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Introduction to Marketing Strategy for the Internet Consumer Behavior

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ABSTRACT: This second special issue of the Internet Customer Behavior Journal of Market Research comprises twelve articles chosen from the papers submitted following a request for proposals published in January 2008. The contributions are grouped into four different categories: the power of confidence and the role of virtual communities; understanding the role of electronic word-of-mouth; understanding customer responses to internet pricing; consumer concerns in marketing strategy. They address topics relevant to developments in internet consumer behavior and marketing strategy. This ends with future directions for research such as sampling and complementation vs. selection and show. This article contributes to understanding how intangibility affects customer behavior because of the existence of the internet. However, as a dichotomous variable, intangibility was operational, not a continuous variable that could provide finer distinctions.

KEYWORDS: Internet, Consumer behavior, Trust Virtual communities, e-WOM Pricing, Market research.

I. INTRODUCTION

A call for papers with the following preamble was published in January 2008: the Internet has radically reshaped the way corporations and customers connect, interact and transact across the world. E-commerce is strong today and is here to stay. An integral part of marketing strategy has become Internet marketing[1]. Marketers need to consider how the Internet is used by consumers to make choices, pick products and negotiate with Internet providers. From the point of view of both B2C and B2B e-commerce, this special issue aims at creating new insights, models and hypotheses on Internet customer behaviour.

The key explanation for this initiative was the absence over the previous 10 years of papers on internet consumer conduct in the Journal of Business Research (JBR) in 2008. An international pool of authors interested in the proposed subject received a rather enthusiastic response to the initial request for submission. After several rounds of reviews and with the assistance of approximately 110 reviewers, 25 articles were chosen for a special issue divided into two parts: the first part, published in the previous issue, combined articles dealing with new developments in internet customer behavior modeling; In this issue, the second part includes articles contributing information on a range of topics related to the actions of internet consumers and marketing strategy[2].

II. CONSUMER BEHAVIOR

Understanding the influence of trust and the role of virtual communities:

In the first paper, the relationships between three trust dimensions, i.e. seller, internet and third parties, and attitudes towards online purchasing, were analysed by Patrick McCole, Elaine Ramsey, and John Williams (Trust considerations on attitudes towards online purchasing: The moderating impact of privacy and security concerns). As moderating factors, they integrated privacy and security issues and found that these relationships were based on concerns when



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shopping online[3]. As moderating factors, they integrated privacy and security issues and found that these relationships were based on concerns when shopping online. They also indicated that Internet concerns hampered its use for the purposes of e-commerce, but that the existence of a trustworthy agent mitigated the perceived risks. Trust in the supplier was necessary for consumers to embrace any risk associated with a transaction in business-to-consumer relationships.

A study of transaction communities studied the driving forces of virtual group members that foster both trust and returning actions. In particular, they explored the effect on the confidence of virtual group members of common beliefs, satisfaction with previous experiences, and website privacy policies[3]. They found that common beliefs of members of the virtual community have a positive effect on trust and relationship commitment; that satisfaction with previous experiences increased trust in members of the virtual community, but also enhanced relationship involvement and membership stickiness; that privacy policies of the website improved trust; and that trust had a major impact on stickiness and virtual co-engagement commitment.

In order to research how systemic and experiential interactivity affected reciprocity, effect engagement and coshopping, the salience of reciprocity adopted resource exchange theory. Netnography and online surveys were used to test the important reciprocity impacts of systemic and experiential interactivity. Reciprocity influenced the preservation of the social structure by growing group engagement and the intention to coshop[4]. The results also established partially mediated relationships between different variables and the effects of experiential interactivity on VC interaction and co-shopping were partially reciprocity-operated.

Understanding the role of electronic word-of-mouth (e-WOM):

The impact of electronic word-of-mouth (e-WOM) on customer consideration and the selection of an experienced product were investigated by Pranjal Gupta and Judy Harris. In a practical online shopping environment, they manipulated the number of recommendations and the optimality of the recommended product. They found that more time spent on the suggested product resulted from e-WOM[5]. Recommendations from e-WOM led to more time spent on the selection task for customers encouraged to process data. Sub-optimal decisions based on e-WOM recommendations were made by consumers who were less motivated to process information. Consumers were motivated to process agreed recommendations for knowledge, shifted from attribute preferences and selected only optimal items.

Online user feedback and sales data from Jun Yang and Enping to research a new experiential product, namely online video games (or virtual worlds). They found that the availability of online feedback did not turn experience attributes into search characteristics for hedonic items such as online video games. They also found that negative word-of mouth had a more substantial effect than positive feedback. Finally, they established that for hedonic goods, the presence of direct network externalities (i.e. the value of a product increased as more people entered the network) was important. The size of the user base signaled the quality of the game, worked like a search attribute for potential users, and reduced the negative impact of unfavorable reviews.

Finally, the relationship between return policy leniency and perceived quality by retailers was investigated by Carolyn Bonifield. First, the content evaluated the return policies of randomly chosen e-tailors using BizRate.com; and the features of quality ratings relevant to the return policy. Supporting the theory of signaling, they observed that as e-tailer quality scores improved return policy leniency increased for categories of non-consumable goods, but not for consumable ones[6]. They studied how consumers viewed the return policy signals in a follow-up experiment and found that the ability of consumers to monitor their shopping experience and the general confidence in e-tailers moderated their reactions to return policies that varied in leniency.



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Understanding consumer reactions to pricing on the internet:

Ellen Garbarino, researched how standards predicted customer reactions to differential pricing that either violated or did not violate an existing pricing standard (i.e., dynamic posted pricing; demand-based pricing) (i.e., retailers pricing differently). Their results supported the critical position of norms, i.e., beliefs in norms were powerful predictors of negative responses (i.e., fairness, trust, purchase, search and complaint intentions) and increased negative responses by preparing people to accept norms[7]. They also found that previous confidence in the organization served as a partial buffer against negative reactions to the breaking of the standard, but at a decreasing rate as previous confidence increased.

To build and analyze external resale reference price (ERRP) which can affect customer resale and purchase intentions, Hsunchi Chu applied the principles of mental accounting. They explored how the economic psychology of purchasing from online sellers influenced their perceptions of future performance of online resale[8]. They found that purchasing decisions were affected by perception of future online resale potential; ERRP, mediated by expected resale returns, increased purchase intentions; and the impact of ERRP on purchase intentions were moderated by the probability of online resale, but were marginal when consumers were aware that the likelihood of resale was extremely low.

Consumer issues in marketing strategy:

Tulay Girard and Paul Dion checked whether the Search, Experience, and Credence product classification system affected retailer-attributes, types of perceived risks, and patronage-intentions for two types of retailers, i.e., Internet and brick-and-mortar stores. They noticed that perceived risk perceptions and buying intentions for online and brick-and-mortar stores were affected by SEC products[9]. Across the four product groups, the value of retailer-attributes was similarly important. Perceived risk has also risen across the four groups of goods. Finally, the Internet and brick and mortar stores' patronage intentions varied greatly among the four product groups. This paper helps to explain the effects of the SEC classification on the reactions of customers to online and offline shops, repeating some of Klein's recommendations.

First, Maria EkStyvén tested a preference research model for concrete music formats and then developed a segmentation centred on the involvement of music. She found that high participation in music was associated positively with subjective awareness of music, preference for tangibility, and use of portable players. In both formats, tangible and intangible, music participation increased music consumption, but high engagement was related to expectations that tangible records were more important. Digital music did not simply eradicate physical formats for highly active users, but served varying needs, such as sampling and complementing vs. collecting and showing[10]. This article contributes to understanding how intangibility affects customer behavior because of the existence of the internet. Intangibility, however, as a dichotomous variable was operational zed, not a continuous one that could provide finer distinctions.

III. CONCLUSION

The papers in this second special issue make a major contribution to the creation of new knowledge, models and hypotheses on the actions of internet users, the goals of the original call for papers. Future researchers should look at developing knowledge along the following lines, in addition to the variables defined by the writers of these papers, among others:

1. The role of confidence in online vendors, its histories and implications, and the expenditure on the types of customer concerns about online transactions can be further established. 2. Conduct further research on the forms, existence and working of virtual societies, and how this information can be used by businesses. 3. Our understanding of pricing issues and online Internet auctions continues to evolve.4. The use of tangibility as a continuous and multidimensional scale to describe customer responses to different internet goods and services is further refined. 5. It further explores the role of different product classifications in online customer behavior models. 6. Explore more of the legal problems and their



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marketing consequences associated with the Internet. 7. The strategic position played by corporate websites must be further refined.

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