shopping online (17.6%). Respondents with income levels of 150.001 ISK to 300.000 ISK mainly bought due to product availability (56.6%), high price (53%), and convenience/enjoyment of shopping online (8.4%). Respondents with income levels of 300.001 ISK to 450.000 ISK mainly purchased due to

product availability (55.1%), high price (56.5%), and convenience/enjoyment of shopping online (13%). Respondents with income levels of 450.001 ISK to 600.000 ISK mainly bought due to high price (65.3%) and/or product availability (55.6%). Respondents with income levels of 600.001 ISK to 750.000 ISK mainly bought due to high price (72.4%), product availability (51.7%), and convenience/enjoyment of shopping online (20.7%). Respondents with income levels of 750.001 ISK or more mainly bought due to product availability (58.8%), high price (52.9%) and convenience/enjoyment of shopping online (8.8%). Overall, most of the respondents stated that high price and product availability was the reason they didn't purchase the product in their home country.

3. A cross tabulation showed that the percentage of respondents with all levels of income (150.000 ISK or Less, 150.000 ISK to 300.000 ISK, 300.001 ISK to 450.000 ISK, 450.001 ISK to 600.000 ISK, 600.001 ISK to 750.000 ISK, and 750.001 ISK or more) with an internal need for the product, were as follows: 29.4%, 35.3%, 53.7%, 30%, and 51.6% respectively. Meaning that an average of 57.7% were influenced by an external desire. Respondents with an income level of 150.000 ISK or less, were mainly influenced by the following external factors, in order of influence: sale/promotion (29.4%), ads by U.S. online retailer (23.5%), word of mouth through social media sites (23.5%), word of mouth through recommendations (17.6%), and ads by ShopUSA (5.9%). Respondents with an income level of 150.001 ISK to 300.000 ISK were influenced by: word of mouth through recommendations (29.5%), ads by U.S. online retailer (17.9%), sale/promotion (12.8%), word of mouth through social media sites (11.5%), ads by ShopUSA (6.4%) and media (6.4%). Respondents with an income level of 300.000 ISK to 450.000 ISK were influenced by: word of mouth through recommendations (25%), ads by U.S. online retailer (22.1%), sale/promotion (19.1%), ads by ShopUSA (8.8%), word of mouth through social media sites (5.9%), and media (1.5%). Respondents with an income level of 450.001 ISK to 600.000 ISK were influenced by: ads by U.S. online retailer (16.4%), word of mouth through recommendations (14.9%), ads by ShopUSA (10.4%), sale/promotion (9%), and media (3%). Respondents with an income level of 600.001 ISK to 750.000 ISK were influenced by: ads by U.S. online retailer

(30%), ads by ShopUSA (13.3%), word of mouth through recommendations (10%), sale/promotion (6.7%), media (6.7%), and word of mouth through social media sites (3.3%). Lastly, respondents with the highest income level of 750.001 ISK to more were influenced by: ads by U.S. online retailer (32.3%), word of mouth through recommendations (9.7%), ads by ShopUSA (6.5%), word of mouth through social media sites (6.5%) and sale/promotion (3.2%),

Information Search

This part of the analysis, exploring the associations between (1) income and information search was limited to cross tabulation as the variables were categorical and questions allowed for multiple answers.

1. A cross tabulation showed that respondents with an income level of 150.000 ISK or less used the following for information search on a store to purchase from, in order of importance: search engines (41.2%), website of a store previously purchased from (41.2%), search engines (41.2%), ShopUSA's website (29.4%), shopping comparison sites (5.9%), and word of mouth (5.9%). Respondents with an income level of 150.001 ISK to 300.000 ISK used: previous store (50.6%), ShopUSA's website (24.1%), search engines (22.8%), word of mouth (13.9%) and shopping comparison sites (5.1%). Respondents with an income level of 300.001 ISK to 450.000 ISK used: previous store (40.6%), ShopUSA's website (34.4%), search engines (34.4%), word of mouth (4.7%) and shopping comparison sites (4.7%). Respondents with an income level of 450.001 ISK to 600.000 ISK used: search engines (37.1%), previous store (50%), ShopUSA's website (17.7%), shopping comparison sites (6.5%) and word of mouth (4.8%). Respondents with an income level of 600.001 ISK to 750.000 ISK used: previous store (44%), search engines (40%), ShopUSA's website (24%), and shopping comparison sites (4%) Lastly, respondents with an income level of 750.001 ISK or more used: previous store (41.9%), search engines (38.7%), ShopUSA's website (25.8%), shopping comparison sites (3.2%), and word of mouth (3.2 %).

Evaluation of Alternatives

This research focused on the respondent's evaluation of alternatives, in regards to both (1) product and (2) store. A multivariate analysis of variance was used to explore income differences in a set of product/store evaluation factors as follows:

1. A one way between groups multivariate analysis of variance (MANOVA) was performed to investigate income level differences in evaluating product alternatives. Seven dependent variables were used: brand name, price, quality, product reviews, warranty, sale/promotion, and exchange rate. The independent variable was income level. Preliminary assumption testing was conducted to check for normality, linearity, univariate and multivariate outliers, homogeneity of variance-covariance matrices, and multicollinearity, with one serious violation concerning the assumption of Levene's Test of Equality of Error Variances. Therefore, in order to overcome this, Pillai's Trace statistic was used instead of Wilks' Lambda for more robustness. That being said, there was *no significant* difference between income levels on the combined dependent variables, $F(7, 258) = 1.339$, $p = .091$; Pillai's Trace = .181; partial eta squared = .036.
2. A one way between groups multivariate analysis of variance (MANOVA) was performed to investigate income differences in evaluating store alternatives. Eight dependent variables were used: visiting website of a store purchased from before, reputation, product variety, availability/selection, product information, website quality, flexible delivery time, and customer service. The independent variable was income levels. Preliminary assumption testing was conducted to check for normality, linearity, univariate and multivariate outliers, homogeneity of variance-covariance matrices, and multicollinearity, with no serious violations noted. There was *no significant* difference between income levels on the combined dependent variables, $F(8, 258) = 1.05$, $p = .388$; Wilks' Lambda = .846; partial eta squared = .033.

Purchase Decision

A descriptive analysis was used to explore the relationship between income levels and (1) product-type, as well as a one-way between groups ANOVA to explore the impact of income on (2) product cost. Lastly, a Chi-Square Test will be conducted to illustrate

any associations between income and (3) whether respondent has purchased from that same store before.

1. A frequency chart was used to illustrate the income differences when it comes to purchasing specific products. Respondents with an income level of 150.001 ISK to 300.000 ISK are mostly purchasing fashion (26.3%), baby equipment (11.8%), books (9.2%), parts for automobiles (9.2%), and electronics (7.9%). Respondents with an income level of 300.001 ISK to 450.000 ISK are mostly purchasing: fashion (30.8%), parts for automobiles (9.2%), sports and outdoor equipment (7.7%) and electronics (7.7%). Respondents with an income level of 450.001 ISK to 600.000 ISK are mostly purchasing parts for automobiles (17.4%), electronics (13%), sports and outdoor equipment (7.2%), and fashion (7.2%). Respondents with an income level of 600.001 ISK to 750.000 ISK are mostly purchasing sports and outdoor equipment (17.9%), fashion (14.3%), electronics (14.3%), books (10.7%), automobile parts (10.7%), and musical instruments (10.7%). Lastly, respondents with an income level of 750.001 ISK or more are mostly purchasing fashion (20.7%), automobile parts (17.2%), electronics (10.3%), and musical instruments (10.3%).
2. A one-way between groups ANOVA was conducted to explore the impact of income level on the product cost. Subjects were divided into three groups according to their income level (Group 1: 300.000 ISK or Less, Group 2: 300.001 ISK to 600.000 ISK, and Group 3: 600.001 ISK or More). There was a statistically significant difference at the $p < .05$ level in means for product cost for the three income groups: $F(5, 286) = 6.14$, $p = .002$, as shown in Table 11. The effect size, calculated using eta squared, was .041, which is a small effect. Post-hoc comparisons using the Tukey HSD test indicated that the mean score for Group 1 ($M = 1.62$, $SD = 1.02$) was statistically significant from Group 3 ($M = 2.33$, $SD = 1.42$). Group 1 also differed from Group 2 ($M = 2.11$, $SD = 1.48$). That is, the less income the respondent had, the less the product he/she purchased cost.

Table 11: One-Way ANOVA for Purchase Decision (Product Cost)

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	21.791	2	10.895	6.140	.002
Within Groups	502.195	283	1.775		
Total	523.986	285			

3. A Chi-Square test for independence (with Pearson Chi-Square) indicated no significant association between income and whether respondent had purchased from that store before, $\chi^2(5, N = 281) = 4.363, p = .498$, Cramer's $V = .125$.

Post-Purchase Behavior

To investigate income differences in product satisfaction, store satisfaction, ShopUSA satisfaction, and intention to purchase, a (1) one-way between groups MANOVA test was conducted as follows:

1. A one-way between groups MANOVA was performed to investigate income differences in satisfaction and intention to purchase. Four dependent variables were used: product satisfaction, store satisfaction, ShopUSA satisfaction, and intention to purchase. The independent variable was income. Preliminary assumption testing was conducted to check for normality, linearity, univariate and multivariate outliers, homogeneity of variance-covariance matrices, and multicollinearity, with no serious violations noted. There was *no significant* difference between income levels on the combined dependent variables, $F(5, 280) = .528, p = .956$; Wilks' $\Lambda = .962$; partial eta squared = .01.

6.4 Summary of Results

Here below, in Tables 11-13, is a summary of the results from the analysis chapter in terms of the hypotheses stated in chapter one:

Table 12: Summary of Results for Hypothesis 1 (H1)

H1a: Gender does not influence need recognition
• R(Denmark)/R(Iceland)
H1b: Gender does not influence information search
• R(Denmark)/R(Iceland)
H1c: Gender does not influence evaluation of alternatives
• R(Denmark)/R(Iceland)
H1d: Gender does not influence purchase decision
• R(Denmark)/R(Iceland)
H1e: Gender does not influence post-purchase behavior
• R(Denmark)/FR(Iceland)
• R = Reject Null Hypothesis, FR = Fail to Reject Null Hypothesis

Table 13: Summary of Results for Hypothesis 2 (H2)

H2a: Age does not influence need recognition
• FR(Denmark)/R(Iceland)
H2b: Age does not influence information search
• FR(Denmark)/R(Iceland)
H2c: Age does not influence evaluation of alternatives
• R(Denmark)/FR(Iceland)
H2d: Age does not influence purchase decision
• FR(Denmark)/R(Iceland)
H2e: Age does not influence post-purchase behavior
• FR(Denmark)/FR(Iceland)
• R = Reject Null Hypothesis, FR = Fail to Reject Null Hypothesis

Table 14: Summary of Results for Hypothesis 3 (H3)

H1a: Income does not influence need recognition
• R(Denmark)/R(Iceland)
H1b: Income does not influence information search
• R(Denmark)/FR(Iceland)
H1c: Income does not influence evaluation of alternatives
• FR(Denmark)/FR(Iceland)
H1d: Income does not influence purchase decision
• R(Denmark)/R(Iceland)
H1e: Income does not influence post-purchase behavior
• FR(Denmark)/FR(Iceland)
• R = Reject Null Hypothesis, FR = Fail to Reject Null Hypothesis

Discussion & Implications

The aim of this last chapter is to discuss the findings of this study based on the analysis conducted in chapter six. This chapter will be divided into three main sections. The first section will discuss the findings in terms of the research questions and corresponding hypothesis. The second section will discuss theoretical implications of this study for marketers. Lastly, the final section will cover implications for future research.

6.5 Findings

The findings of this study will follow the structure of the analysis in chapter six, as well as being in line with the hypotheses listed in chapter one. First, an overall description of the empirical results of this research will be discussed (overview). This will be followed with a comparison between Denmark and Iceland's respondents in terms of the various demographic factors. Lastly, any significant differences found in terms of the various demographic influences (gender, age, and income) on the buying process, as derived from the summary of results for Hypotheses 1-3 in the analysis chapter, will be discussed.

6.5.1 Overview

Overall, in comparing online consumers from Iceland and Denmark, there were some differences and similarities observed. Denmark's respondents were mostly purchasing two items, fashion and electronics, while Iceland's respondents were purchasing a more variety of products including: fashion, electronics, parts for automobiles, sports & outdoor equipment, and baby equipment (Appendix C, Figure 5). Although differing in purchase habits, respondents from both countries attributed high cost and lack of product availability as the main reasons why they didn't purchase that product in their home country (Appendix C, Figure 1).

Respondents from both Denmark and Iceland were mainly purchasing products for themselves, although respondents from Iceland were also purchasing products for family members (Appendix C, Figure 2). This can probably be attributed to the fact that baby equipment was a popular category for Iceland's respondents, hence purchasing for a family member. Moreover, the product cost of purchased products was very similar between countries, with almost 50% of respondents purchasing products between \$1-\$200 (Appendix C, Figure 6).

In terms of which marketing factors influenced the respondent's desire for a product, respondents from both countries were influenced mainly by word of mouth through recommendations and advertisement by U.S. online retailer. Additionally, Denmark's respondents were also influenced by the sale/promotion of a product. That being said, over 40% of respondents weren't influenced by any external desire at all (Appendix C, Figure 3).

In terms of how the consumers began their store search, around 46% of respondents, from both countries, visited the website of a store they've previously purchased from. Moreover, Iceland's respondents also visited ShopUSA's website (25.2%) and search engines (33.6%). Denmark's respondents, on the other hand, visited search engines more and ShopUSA's website less (Appendix C, Figure 4).

When evaluating which product to purchase, most respondents stated that: brand name, price, quality, product reviews, and exchange rate, were very important criteria. Sale/promotion and warranty, on the other hand, were not important at all. The guarantee of a warranty can be inferred to be unimportant as the product is ultimately going to another country where the warranty cannot be instigated.

When evaluating which store to purchase from, most respondents said website quality, product availability, information on products, availability/selection, and customer service were very important criteria. Offering a flexible delivery option, on the other hand, was only moderately important. This can be attributed to the fact that delivery is not very fast to begin with, as the overseas logistics process (including custom duty clearance and home delivery) takes between 3-8 days depending on transportation method (H. Hauksdottir, personal communication, Nov. 1, 2011).

Regarding the post-purchase behavior of online consumers, the majority of respondents from both countries were very satisfied with the product (an average of 65% of respondents) (Appendix C, Figure 8), store (an average of 60% of respondents) (Appendix C, Figure 9), and ShopUSA (an average of 53% of respondents) (Appendix C, Figure 10). They were also very likely (an average of 45% of respondents) to purchase from that same store again in the future (Appendix C, Figure 11). That being said, an average of 50% of respondents stated they had never purchased from that store before (Appendix C, Figure 7). This goes to show just how important it is for companies to attract online consumers as they are more likely to make repeat purchases.

6.5.2 Denmark vs. Iceland

As mentioned in the literature review, Denmark and Iceland are very similar culturally according to Hofstede's four dimensions: power distance, individualism, masculinity, and short-long term orientation. Furthermore, both countries are part of Scandinavia and follow similar economic and political systems ("CIA - The World Factbook," 2011). Therefore, originally it was thought that these groups could be analyzed together as their demographic factors (gender, age, and income) were likely to be similar. Although, after testing for significant differences, all three demographic variables were significant when comparing respondents from Denmark and Iceland.

In regards to gender, 81.5% of the respondents from Denmark were males as opposed to only 59% for Iceland. In addition, only 18.5% of Denmark's respondents were females, as opposed to 41% for Iceland. In regards to age, the respondents from Denmark were much younger than respondents from Iceland. Specifically, 80.7% of Denmark's respondents were between the ages of 21 to 50, opposed to Iceland's respondents who were mostly between the ages of 31 to 60, or 79.4% of the respondents. In regards to income, respondents from Denmark had a much higher income than Iceland's respondents. This significant difference between incomes had the largest effect out of all the demographic variables. Specifically, 38.3% of Denmark's respondents had the highest income level, opposed to only 11% of Iceland's respondents. Respondents from Iceland, meanwhile, mostly made between 150.000 ISK to 600.000 ISK, or 75%. This income bracket, equivalent to 7.001 DK to 28.000 DK, made up only 34.5% of Denmark's respondents.

Overall, Denmark's respondents were: younger, wealthier, and consisted of more males than Iceland's respondents. Iceland's respondents, on the other hand, were relatively symmetrical or evenly distributed when it came to age, income, and gender. Although, Iceland's respondents consisted of more males than females, but the gap was not as large as seen in Denmark's respondents.

The gender gap observed in this research confirms with past research conducted by Rodgers and Harris (2003), Comegys et al. (2006), and Citrin et al. (2003) that females make fewer online purchases due to various reasons including higher risk perception, lower level of web apprehensiveness, and/or stronger need for tactile input in product evaluation.

Concerning age, Denmark's respondents were relatively young while Iceland's respondents were mostly middle-aged. That being said, Denmark's young respondents

confirms with research conducted by Joines et al. (2003) that there is a negative relationship between age and online shopping. Iceland's respondents, on the contrary, agree with past research done by Li et al. (1999) and Rohm & Swaminathan (2004) that there is no relationship between age and online shopping. These varying relationships further illustrate the mixed findings on the relationship between age and online shopping as shown by Zhou et al. (2007).

Lastly, in regards to income, past research demonstrates that online shoppers tend to earn more money than traditional store shoppers (Bagchi & Adam, 2006; Donthu and Garcia, 1999; Korgaonkar & Wolin, 1999; Li et al., 1999; Susskind, 2004), considering the most popular items purchased online are "normal goods," those for which demand increases as income increases. This was definitely true for Denmark's respondents who earned mostly high incomes. On the contrary, Iceland's respondents were rather symmetrical when it came to income. Therefore, this research doesn't fully agree with past research regarding income.

6.5.3 Demographic Effects on Buying Process

Since respondents from Denmark and Iceland varied significantly according to gender, age, and income, each country had to be analyzed separately to avoid any bias. Therefore the findings of the demographic effects on the buying process will be split into two sections. First section will deal with Denmark and the demographic effects of gender, age, and income on the buying process. Second section will then deal with Iceland and will be structured in the same manner. Moreover, only the statistical significant differences found in the analysis chapter will be discussed here. If there was no significant difference it is assumed that the demographic effects were similar for various segments on the various stages of the buying process.

Denmark

The various demographic variables (gender, age, and income) of Denmark's respondents will be discussed in terms of their effects on the buying process stages (need recognition, information search, evaluation of alternatives, purchase decision, and post-purchase behavior).

Gender

There was a significant difference found between genders in all five stages of the buying process.

Need Recognition. In regard to ultimate consumer, more males were purchasing products for themselves, or 78.2%, opposed to 67.6% for females. The reason for this is that females are also purchasing for family members (26.5%), opposed to only 17% for males. This could be due to the fact that females are often the primary purchaser for the household.

In regards to the motivation for purchasing the product from U.S. online retailers, both genders stated it was due to a lack of product availability in home country. Specifically, males said it was due to product availability 63.2% of the time, opposed to 75% for females. That being said, more males also reported high prices in home country as a reason, or 56.1% of the time, opposed to only 36.1% for females.

In regards to desire, both females and males reported that the desire for the product came from an internal need, or 44.4% and 40.5% respectively. Males were more influenced by advertisements by U.S. online retailers and word of mouth through recommendations, while females were more influenced by ShopUSA advertisements.

Information Search. When beginning their store search, females mostly visited a store they've previously purchased from (63.9%), search engines (33.3%), and ShopUSA's website (25%). Males, on the other hand, when beginning their store search mostly use search engines (43.3%) and previous store (42.7%). Overall, both genders used the same mediums in searching for a store, although, males used search engines more, while females were more loyal to previous stores.

Evaluation of Alternatives. After testing for the effects of various product-evaluating factors, there was a significant difference between males and females regarding product reviews and sale/promotion. This measured effect was relatively large. That is, females valued the importance of product reviews and sale/promotions more than their male counterparts.

Purchase Decision. A difference was found between what males and females purchased from online retailers in the U.S. Both genders were mostly purchasing fashion (28.7% for males, 51.6% for females), although males were purchasing a wider range of products than females. That is, males were also purchasing electronics (18.5%), parts for automobiles (10.2%), sports & outdoor equipment (10.2%), and computer hardware/software (9.6%). The majority of female purchases, on the other hand, were fashion-related. No other product category made up even 10% of their last purchase.

Post-Purchase Behavior. There was a significant difference between genders when it comes to satisfaction. That is, females were more satisfied with the product, store, and ShopUSA after having purchased their product. Females also had a higher intention to purchase, although there was no significant difference found. That being said, males were also mostly satisfied, but to a lesser extent.

Age

There was no significant difference found between various age groups and their effect on four of the five buying process stages including: need recognition, information search, evaluation of alternatives, and post-purchase behavior. The only stage that was affected by age was purchase decision.

Purchase Decision. A difference was found between what various age groups purchased from online retailers in the U.S. All age groups were mostly purchasing fashion, or an average of 33.9% of the time. The difference found, was mainly in other categories. For instance, parts for automobiles were mostly bought by ages 31 to 50. Computer hardware/software and electronics were mostly purchased by ages 21 to 40. Other categories were mostly evenly spread for all age groups, or make up only 5% of the total purchases, and therefore aren't worth mentioning.

Income

There was no significant difference found between various income levels and their effect on two of the five buying process stages including: evaluation of alternatives and post-purchase behavior. The stages that had a difference were need recognition, information search, and purchase decision.

Need Recognition. In regards to desire, most income levels reported that the desire for the product came from an internal need, except for the lowest income category. The lowest income category stated that sale/promotion (36.8%) and word of mouth through recommendations (31.6%) were most influential in their desire for the product. This could be due to the fact that low-income respondents are mostly searching for special deals or promotions on products to save money when shopping online. Other notable factors are that the lower the income, the more they are influenced by word of mouth through social media sites.

Information Search. After evaluating various income levels of respondents in terms of how they begin their store search there were some differences found. That is, the higher income levels mainly visited website of a previous store, while lower income

levels mainly used ShopUSA's website or search engines. Although, the difference found here is relatively small.

Purchase Decision. A difference was found between what respondents with various income levels purchased from online retailers in the U.S. Respondents with lower income levels bought more computer hardware/software and electronics than those with higher income levels. Meanwhile, respondents with higher income levels bought more parts for automobiles and sports & outdoor equipment.

Regarding the effects of various income levels on product cost, there was a statistically significant difference found. More specifically, respondents with the lowest income level bought products that cost much less than respondents with the highest income levels.

Iceland

The various demographic variables (gender, age, and income) of Iceland's respondents will be discussed in terms of their effects on the buying process stages (need recognition, information search, evaluation of alternatives, purchase decision, and post-purchase behavior).

Gender

There was a significant difference found between genders in four of the five stages of the buying process including: need recognition, information search, evaluation of alternatives, purchase decision, and post-purchase behavior.

Need Recognition. In regard to ultimate consumer, there was a statistically significant difference found. That is, there were more males purchasing products for themselves, or 84.4%, opposed to only 55.6% for females. The reason for this is that females are also purchasing for family members (41.3%), opposed to only 14% for males. This could be due to the fact that females are often the primary household purchaser.

In regards to the motivation for purchasing the product from U.S. online retailers, males stated that high price was the reason they didn't purchase the product in their home country. Females on the other hand stated that product availability was the primary reason. Although, the difference found was only about 4%.

In regards to desire, both females and males reported that the desire for the product came from an internal need, or 36.8% and 40.9% respectively. Only notable

difference in external desire was that females were more influenced by word of mouth through recommendations. Besides that, there were no noticeable gender differences.

Information Search. When beginning their store search, females visited a store they've previously purchased from (51.6%) and ShopUSA's website (34.1%). Males, on the other hand, mostly used a previous store (43.4%) and search engines (43.4%).

Evaluation of Alternatives. After testing for the effects of various product-evaluating factors, there was a significant difference between males and females regarding sale/promotion. This measured effect was moderate. That is, females valued the importance of sale/promotions more than their male counterparts.

Purchase Decision. A difference was found between what males and females purchased from online retailers in the U.S. Males mostly purchased: parts for automobiles (18.7%), electronics (14.3%), and fashion (13.2%). Females, on the other hand, mostly purchased fashion (34.4%), and baby equipment (12.3%). This further explains why females differ from males in regards to ultimate consumer of the product; due to the fact the females are purchasing baby equipment for their children.

Age

There was no significant difference found between various age groups and their effect on three of the five buying process stages including: information search and post-purchase behavior. The only stage that was affected by age was purchase decision.

Need Recognition. In regards to ultimate consumer, ages 31 to 60 were also purchasing products for family members. Ages 30 and under and 61 and over were mostly purchasing products for themselves.

In regards to the motivation for purchasing the product from U.S. online retailers, all age groups, except for two, stated high price for the reason why they didn't purchase the product in their home country. Moreover, ages 30 and under stated that product availability was the reason.

In regards to desire, almost all of the age groups were mostly influenced by an internal desire. The two age groups that were more influenced by external desires were age groups 21 to 30 and 51 to 60. The age group 21 to 30 was mostly influenced by word of mouth through recommendations and social media sites, while age group 51 to 60 was mostly influenced by advertisements by U.S. online retailers. Besides these noticeable differences, there were no major significant differences between various age groups.

Information Search. The only noticeable difference for various age groups in this stage of the buying process was that older age groups used search engines more than younger age groups when searching for a store. Also noted, was that age group 21 to 30 was the only age group that was influenced by word of mouth when deciding which store to purchase from.

Purchase Decision. When purchasing a product, the distribution was rather evenly distributed when it came to age groups. All age groups were mostly purchasing the same thing—fashion.

Income

There was no significant difference found between various income levels and their effect on three of the five buying process stages including: information search, evaluation of alternatives and post-purchase behavior.

Need Recognition. In regards to desire, respondents with all income levels reported that the desire for the product came from an internal need. Furthermore, the lowest income category stated that sale/promotion (29.4%) was most influential, in regards to an external desire for the product. This could be due to the fact that low-income respondents are mostly searching for special deals or promotions on products to save money when shopping online. Lower income respondents were also more influenced by word of mouth through social media sites and recommendations.

Purchase Decision. A significant difference was found between respondents with the lowest and highest income level regarding product cost. That is the less income the respondent had the lower the cost of the product he purchased.

Overall, in terms of discussing the findings according to the hypotheses stated in chapter one, gender had the most influence on the buying process. Specifically, gender influenced all five stages of the buying process for Denmark's respondents and four of the stages for Iceland's respondents, with the exception of post-purchase behavior. Age and Income had an influence but to a lesser extent. Concerning Iceland's respondents, age influenced need recognition, information search, and purchase decision. For Denmark's respondents, on the other hand, age only had an influence on the evaluation of alternatives stage. Moreover, the income level of respondents in both countries influenced need recognition and purchase decision. Additionally, concerning Denmark's respondents, income also influenced the information search stage.

This observation empirically contributes to Kotler's (2003) theoretical framework on the forces influencing the buying process, in terms of the demographic influences of gender, age, and income. As stated in the literature review, Kotler's framework has been used extensively in research (Comegys et al., 2006; Zhou et al., 2007; (Liebermann & Stashevsky, 2009)(Park & Jun, 2003)(Garbarino & Strahilevitz, 2004). Although, as stated in the research problem, past research has mainly focused on online consumers purchasing products domestically through e-commerce. The findings of this research therefore contribute to the theoretical framework identified by Kotler (2003) in regards to consumers purchasing products internationally, through global e-commerce. Specifically, a sample of online consumers from Denmark and Iceland.

6.6 Implications

Marketers use the five stages of the buying process to plan and align marketing activities, thereby improving the customer experience while attracting potential customers (Sarner, 2007). Also, exposing consumers to the company's marketing can affect the decision-making process by providing inputs for the consumers' black box where information is processed before the final consumer's decision is made (Kotler, 2003). Therefore, the findings of this study have various implications for marketers in U.S. trying to influence and attract online consumers from Iceland and Denmark at various stages of the buying process. This is especially true for U.S. online retailers who "continue to struggle with how effectively to market and sell products online as they still do not completely understand the needs and behavior of online consumers" (Constantinides, 2004). Further implications of this study are to inform marketers in the U.S. of potential markets for products in Iceland and Denmark.

According to this research, there is an existing market for fashion-related and electronics in both Denmark and Iceland. Additionally, there is an existing market in Iceland for: parts for automobiles, sports & outdoor equipment, and baby equipment. Other product categories had little demand from online consumers from Iceland and Denmark, according to this study.

Assuming there is a potential market for a product, there are various demographic effects that marketer's need to be aware of. This research, confirming with Kotler's (2003) theoretical framework, suggests that gender, age, and income (uncontrollable factors) influence the stages of the buying process in various ways. Specifically, gender influenced at least four of the stages of the buying process for online consumers from both Denmark and Iceland. Age and income, on the other hand,

also influenced the buying process, although to a much lesser extent than gender. Therefore, marketers need to be cautious when marketing towards specific genders, as they vary greatly. In terms of age and income, this research shows that marketers can mostly standardize their marketing efforts to reach various demographic age and income segments. Consequently, marketers need to take into account this influence when adjusting their Web-experience and marketing stimuli (controllable factors) in attracting new and old customers. According to this research, a significant proportion of online consumers showed a great deal of loyalty towards various stores with an intention for repeat purchase. Therefore, attracting consumers a first time is likely to induce repeat purchases and loyalty for a specific store. This confirms with research done by Comegys et al. (2006) that satisfaction indeed does produce loyalty.

6.7 Limitations

The limitations of this study were mainly in regards to sampling. Due to convenience, cost, and time frame restrictions, a judgmental sampling procedure was used, which is usually biased. Furthermore, there was no randomization used in obtaining the sample, and the members of the population (online shoppers from Denmark and Iceland purchasing products from U.S. online retailers) did not have equal chances of being selected. ShopUSA is only one PFC connecting U.S. online retailers with consumers from Denmark and Iceland. The consequence of this is the misrepresentation of the entire population, which limits the generalizations of this study's results.

Furthermore, the response rate of the survey was very low. The average response rate for Web-based e-mail surveys, as conducted by Cobanoglu, Warde, & Moreo (2001), is 44.21%. Although, out of the 33,434 consumers surveyed in this research, there were only 684 respondents. This is a response rate of just over 2%. According to this research, over 49.18% of the respondents last purchased a product through ShopUSA in 2009 or earlier. This goes to show how few active customers ShopUSA has. Therefore, the low response rate of this survey can possibly be attributed to the fact that many of ShopUSA's customers might have outdated e-mails. Further due to the low-response rate, much of the data was severely skewed and consisted of low frequency counts for various demographic segment groups and responses. Therefore, much of the analysis had to be recoded into fewer groups to overcome this variation.

Moreover, ShopUSA conducted a twelve-question e-mail, Web-based survey in March 2010 that went out to 12,000 customers from Iceland. This considerably shorter

survey received a response rate of 4.6%, or 557 respondents out of 12,000. Therefore, the low response rate for surveys conducted by ShopUSA is not unusual, although literature research suggests otherwise.

6.8 Future Research

This particular research was based on Kotler's (2003) framework on the forces influencing the buying process. These forces (uncontrollable, Web-experience, and marketing stimuli) cover a broad range of concepts and therefore only a select few were embedded into this research. Therefore, future research should be directed towards studying the influence of other factors not covered in this research. Regarding uncontrollable forces, this research only focused on the demographic influences of gender, age, and income. Other demographic variables not used were education, location, and employment status. Kotler (2003) also listed other various uncontrollable factors including: personal, cultural, sociological, economic, legal, and environmental factors, which were not covered in this particular research.

In regards to Web-experience, this research left out a few concepts in regards to the influence of functionality and psychology, the two components of Web-experience. For functionality these include: convenience, site findability and accessibility, site speed, and ordering/payment processes, personalization, and networking, as covered in the literature review. For psychology, on the other hand, the concepts excluded were: safety of personal information, transaction security, misuse of private consumer data, physical presence, clear ordering, payment and refunding procedures, return policies, and uncertainty reducing elements like 'Frequently Asked Questions' (FAQ) and other conflict-resolution policies. Also in regards to psychology, various aesthetic factors were excluded including: Web-site atmosphere, design, and style. Design was used in this research, but a more in-depth analysis of what specific factors are most appealing in the design, should be further researched.

In terms of marketing stimuli, this research used a vast amount of concepts, although a few were excluded. These excluded concepts include: payment methods, order tracking, product features, product presentation, free extra services, and incentive programs.

The aforementioned uncontrollable, Web-experience, and marketing stimuli forces should be further researched in terms of their influence on the buying process. This will enable marketers to further understand the online consumer behavior and the forces most influential in the buying process.

Appendix A: Questionnaire

ShopUSA
<p>1. Have you ever purchased a product(s) through ShopUSA?</p> <p><input type="radio"/> Yes</p> <p><input type="radio"/> No</p> <p>(If your answer to Question 1 was "No" then please discontinue the survey)</p> <div></div>
<p>2. Where did you first hear about ShopUSA?</p> <p><input type="radio"/> Television</p> <p><input type="radio"/> Radio</p> <p><input type="radio"/> Newspaper</p> <p><input type="radio"/> Magazine</p> <p><input type="radio"/> Online advertisement</p> <p><input type="radio"/> Word of Mouth through Social Media sites (e.g. Facebook, Twitter, LinkedIn, blogs, etc.)</p> <p><input type="radio"/> Word of Mouth through other sources (e.g. recommendation by friend, family, relative, etc.)</p> <p>Other (please specify)</p> <div></div>
<p>3. In approximately what year was your last purchase through ShopUSA?</p> <p><input type="radio"/> 2005 or Earlier</p> <p><input type="radio"/> 2006</p> <p><input type="radio"/> 2007</p> <p><input type="radio"/> 2008</p> <p><input type="radio"/> 2009</p> <p><input type="radio"/> 2010</p> <p><input type="radio"/> 2011</p>
<p>4. What was the last product you purchased through ShopUSA? (Please pick a product category from the drop-down menu)</p> <div></div> <p>Other (please specify)</p> <div></div>

5. Approximately how much did that product cost (USD) (Store value including domestic shipping)?

- ☐ \$1-\$200
- ☐ \$201-\$400
- ☐ \$401-\$600
- ☐ \$601-\$800
- ☐ \$801-\$1,000
- ☐ \$1,001 or More

6. For whom was that product ultimately for?

- ☐ Yourself
- ☐ Family Member
- ☐ Relative
- ☐ Friend

Other (please specify)

7. Why didn't you buy that product in your HOME country? (You can choose MORE than one answer)

- ☐ High price
- ☐ Low quality
- ☐ Product not available
- ☐ Size not available
- ☐ Color not available
- ☐ Convenience/Enjoyment of shopping online

Other (please specify)

ShopUSA

8. Which, if any, of the following marketing factors influenced your **DESIRE** for that product? (You can choose **MORE** than one answer)

- ☐ Advertisement by U.S. Online Retailer (e.g. online, newspaper, television, etc.)
- ☐ Advertisement by ShopUSA (e.g. banners and links on website, e-mail, advertising, etc.)
- ☐ Word of Mouth through Social Media sites (e.g. Facebook, Twitter, LinkedIn, blogs, etc.)
- ☐ Word of Mouth through other sources (e.g. recommendation by friend, family, relative, etc.)
- ☐ Sale/Promotion on product
- ☐ Media (Non-paid for advertising)
- ☐ NONE OF THE ABOVE

Other (please specify)

9. When shopping for that product, where did you begin your **STORE** search? (You can choose **MORE** than one answer)

- ☐ I visited the website of a store that I've purchased from before
- ☐ ShopUSA's website (e.g. links and banners on website, etc.)
- ☐ Search Engines (e.g. Google, Yahoo!, etc.)
- ☐ Shopping Comparison websites (e.g. BizRate, PriceGrabber, etc.)
- ☐ Word of Mouth (e.g. recommendation, etc.)

Other (please specify)

10. Of what importance were the following factors when purchasing that **PRODUCT**?

	Not At All Important	Slightly Important	Moderately Important	Very Important	Extremely Important
Quality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sale/Promotion	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Warranty	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Brand Name	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Exchange rate (Local Currency/USD)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Product Reviews	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Price	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

11. Of what importance were the following factors when deciding which STORE to purchase that product from?

	Not At All Important	Slightly Important	Moderately Important	Very Important	Extremely Important
Website quality (look, usability, navigation)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Availability/Selection (e.g. many sizes and colors available)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Information available on products	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Variety of products offered	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Customer service	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reputation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Flexible delivery time	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Store you've purchased from before	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

12. How satisfied were you with the PRODUCT you purchased?

- ☐ Very satisfied
- ☐ Satisfied
- ☐ Neutral
- ☐ Dissatisfied
- ☐ Very Dissatisfied

(OPTIONAL) If you indicated that you were dissatisfied with the product, would you please describe why?

13. How satisfied were you with the STORE you purchased from?

- ☐ Very Satisfied
- ☐ Satisfied
- ☐ Neutral
- ☐ Dissatisfied
- ☐ Very Dissatisfied

(OPTIONAL) If you indicated that you were dissatisfied with the store, would you please describe why?

14. Have you purchased a product from that store before?

- ☐ Yes
- ☐ No

15. What is the likelihood of you buying from that store again?

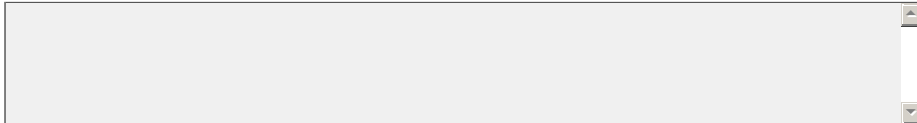
- ☐ Very likely
- ☐ Likely
- ☐ Don't know
- ☐ Unlikely
- ☐ Very unlikely

(OPTIONAL) If you indicated that you were unlikely to buy from that store again, would you please describe why?

16. How satisfied were you with ShopUSA when forwarding that product?

- ☐ Very satisfied
- ☐ Satisfied
- ☐ Neutral
- ☐ Dissatisfied
- ☐ Very dissatisfied

(OPTIONAL) If you indicated that you were dissatisfied with ShopUSA, would you please describe why?



***17. To what country did you ask your product to be forwarded to?**

- ☐ Denmark
- ☐ Sweden
- ☐ Iceland

18. What is your age?

- ☐ 20 and Under
- ☐ 21 to 30
- ☐ 31 to 40
- ☐ 41 to 50
- ☐ 51 to 60
- ☐ 61 to 70
- ☐ 71 and over

19. What is your gender?

- ☐ Male
- ☐ Female

20. What is your monthly gross income? (Income is expressed in ISK in the 1st column, DK in the 2nd column, and SEK in the 3rd column, please choose the income level that corresponds to your country's currency)

- | | | |
|--|--|--|
| <input type="radio"/> 150.000 ISK or Less | <input type="radio"/> 7.000 DK or Less | <input type="radio"/> 8.500 SEK or Less |
| <input type="radio"/> 150.001 ISK to 300.000 ISK | <input type="radio"/> 7.001 DK to 14.000 DK | <input type="radio"/> 8.501 SEK to 17.000 SEK |
| <input type="radio"/> 300.001 ISK to 450.000 ISK | <input type="radio"/> 14.001 DK to 21.000 DK | <input type="radio"/> 17.001 SEK to 25.500 SEK |
| <input type="radio"/> 450.001 ISK to 600.000 ISK | <input type="radio"/> 21.001 DK to 28.000 DK | <input type="radio"/> 25.501 SEK to 34.000 SEK |
| <input type="radio"/> 600.001 ISK to 750.000 ISK | <input type="radio"/> 28.001 DK to 35.000 DK | <input type="radio"/> 34.001 SEK to 42.500 SEK |
| <input type="radio"/> 750.001 ISK or More | <input type="radio"/> 35.001 DK or More | <input type="radio"/> 42.501 SEK or More |

Appendix B: Incentive (iPod Nano)

Reward Survey

1. What is your full name?

2. What is your E-mail?

Page 1

Appendix C: Country Crosstabs

Figure. 1: Need Recognition (Motivation)

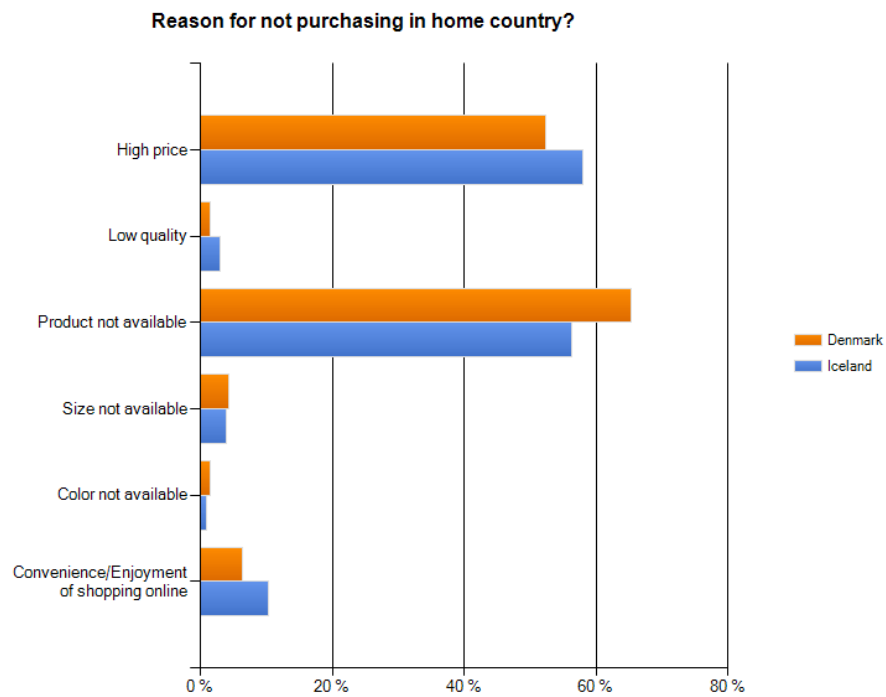


Figure. 2: Need Recognition (Ultimate Consumer)

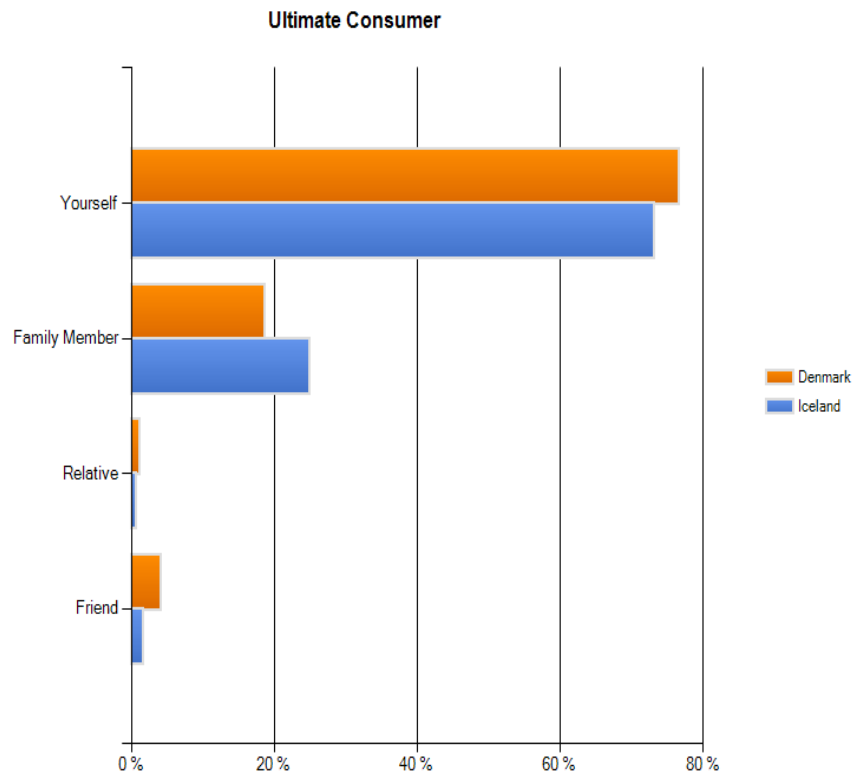


Figure. 3: Need Recognition (External vs. Internal Desire)

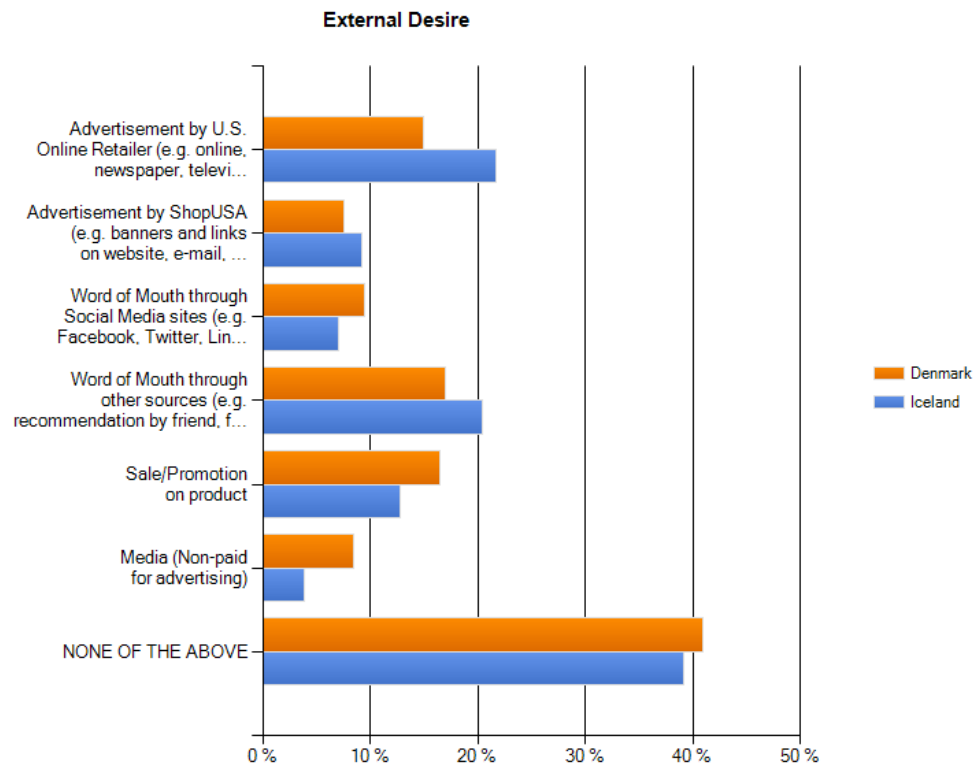


Figure. 4: Information Search (Store Search)

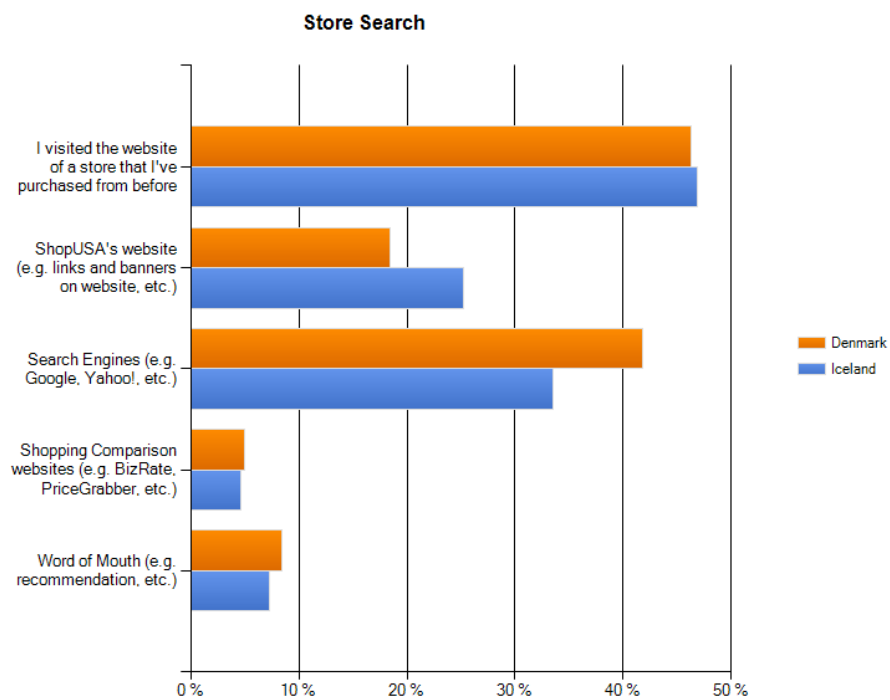


Figure. 5: Purchase Decision (Product Purchased)

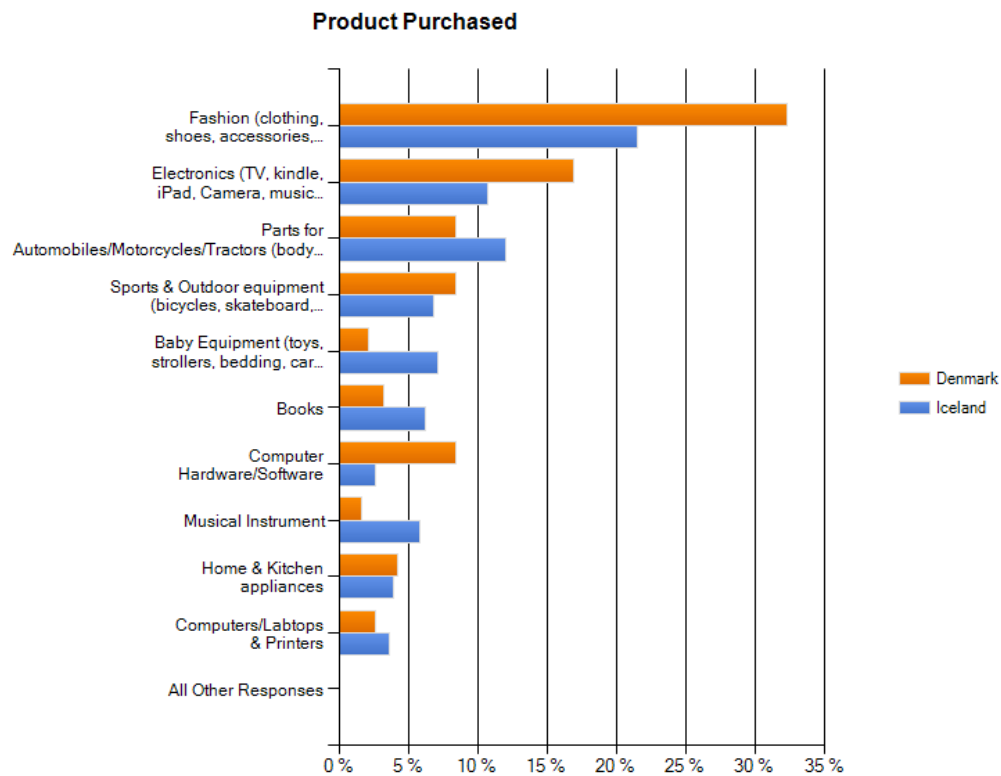


Figure. 6: Purchase Decision (Product Price)

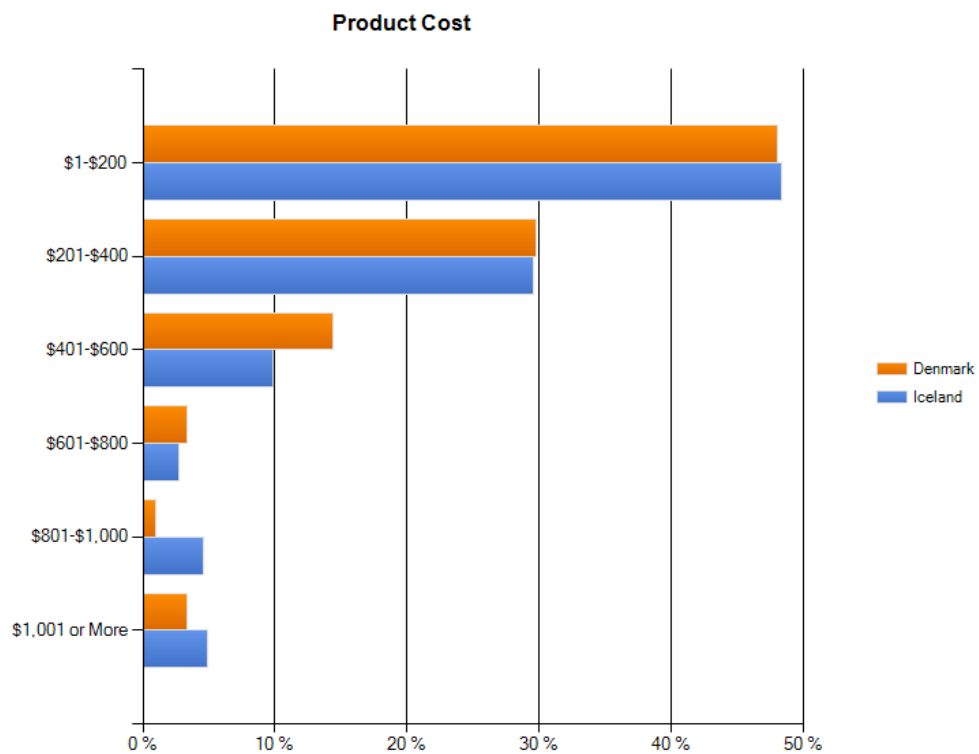


Figure 7: Purchase Decision (Purchased Before)

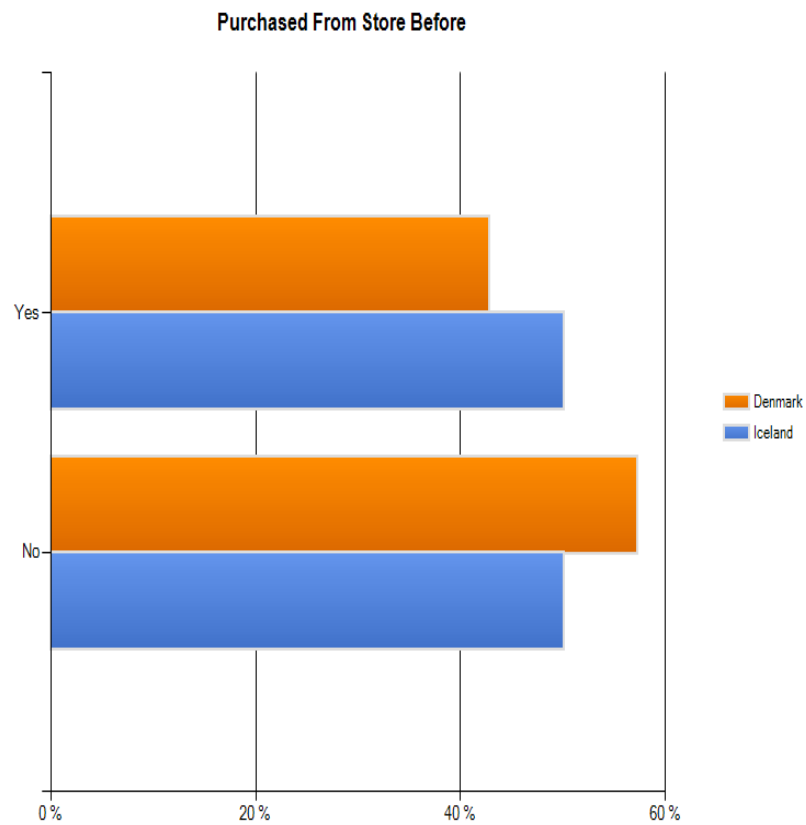


Figure 8: Post-Purchase Behavior (Product Satisfaction)

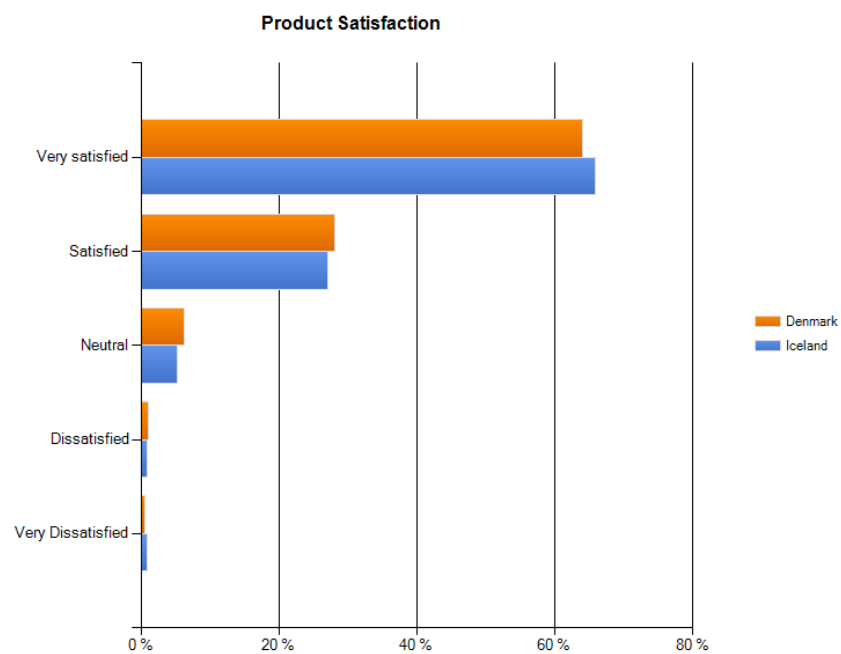


Figure. 9: Post-Purchase Behavior (Store Satisfaction)

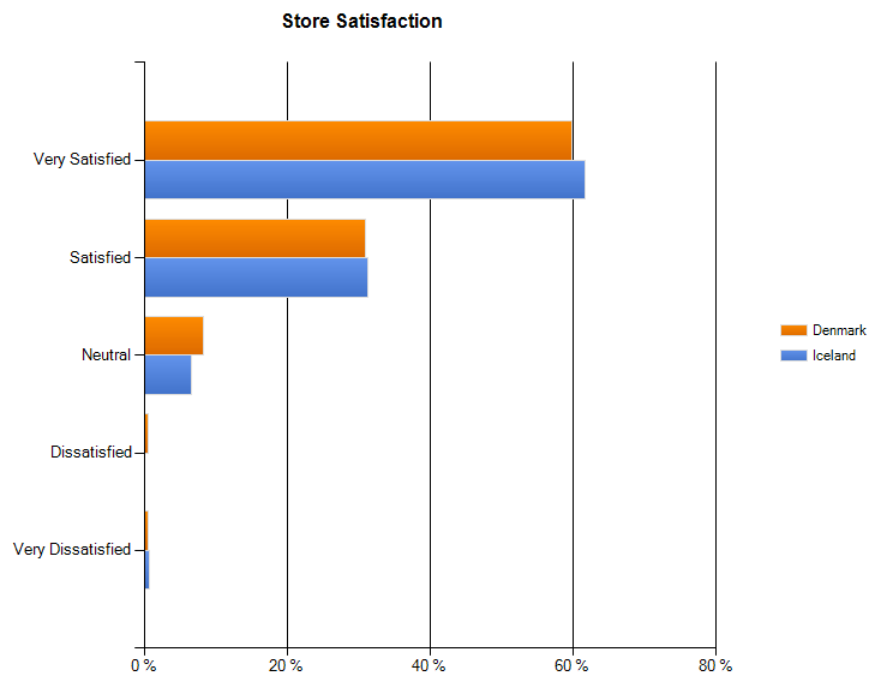


Figure. 10: Post-Purchase Behavior (ShopUSA Satisfaction)

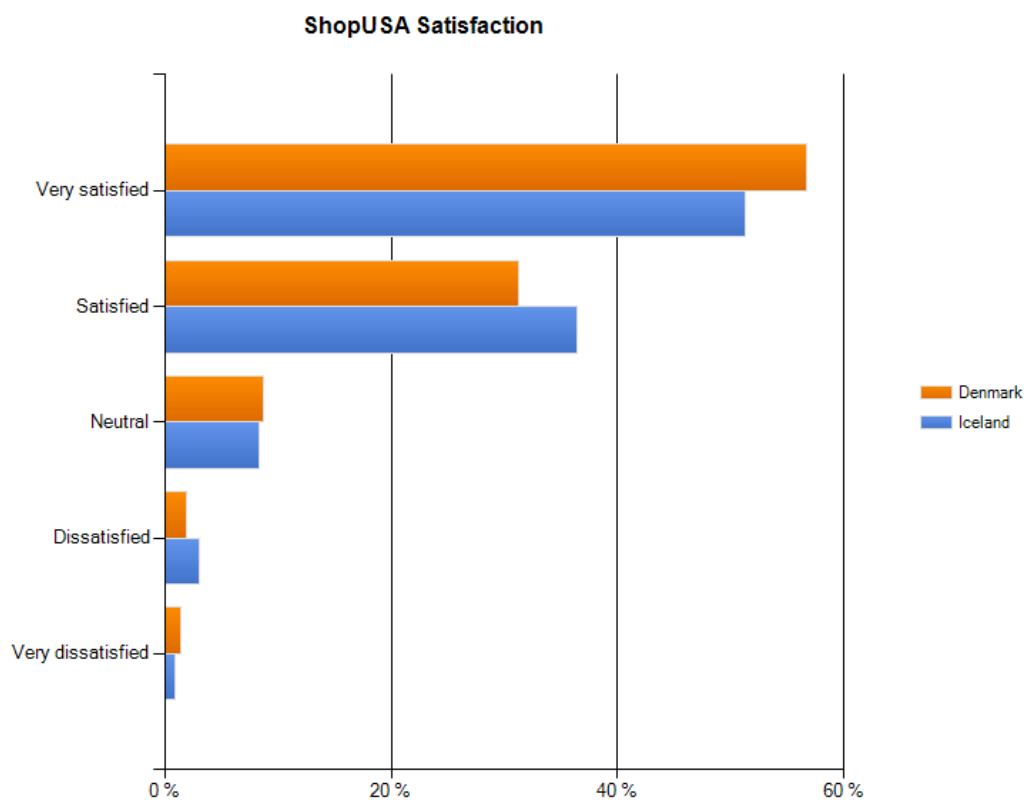
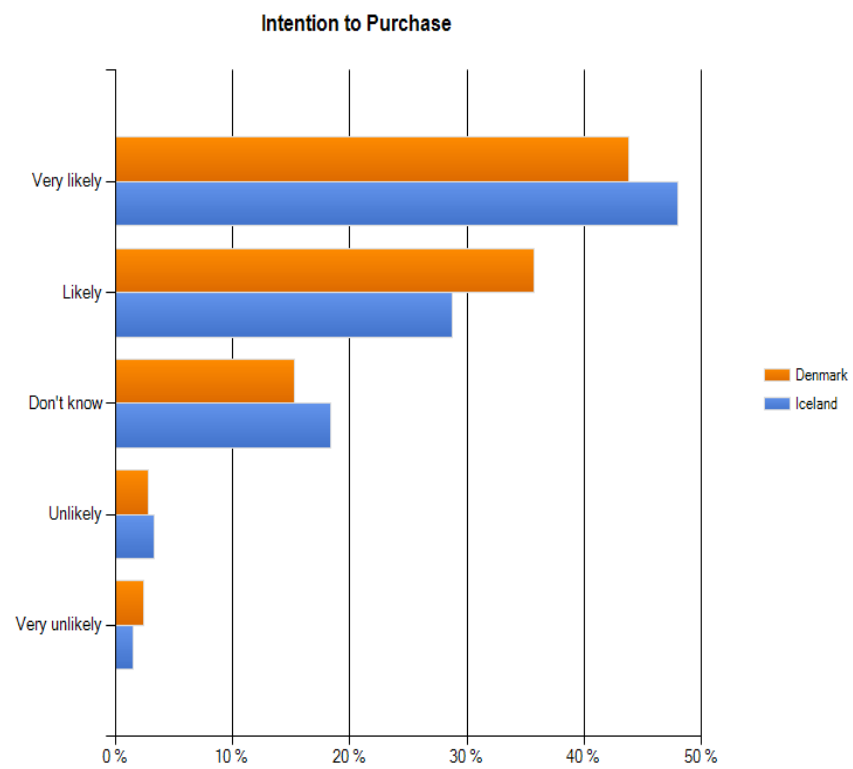


Figure. 11: Post-Purchase Behavior (Intention to Purchase)



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