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# **Factors Influencing the E-commerce Purchase Process of Big High Involvement Products**

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By

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Master of Science Thesis INDEK-TRITA-ITM-EX 2018:330  
KTH Industrial Engineering and Management  
Industrial Management  
SE-100 44 STOCKHOLM

# Faktorer som påverkar köpprocessen för E-handel av stora högengagemangsprodukter

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## ABSTRACT

E-commerce is growing and has grown considerably during the last two decades. It is also growing within product segments previously believed to be hard to sell over the internet, such as big high involvement products and this is calling for an exploration of the e-commerce purchase process for this product segment.

The e-commerce channel is associated with various benefits and barriers and with sufficient trust these barriers can be overcome. This study therefore explores the e-commerce purchase process of big high involvement products from a customer perspective identifying key benefits and barriers together with factors contributing to trust formation and customer retention. This combines areas of research, not previously explored.

The results are based on focus group interviews and reveal that the main benefits perceived were a lower price, easier comparison between options and a bigger product range. The main risks for this product segment seem to be performance risk and financial risk together with the risk of low delivery precision. Main factors contributing to trust were good return policies, good information quality and guiding together with affect-based factors such as recommendations from a friend. Finally, the factors identified in this study to contribute to customer retention were customer satisfaction, after sales services and something “extra” upon delivery.

The results confirm some of the previous evidence, such as Venkatraman (1989), saying that high involvement products are coupled with higher risks, but it also finds new suggestions to important factors such as delivery precision and something “extra” upon delivery that may be specific to this product segment.



KTH Industrial Engineering  
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### SAMMANFATNING

E-handel växer och har ökat betydligt under de senaste två decennierna. E-handel växer också inom produktsegment som tidigare trots vara svåra att sälja via internet, till exempel stora högengagemangsprodukter, så som en säng eller en bil. Det här skapar ett behov av en undersökning av köpprocessen för e-handel vad gäller detta produktsegment.

E-handelskanalen kan förknippas med olika fördelar och hinder, men med tillräcklig förtroende kan dessa hinder övervinnas. Denna rapport utforskar därför inköpsprocessen för e-handel av stora högengagemangsprodukter från ett kundperspektiv. I och med detta så identifieras viktiga fördelar och hinder, tillsammans med faktorer som bidrar till förtroendebildning och kundlojalitet. I rapporten kombineras olika forskningsområden som tidigare inte har undersökts tillsammans.

Resultaten är baserade på fokusgruppintervjuer, vilka visar att de främsta uppfattade fördelarna var ett lägre pris, enklare jämförelse mellan alternativ samt ett större produktsortiment. De viktigaste riskerna för detta produktsegment var prestationsrisk och finansiell risk tillsammans med risken för låg leveransprecision. Huvudfaktorer som bidrog till tillit var bra regler angående returer, god informationskvalitet och vägledning, tillsammans med påverkansbaserade faktorer, som till exempel rekommendationer från en vän. Slutligen identifierades faktorer som kundnöjdhet, kundtjänst samt något "extra" vid leverans att bidra till kundlojalitet.

Resultatet från denna studie bekräftar till viss del tidigare forskning. Ett exempel av detta är att studien bekräftar Venkatraman (1989) som visar att hög-engagemangs produkter är kopplade till högre risker. Förutom detta, finner också denna studie nya förslag på viktiga faktorer, som till exempel leveransprecision och något "extra" vid leverans, vilket kan vara specifikt för produktsegmentet stora högengagemangsprodukter.

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# 1 INTRODUCTION

This chapter aims to present an overview of the study. It includes a background, problem area, purpose and justification of the study. The outline of this thesis is also presented.

## 1.1 BACKGROUND

The global use of electronic commerce (e-commerce) within retail has grown considerably during the last two decades (Lu & Liu, 2015) from 7.4 % in 2015 to 8.7 % in 2016 and its growth is expected to continue. (Statista, 2018)

E-commerce offers new opportunities and have changed manufacturers' business, management, operations and trade models due to its high efficiency, low trade costs and simplified transaction processes. This has caused manufacturers in various industries to shift from traditional distribution through physical retailers, to the usage of electronic retailers and malls or independent e-commerce platforms to sell their products. (Lu & Liu, 2015) This shift from offline to online, has led to some companies with a strong presence in physical retail, like H&M, to struggle with the use of online retail channels. Other companies have created a completely new business model, an example of this is Rent the Runway (Ringstrom & Thomasson, 2018; Rent the Runway, 2018).

Due to the increased use of e-commerce, a large amount of research has been done on customer behaviour when using e-commerce (Anckar, 2003; Korgaonkar & Karson, 2007; Iglesias-Pradas et al., 2013; Chaparro-Peláez et al., 2015; Choshin & Ghaffari, 2016; Peterson et al. 1997). E-commerce has the great advantage to its customers of being time saving, accessible at any specific time and that the whole world is your department store among other things. Hence, a main advantage of shopping online is the convenience of it. (Anckar, 2003; Chaparro-Peláez et al., 2015) However, customers are aware of the potential risks involved when shopping online, such as insecure payment methods and poor handling of the customer's personal data, dissatisfaction with the product, or that the product is lost altogether in the delivery process, only

to mention a few. (Iglesias-Pradas et al., 2013; Anckar, 2003; Chaparro-Peláez et al., 2015; Biswas & Biswas, 2004; Jacoby & Kaplan, 1972). Hence, the stakes are high when shopping online and Biswas & Biswas (2004) also states that customers tend to experience a higher perceived risk when shopping online, compared to shopping in stores. These risks and barriers are the reasons as to why customers refrain to shop online, rather than the benefits not being sufficient (Anckar, 2003; Chaparro-Peláez et al., 2015).

Continuing, one of the most frequently mentioned risks when shopping online, is that the customer cannot properly evaluate the product before the purchase (Iglesias-Pradas et al., 2013; Anckar, 2003; Chaparro-Peláez et al., 2015; Choshin & Ghaffari, 2016). At the same time, not all products are equally important to evaluate before purchasing them and literature shows that customers perceive risk differently depending on the type of product they want to buy (Korgaonkar & Karson, 2007; Peterson et al., 1997). Consequently, by understanding the customer's risk evaluation connected to a specific category of products, it is possible for a business to have better precision in its offering to the customer (Taylor, 1974). This calls for further research concerning e-commerce within different industries, selling different types of products.

Typically, customers experience higher risks when purchasing high involvement products (Han & Kim, 2017). These products are characterized by the customer's greater interest in the object (Day, 1970) and examples of these products are cars, personal computers, jewellery or beds (Han & Kim, 2017). Burke (1997) suggests that e-commerce is an unsuitable channel of distribution for heavy, bulky, and fragile products; low-margin products; products requiring in-store demonstration; and products that are urgently needed. However, when the delivery cost accounts for a small share of the total cost of the product, because the product is expensive and infrequently purchased, e-commerce becomes possible (Peterson et al., 1997).

The literature holds several examples of how to increase the sense of security for customers shopping online. Some of the examples are to use well known and safe payment methods, to have clear return policies or to use quality guarantees (Iglesias-Pradas et al., 2013).

Taken together, risks are what makes customer refrain from shopping online (Anckar, 2003) and high involvement products induce higher perceived risks in customers (Han & Kim, 2017). This suggests that high involvement products are more difficult to sell online than other products, which calls for further research regarding what to focus on when selling high involvement products online, especially considering when the product is big and infrequently purchased.

#### 1.1.1 THE ONLINE PRESENCE OF BEDS AND OTHER BIG HIGH INVOLVEMENT PRODUCTS

One example of a product that is classified as high involvement (Choi et al., 2006) and also big, is a bed. The fact that everyone needs and prefers different types of beds is today obvious and research shows that lack of sleep causes eleven days of lost productivity yearly per worker. Lack of sleep has also been connected to increased risk of heart attack, stroke, cancer, obesity and injury (Huffington, 2016), supporting the importance of sleep to maintain a good health. Hence, choosing the right bed is of great importance to most customers. Today, there is a wide variety of products to choose from, which makes the selection of a bed even more complex.

Korgaonkar & Karson (2007) concludes that beds are usually coupled to a high financial risk, which is due to beds usually being a larger investment. However, the financial risk varies since it is determined by how the purchase affects the customer's ability to make other purchases. The financial risk is therefore depending on the customer's income and alternative use of money. (Korgaonkar & Karson, 2007)

Historically, the bedding industry and its retailers was believed to be resilient against this shift towards direct sales using e-commerce, since it is common to physically test a bed before the purchase. This is however changing, and in the US the introduction of online mattress stores, such as Casper and Tuft & Needle, has increased the share of mattresses sold online from 5% in 2012 to 10 % in 2016. (Zhang, 2017) Inspired by the great success of Casper who managed to sell for one million US dollars during the company's first month in business, others have started up companies with the same concept around the world (Casper, 2017; Simba Sleep, 2017). In addition, a Swedish company called Sweef has started to sell whole beds and other furniture, considered as high involvement products, online (Sweef, 2018). These new companies, who are selling high involvement products online, and succeeding, are creating a new trend that has been

observed by the authors of this thesis. This trend underlines the importance of understanding the customer needs to identify key factors influencing the purchase process of selling a big high involvement product online.

## 1.2 PROBLEM DISCUSSION

E-commerce has grown considerably within retail, and companies are forced to adopt to this new market structure, or they will eventually lose this customer segment to their competitors. E-commerce is now spreading to other industries selling big high involvement products, the bedding industry being one of them. However, customers behave differently online, depending on what type of product they are buying (Lastovicka, 1979; Korgaonkar & Karson, 2007; Shirkhodaee & Rezaee, 2014) and high involvement products increase the perceived risk for customers (Han & Kim, 2017).

Through the purchase process different factors affect the customer in different ways, and often in combination with other factors (Kim et al., 2008; Laurent and Kapferer, 1985; Chaparro-Peláez, et al., 2016). This, together with the fact that these factors are perceived differently by different people and that product attributes affect this perception (Laurent and Kapferer, 1985), makes the purchase process complex and multifaceted.

Big high involvement products tend to include testing, previews and physically experiencing the product before the customer takes a decision regarding the purchase. By understanding the benefits, risks, barriers, process of trust formation and customer retention, the experience for the customer can improve and the customer surplus can hopefully increase.

### 1.3 PURPOSE AND RESEARCH QUESTIONS

The purpose of this thesis is:

P1. To explore and discuss the key factors affecting the e-commerce purchase process, specific to big high involvement products based on benefits, barriers, trust formation and customer retention.

The research questions are:

RQ1. What are key perceived benefits for the customer when buying big high involvement products using e-commerce?

RQ2. What are key perceived barriers for the customer when buying big high involvement products using e-commerce?

RQ3. What are the key factors contributing to trust, and to the customer overcoming barriers, and going through with the purchase of a big high involvement product online?

RQ4. What are the key factors contributing to the customer retention, after the purchase of a big high involvement product online?

### 1.4 REPORT OUTLINE

In this section, the thesis outline is presented, and the setting of the thesis is provided. It consists of six chapters.

In Chapter 1, we provide the reader with the introduction. This is where a context for the thesis is laid out with the purpose of framing the problem at hand. This chapter contains the

background to the problem, the problem discussion, followed by the purpose and the research questions. At the end of this chapter, the outline of the thesis is laid out.

In Chapter 2, some of the relevant literature is discussed and a frame of reference is introduced on the subject of e-commerce purchase funnel. The frame of reference has the purpose of delimiting and structuring the empirical data gathering, analysis and discussion.

In Chapter 3, the methodology of the conducted research is described. The chapter covers the research purpose, approach and strategy as well as the gathering and analysing the literature and data. The chapter ends with a discussion of the reliability, validity and generalizability of this research. The purpose of this chapter is to describe the scientific method of this study and in doing that, the reliability of the empirical results will increase since the tools and context of the research will become available for other researchers to understand, repeat and improve.

In Chapter 4, the empirical results from this research is presented. First, the results from the questionnaire is presented and this is then followed by the empirical data from the focus group sessions.

In Chapter 5, the findings presented in chapter 4 will be analysed and discussed using parallels to the literature presented in chapter 2. The analysis will be guided by the frame of reference to give increased structure. This chapter will frame the thesis while showing its addition to existing data and literature.

In Chapter 6, the conclusion will be presented together with implications and suggestions regarding further studies. The purpose of this chapter is to answer the research question and also to provide a summary of the discussion of chapter 5.

## 2 LITERATURE REVIEW

In this chapter, we discuss some of the literature and introduce a frame of reference regarding the process of e-commerce for big high involvement products. The frame of reference has the purpose of delimiting, structuring and serve as an aid when gathering empirical data.

The chapter will begin with an introduction to e-commerce and previous research regarding the benefits, risks and barriers as perceived by the customer. Subsequently, theories regarding trust formation are presented, together with a more detailed description of high involvement products and the purchase process online. This is all integrated into a frame of reference that finalizes the chapter.

### 2.1 B2C E-COMMERCE

E-commerce is in this study defined as the facilitation of transactions and sales of products and services online from business to consumer, B2C, via any form of information communication network. Through the use of e-commerce, the productivity of a business can be increased due to reduced transaction and search costs and also due to reduced costs of transportation and inventory. (Basu and Siems, 2004) A possible customer benefit that can originate from the reduced costs for the business, together with the lowered search and switch costs for the customer, is a lowered price for the customer. (Chiang & Zhen, 2010) The information accessibility in e-commerce facilitates for customers to switch to another e-vendor, should the customer be unsatisfied, which in turn contributes to the high level of competition on the online market. This is supporting the assumption regarding the existence of lower price for the customer when shopping online. (Cao, Zhang & Seydel, 2005) However, evidence from the literature is mixed regarding if this will be the case, or if the lowered costs will instead result in higher firm profits. (Prieger and Heil, 2014) A possible explanation as to why the firms would be able to keep high profits in spite of the high level of competition is due to the fact that brands and firm reputation may have emerged as new switching costs in the virtual market (Torres et al., 2014; Ba et al., 2012) It is possible that these factors have become more important, as the trust forming during the purchase process can no longer be built with a physical person. On the other hand, the argument can be angled differently. According to Siaw and Yu (2004), the information

accessibility makes branding less important due to the lowered search costs. They also point out that branding offers less product differentiation in e-commerce compared to traditional commerce. This argument is, however, based on the assumption that the customer finds it easy to search for the information and that all the information needed is easily accessible online.

If a seller within e-commerce will become successful or not, depends on whether the customer goes through with a purchase, and whether the customer is likely to return to the site (Chen & Chou, 2012). This means that it is not enough for the online seller to only catch the attention of a potential customer, but it is also necessary for the seller to be trustworthy enough for a purchase to take place. According to Becerra & Korgaonkar (2011), lack of trust has been suggested as the main reason as to why customers choose to leave a website without going through with a purchase. This is confirmed by Choshin & Ghaffari (2016) who also writes about customer satisfaction and attention to customers' behaviours as critical success factors, where the customers' trust, security of their personal information and accessible information were presented as important.

## 2.2 BENEFITS

For physical products, sales over the Internet can be conducted using direct sales from the company's web page, or by using some form of Internet mall. The benefit of using an Internet mall is that it increases the efficiency for both sellers and customers by aggregating both parties. This benefit's both parties and drives the customer towards making a purchase (Sandulli et al., 2014) and increases customer welfare (Brynjolfsson et al., 2011). Shopping online has also other benefits to the customer. One of the main drivers for shopping online is that the customer can shop at anytime and anywhere. (Kumar et al, 2013; Kangis & Rankin, 1996) The convenience and accessibility of shopping online is far greater compared to shopping in stores. (Kangis & Rankin, 1996) The increased convenience was also confirmed by Chaparro-Peláez et al. (2015) as a necessary condition in order to shop online. The definition of convenience used by Chaparro-Peláez et al. (2015) includes the reduced physical, psychological and cognitive effort of shopping online together with the convenience associated with the free choice of payment method present in online shopping.

When shopping online, you can purchase products from all over the world, hence the companies and products to choose from is wider. Furthermore, it can be time saving to shop online since one does not have to leave in order to go out and buy the product. The search process of a product and payment can also be more efficient online than in a retail store. (Anckar, 2003)

As e-commerce is growing, the use of Internet is accelerating the value innovation in the service dimensions concerning convenience, speed, price and personalization. This is causing a transformation in the notion of value, new opportunities are created, and pressure is applied on the established firms (Hitt et al., 2001), as competition is now occurring in two worlds, the physical world and the virtual world made of information (Rayport and Sviokla, 1995). In virtual markets, information has to the customer become as important as products and services themselves (Hagel and Singer, 1999). According to Kumar et al. (2013) the information presented online is also more compact and richer compared to offline channels, which increases its quality.

The process of co-creation and interaction in the online environment makes it easier for the customer to communicate motives and information needs (Grant et al., 2010). Co-creation adds a new dynamic of the product-customer relationship through the engagement of the customer at any stage of the value chain. (Schultze et al., 2007) Some studies suggest that customer participation positively affects customer outcomes such as customer satisfaction and added value. (Santos et al., 2013; Ballantyne, et al, 2008; Vargo and Lusch, 2004) Customization within e-commerce makes it possible to change the product or service to suit the purchasing behaviour and preferences of a customer (Kumar et al, 2013). Increased customization has been made possible due to the lowered costs of production together with co-creation. (Sandulli et al., 2014) Sandulli et al. (2014) suggest that two of the key mechanisms of value creation by internet business is efficiency and customization. Improved efficiency ranges from transactions and search costs to increased trust through stakeholder ratings resulting in reduced contracting.

Chaparro-Peláez et al. (2015) concludes that the drivers affect the customer as a whole and that there is no single driver that leads to shopping online, even though convenience is a criterion. Instead, it is the different combinations of drivers that leads customer to actually make an online

purchase. Therefore, managers should try to provide as many drivers as possible for their customers.

### 2.3 BARRIERS

As concluded above, there are some advantages to shopping online compared to using other channels, such as physical stores. However, customers refrain from shopping online mainly due to perceived barriers and risks rather than due to lack of appreciation of the benefits associated with e-commerce. (Anckar, 2003) Barriers are in this study defined as factors preventing customers from shopping online. As a part of this are different risks.

There are many different barriers as to why customers do not shop online. To begin with, some customers have little experience in using the Internet or they find it expensive to enter the virtual market or to use the Internet (Anckar, 2003). Reyes-Mercado & Rajagopal (2015) concludes that Internet literacy leads customers to perceive online shopping as easier. Hence, in comparison to customers with high Internet literacy, those with little experience of using the Internet will think of online shopping as more complex. Nevertheless, for those who have adapted to the Internet, the literature reports several other barriers, mainly connected to different types of risks (Iglesias-Pradas et al., 2013; Anckar, 2003; Choshin & Ghaffari, 2016; Han & Kim, 2017).

There exists a general distrust towards e-vendors, as well as in the Internet as a shopping channel (Vijayarathy & Jones, 2000). Customers need to trust the seller in order to be willing to open up for the vulnerability of a transaction and the risk that the seller might exploit it. However, Bianchi and Andrews (2012) states that it could be harder for a customer to trust an unfamiliar e-vendor due to the non-existing initial level of trust. Online, there are several new sellers that have no traditional store and the businesses are therefore rather unknown to the customer. This, in combination with it being much easier to set up a fraudulent business online, makes it more difficult for the customer to simply trust a e-vendor. (Vijayarathy & Jones, 2000) Some sources point out that customers also feel this general distrust towards e-vendors due to lack of contact with a physical person (Chaparro-Peláez et al., 2015; Biswas & Biswas, 2004). This might be connected to the reasons listed above since there is less to evaluate and less to connect to.

Despite this, the company is more likely to receive trust by providing the customer with information (Wang & Emurian, 2005). Trust, can according to Bianchi & Andrews (2012), have a positive impact on purchase intention. Although, Wang & Emurian (2005) point out that the level of trust that is needed for the customer to go through with the purchase is individual.

Another interesting barrier is that shopping online is not as enjoyable as shopping in stores, (Rosen & Howard, 2000; Phau & Poon, 2000) since some customers feel that it is relaxing and satisfactory to look, feel and evaluate the products in a store. This relaxing feeling is not very likely to be transferred to online-shopping. However, Jones (1999) state that not all enjoyment concerning shopping has to be tied to the location. Enjoyment can also be experienced due to sales or exclusive and rare products.

Anckar (2003) address that with online-shopping comes delivery time and there is not the instant satisfaction as when one makes a purchase in a store. This means that if a certain product is easily accessible in a retail-store and can be picked up at the time of the purchase, compared to buying it online, some customers might prefer to buy that product in a store instead of waiting for several days or maybe even weeks (Anckar, 2003). Also, Díaz and Ruíz (2002) showed that a longer delivery time made customers increasingly frustrated. Taking this together, it can be said that customers generally do not like to wait too long and since online shopping is a remote transaction, the delivery time is experienced as a barrier to some customers. However, Chaparro-Peláez et al. (2015) concludes that the barriers discussed so far does not actually prevent customers from shopping online, only the perception of risk do.

When focusing on perceived risk, if any of the different risks perceived when shopping online are changed, the other perceived risks might increase, decrease or stay constant (Jacoby & Kaplan, 1972). However, the perceived risk has been proven to affect customers' trust and purchase intention negatively (Kim et al., 2008). Continuing, Chaparro-Peláez et al. (2015) states that perceived risk is the only true barrier for customers to decide whether they should shop online or not and that managers should strictly focus on increasing the sense of security.

One of the most frequently reported barriers according to customers is that they cannot evaluate the quality of the product thoroughly enough since one cannot touch, feel or smell it. Hence, there is an uncertainty of the product not functioning as expected and this risk is often named as the performance risk. (Iglesias-Pradas et al., 2013; Anckar, 2003; Chaparro-Peláez et al., 2015; Choshin & Ghaffari, 2016; Biswas & Biswas, 2004) The fact that a customer cannot examine the product by touching, feeling or smelling it when purchasing online, might be why there are articles discussing whether some products are more suitable for e-commerce or not (Rosen and Howard, 2000; Peterson et al. 1997) and also showing that the online-channel tends to induce higher risk than the traditional in store channel (Biswas & Biswas, 2004). This is also discussed by Phau and Poon (2000), who argues that since only two of the human's five senses can be used when shopping online, sound and sight, some products are less suitable for online shopping. According to Anckar (2003), the fact that one cannot evaluate the quality of a product online as well as in a retail store is the one of the greatest barriers to overcome. This is also confirmed by Bhatnagar et al (2000), who states that the performance risk is a perceived risk that is predominant when shopping online. Hence, customers wish to make sure that they buy a well-functioning product by doing an evaluation in person.

There are several advices as to how one can help the customer to evaluate the product better or to simply lower the importance of evaluating the product. This can be done by having clear return policies, increasing product presence by using social media for marketing, interactive display of the product and working together with bloggers who can display the product. Quality guarantees can also be a way of lowering the barriers and companies can benefit from having a well-known, trusted third party monitoring the guarantees of the company, since then customers can more easily trust the company itself. (Iglesias-Pradas et al., 2013)

Another identified factor as a potential driver towards increased trust (Wu and Wang, 2011) and purchase is the electronic word-of-mouth or eWOM (Chevalier and Mayzlin 2006; Zhu and Zhang 2010), especially concerning niche products (Dellarocas et al., 2010). For high involvement products, external eWOM has shown to have a significant impact on sales and studies suggest that customers conduct pre-purchase searches at external sites. (Gu et al., 2012)

When buying a product, we are also concerned with what others may think of us when buying a specific brand of a product, which is usually referred to as social risk. There is also a similar risk, psychological risk, which comes down to the product not aligning with the customer's self-image and the customer might change what he thinks of himself (Jacoby & Kaplan, 1972). Korgaonkar & Karson (2007) names these two risks as one, psychosocial risk, which is the affect the purchase will have on other people's' opinions regarding the customer. However, Jacoby & Kaplan (1972) believes these two should be separated, since there are situations when we consume something in private, whereas other people's opinions about the customer does not change, even if the customer's self-image might do.

Continuing, customers perceive risks in terms of security, regarding payment methods and personal data, since the customer often have to share information such as credit card number, address or name for example. This risk is often referred to as the transaction risk. This is perceived as a risk, since the card can be skimmed, or the customer could experience an identity theft. (Iglesias-Pradas et al., 2013; Anckar, 2003; Chaparro-Peláez et al., 2015; Biswas & Biswas, 2004). However, according to Iglesias-Pradas et al. (2013) this perceived risk can be eased by offering well-known payment methods such as Pay-Pal or Klarna for example or by requiring as little personal information as possible in order to make the purchase.

According to a study by Leppel and McCloskey (2011) there are differences in experience of e-commerce between different age groups. Customers over 50 tend to feel more frustrated when searching for product information and are more worried about transactional risks. However, the study found no difference in the attitudes towards the benefits of e-commerce between different age groups.

Biswas & Biswas (2004) also address the financial risk as the “the uncertainty and the monetary loss one perceives to be incurring if a product does not function at some expected level” (p. 32) and “the uncertainty of not receiving the product at all, even after paying for it” (p. 32). However, according to Korgaonkar & Karson (2007), the financial risk varies, since it is determined by how the purchase affects the customer's ability to make other purchases. The financial risk is therefore depending on the customer's income and alternative use of money. Bhatnagar et al (2000) means that the financial risk, other than the performance risk, is the other

perceived risk that is predominant when shopping online. Chang & Wu (2012) further states that warranties and guarantees can be used in order to lower the sense of financial risk, since then customers won't have to worry about spending more money to repair or buy a new product.

Even though these barriers are very frequently mentioned in literature, customer behaviour changes over time since experience acquired from purchases makes perceptions change. (Taylor and Todd, 1995; Yu et al., 2005). However, when customers repeat their behaviour, they feel more and more in control and form favourable intentions about purchasing (Liao et al., 2006). This is also true for e-commerce, and customers can start to value some aspects of the online shopping process more highly and to ignore certain characteristics that may have been important in the early stages.

## 2.4 TRUST FORMATION

If a customer perceives a trustee, such as an online seller, to have the sufficient ability, benevolence and integrity, the seller is deemed trustworthy. As trust is formed, the trustor intends to accept vulnerability in the form of risk toward the trustee. (Mayer, 1995) If the sense of risk is too high it can also be expressed as lack of trust.

People may purchase from an untrusted seller if the benefit, such as a very low price, is a strong enough incentive. (Kim et al., 2008) The trust building process together with the customer's perceived risk can according to Kim et al. (2008) be categorized into four categories:

**Cognition (observation)-based:** such as privacy protection, security protection, information quality, return policy.

**Affect-based:** such as reputation, presence of third-party seals, referral, recommendation, buyers' feedback, word-of-mouth.

**Experience-based:** such as familiarity, Internet experience, e-commerce experience.

**Personality-oriented:** such as disposition to trust and shopping style.

The different categories presented above are connected to different ways that an online vendor can build customer trust. It is a way of parrying risks, which is mentioned shortly in section 2.3. However, since the cognition category is, among other things, coupled to the transaction risk (i.e. the risk of giving out private information that can be used for identity theft etc.), the online vendor can use techniques such as secure payment methods (Klarna, Pay-Pal) in order to lower the perceived transaction risk (Iglesias-Pradas et al., 2013). As mentioned earlier, Iglesias-Pradas et al. (2013) also suggest that online vendors try to collect as little information as possible about their customers. Kim et al. (2008) also suggest that online vendors can use a security policy, guarantee or encryption in order to increase customer trust.

The “information quality” is described by Kim et al. (2008) as “a customer's general perception of the accuracy and completeness of Website information as it relates to products and transactions” (p. 549). The authors also state that it is generally accepted that the internet holds both accurate information, inaccurate information and information intended to mislead. Information quality is not as easily coupled directly to only one of the described risks, even though they could be seen as the general distrust towards online vendors and the internet as a shopping channel.

Continuing, the affect-based category deals with the overall perception of risk with the help of third party seals and the building of a good reputation through eWOM, hence this category can also be coupled to the general distrust. As mentioned earlier companies can benefit from having a third party monitoring them and making sure they fulfil their quality guarantees (Iglesias-Pradas et al., 2013). Kim et al. (2008) also suggest that a third party can monitor that the company honours several of its promises to the customers, such as their payment methods, privacy guarantees and return policies for example. Also mentioned earlier is that the eWOM can build customer trust (Wu and Wang, 2011). This is also the view of Kim et al. (2008) who states that a good reputation shows the customer that the company will most likely continue to honour its promises.

Concerning the experience- based category, Kim et al. (2008) states that familiarity with a certain webpage increases the customer trust. The familiarity is based on the customer’s previous

positive experiences with the vendor, but also on the previous internet experience and e-commerce experience.

Lastly, when looking at the personality-oriented category, Kim et al. (2008) conclude that people have different dispositions to trust and that people who trust more easily will also more easily trust when shopping online.

#### 2.4.1 DUAL PROCESS REASONING

Trust formation may, however, also be influenced by intuition, also called associative reasoning by Sloman (1996) which is a contrast to deliberative or rule-based reasoning. The two systems operate differently, and an individual may use either one in a given situation. The individual will not be aware of the logic behind a decision if it is based on an associative process, since there may not be one. (Sloman, 1996) Still, the associative or intuitive reasoning plays a significant role in social interactions (Andersen et al., 1996) and people can efficiently judge the trustworthiness of a face in under 100 ms and this judgement will then likely remain even if more time is provided (Willis & Todorov, 2006). In the same way it is plausible that the customer judges the online seller based on a short glimpse of the webpage. (Roghanizad and Neufeld, 2015)

Some argue that trust and a relationship can start to be formed during the first interaction with the site based on non-rational factors such as web characteristics and cues (Breneman & Karimov, 2012; Shankar et al., 2002) even though it is not enough to form a long-term customer relationship. (Kassim and Abdullah, 2010)

The probability that associative reasoning is used, is increased if the customer faces risk combined with ambiguity (that the probability of different risks are unknown). (Butler, Guiso, and Jappelli, 2014; Inbar et al., 2010) An example of this can be found in research reporting that a majority of online customers have never read a privacy statement (Meinert et al., 2006).

Previous studies have examined trust formation by providing subjects with explicit evaluative information and this undermines the use of intuition as the surveys promote deliberate thinking. (Roghanizad and Neufeld, 2015)

## 2.5 HIGH INVOLVEMENT PRODUCTS

Involvement was defined by Day (1970) as “the general level of interest in the object, or the centrality of the object to the person’s ego-structure” (p. 45). This statement is confirmed by the existence of a psychological risk when purchasing a product. A high involvement product should therefore be more central to a person’s ego-structure and this close relationship is according to Evrard and Aurier (1996) the relational variable most predictive of purchase behaviour. This manifests as the time the customer spends browsing the products and the thought and effort invested in the purchase process (Shirkhodaee & Rezaee, 2014). To understand the customer's decision-making behaviour regarding a purchase it is therefore important to know the customer’s product involvement level. (Chakravarti & Janiszewski, 2003).

Several attempts of measuring the construct of involvement have been made. Some have used a uni-dimensional scale, such as the generic scale by Traylor and Joseph (1984) or by Zaichkowsky (1985 and 1994). A multidimensional approach has also been developed, with involvement profiles by Laurent and Kapferer (1985). However, Evrard and Aurier (1996) lent support for the unidimensional approach, such as the one developed by Choi et al. (2006).

Unsurprisingly, different measurement approaches have found that the level of involvement varies between different customers and this has given rise to the use of involvement level as a way to segment customers (Bloch, 1980; Laurent and Kapferer, 1985; Longfellow and Celuch, 1993; Martin, 1986; Zaichkowsky, 1985). Involvement level also varies between product categories (Laurent and Kapferer, 1985; Zaichkowsky, 1985) and this suggests that the usage context or characteristics of products or brands systematically arouse customers’ involvement. (Martin, 1998)

According to Venkatraman (1989), risk can be seen as a consequence of product involvement and high-involvement products therefore have high risk which, as previously mentioned, makes customers search more actively for information and this pattern is also confirmed by Han and Kim (2017). Online shoppers who are highly involved with products also have a tendency to be more sensitive towards deficiencies of information on the site. Proper presentation of

information is in other words one of the critical success factors for selling high involvement products online. (Choi et al., 2006) However, this information need must sometimes be balanced against an attractive website design (Huizingh, 2000) and it is therefore interesting to understand different product characteristics from a customer perspective. (Choi et al., 2006)

To describe how difficult or easy it is to present information, that fits the customer’s requirements, about a product online, Choi et al. (2006) refer to it as information quality fitness. According to this classification system, a product that is easily described online, has a high information quality fitness, whereas a product that is difficult to describe online, has a low information quality fitness. Combined with involvement level, the author has generated four product categories presented in Figure 1.

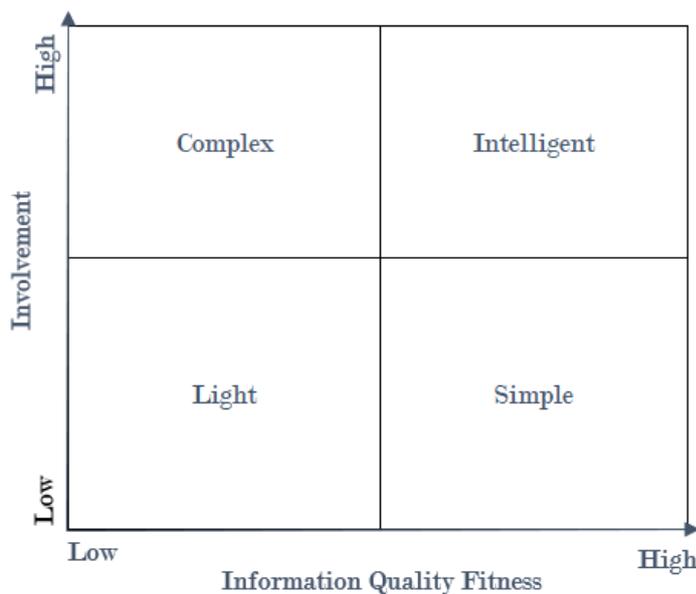


Figure 1. Product Categorization Scheme (Choi, et al., 2006)

The category defined by Choi et al. (2006) as “Complex products” have low information quality fitness combined with high involvement. Customers may find it difficult to articulate this type of products clearly via the Internet because they need to touch or feel them; implying that these products require comprehensive information. (Choi et al., 2006) This product category is similar to the category named “look and feel” by De Figueriedo (2000) or the category defined as

heterogeneous products by Rosen & Howard (2000). Examples of products in this category are rings, perfume or beds. (Choi et al., 2006)

The category including products with high-involvement level combined with high-information quality fitness products are defined as being intelligent. This category is relatively easy to understand online, but the customer still needs information regarding various aspects and will continue to search until satisfied. (Choi et al., 2006)

Low involvement and high-information quality fitness products are defined as being simple to understand. Light products have low information quality fitness together with low involvement. (Choi et al., 2006) Since, this paper will focus on high involvement products, these two categories will not be discussed further.

Apart from level of involvement, some studies suggest that physical attributes of the product affect its suitability for e-commerce. Burke (1997) suggests that e-commerce is an unsuitable channel of distribution for heavy, bulky, and fragile products; low-margin products; products requiring in-store demonstration; and products that are urgently needed. However, when the delivery cost accounts for a small share of the total cost of the product, because the product is expensive and infrequently purchased, e-commerce becomes possible (Peterson et al., 1997).

## 2.6 PURCHASE FUNNEL

The different steps of a purchase process in an online environment is described by Agrawal et al (2001) as attraction, conversion and retention and this is illustrated in Figure 2. These three steps are also three steps in time; before, during and after the purchase.

During the phases of a purchase process it is important that the customer experiences the online seller as trustworthy. To achieve this, Su et al. (2008) suggest that it is important that the customer can find information together with the sense of quality, convenience, price, control and security.



*Figure 2. E-commerce Purchase Process. (Agrawal, et al., 2001)*

Through the purchase process different factors, such as financial risk or referrals, affect the customer in different ways, and often in combination with other factors (Kim et al., 2008; Laurent and Kapferer, 1985; Chaparro-Peláez, et al., 2016). This, together with the fact that these factors are perceived differently by different people and that product attributes affect this perception, makes the purchase process complex and multifaceted.

### 2.6.1 ATTRACTION

The attraction step is before the purchase. At this stage the customer has decided to buy a type of product but not yet decided from where. Hence, the customer is attracted to a specific product in some way. The customer is then searching for information about products (Chen & Barnes, 2007; Singh, 2002) and brands are evaluated to find products that matches the customer's demands in terms of price, service and quality, among others. (Chiang & Zhen, 2010; Su, Li, Song & Chen, 2008) When the customer has decided for an e-vendor, the e-vendor can provide the customer with information about services that can be or are provided and this increases the customer's commitment to the purchase if the service is accepted. (Chen & Barnes, 2007; Singh, 2002) Online services that provides the customer with information regarding price, delivery, payment and after-sales support are in other words appreciated by the customer. Good presentation and logical structure of information in this stage increases the customer's level of trust (Chen & Barnes, 2007).

To support the customer in this information search process, several intermediaries, comparison sites and eWOM can be used, as mentioned earlier.

## 2.6.2 CONVERSION

Conversion is the stage of transaction, where the actual purchase takes place. (Agrawal et al, 2001) The use of information and commitment marks the intention to transact (Chen & Barnes, 2007). For the customer to feel more secure with the transaction, the e-vendor can provide the customer with options and information regarding payment methods which makes it possible for the customer to choose a familiar option, i.e. options to which they have positive knowledge or experience of. (Chen & Barnes, 2007; Singh, 2002) Compared to the attraction phase, where one evaluates several options and reflects for some time, the conversion is during a very short period of time, since it is one action that is the step between attraction and retention, resembling a switch. We will further on refer to this step as “purchase”.

## 2.6.3 RETENTION

After the customer has gone through with the transaction, the customer values the reception of a receipt, an order acceptance and delivery date. After sales support is also valued by customers, as it gives somewhere to turn to, if there is a problem with the purchase. (Singh, 2002) Other after-sales services that can be provided are installing of the product, warranty and repair contacts which could be presented as a link on the website (Chiang & Zhen, 2010). These services are argued to increase the perceived value for the customer and thereby strengthening the customer relationship. (Singh, 2002) These services are extra important if there is a problem with the product and it is therefore key that the product meet the customer’s expectations. (Su, Li, Song & Chen, 2008)

Several authors acknowledge the strategic advantage of maintaining a customer base as opposed to only attracting new customers (Luck and Lancaster, 2003; Rowley, 2002). According to a quote by Kandampully and Duddy (1999) “it costs five times more to attract a new customer than it does to keep an existing one”. Customer Relationship Management (CRM) can be used throughout the purchase process to improve the relationship with the customer, increase customer satisfaction and thereby the customer retention. (Stone et al., 2002)

## 2.7 FRAME OF REFERENCE

Relevant theories and concepts for this research have been presented in the literature review and will constitute the foundation of the frame of reference and the conceptualization of the research question. The graphical presentation of the frame of reference can be seen in **Error! Reference source not found.** and the conceptual presentation can be seen in

Table 1.

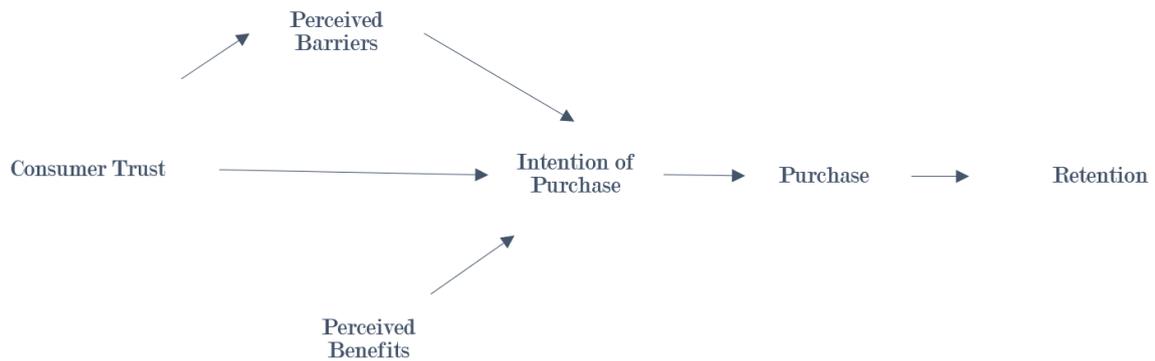


Figure 3. Illustration of Frame of Reference used in this study. (Kim, et al., 2008; Agrawal, et al., 2001)

The frame of reference contains the benefits associated with buying through e-commerce channel together with the risks and barriers which need to be bridged by trust to contribute to a purchase intention and move forward with the purchase (Kim, et al., 2008). After the purchase, a perspective of retention is also added to the frame of reference based on Agrawal, et al. (2001) and due to its positive effect on a company's strategic advantage (Luck and Lancaster, 2003; Rowley, 2002).

The purchase process is analysed from a perspective of high-involvement products to understand which factors are more important than others given this context.

Table 1. Frame of Reference

<b>Barriers</b>		
Financial Risk	The uncertainty of losing money due to a defect product or due to not receiving any product at all.	Biswas & Biswas, 2004
Transaction Risk	the risk of giving information (such as credit card number, name, address) that can be used for identity theft etc.	Biswas & Biswas, 2004; Iglesias-Pradas et al., 2013
Performance Risk	The risk that a product does not function at the expected level.	Biswas & Biswas, 2004; Choshin & Ghaffari, 2016
Psychological Risk	The risk of a product not aligning with the customer's self-image and the customer might change what he thinks of oneself.	Jacoby & Kaplan, 1972
Social Risk	The risk that others may think less of us when buying a specific brand of a product.	Jacoby & Kaplan, 1972
Little Internet Experience	Not familiar with using the internet, which make online shopping seem more difficult.	Reyes-Mercado & Rajagopal, 2015; Anckar, 2003
Expensive Internet	The cost of having internet connection is too high.	Anckar, 2003
General Distrust	The risk of fraud in general, not trusting e-vendors.	Vijayarathy & Jones, 2000
Less Enjoyable	Not as relaxing and satisfactory activity as to look, feel, smell and evaluate the products in a store.	Rosen & Howard, 2000; Phau & Poon, 2000
Delivery Risk	One has to wait in order to receive the product instead of getting it instantly.	Díaz and Ruíz, 2002; Anckar, 2003
<b>Benefits</b>		
Lower Search and Switch Costs	The cost of searching for information is lower (Basu and Siems, 2004) e.g. no travelling between stores (Anckar, 2003), easier to compare options due to information accessibility, also easier to switch e-vendor (Cao, Zhang & Seydel, 2005). Sellers can also be more aggregated and thus easier to find for the consumer (Brynjolfsson et al., 2011; Sandulli et al., 2014). Information online can be more compact and rich (Kumar et al, 2013).	Basu and Siems, 2004; Anckar, 2003; Cao, Zhang & Seydel, 2005; Brynjolfsson et al., 2011; Sandulli et al., 2014; Kumar et al, 2013
Lower Price	Lower price. (Chiang & Zhen, 2010) Higher firm profits instead. (Prieger and Heil, 2014)	Chiang & Zhen, 2010; Prieger and Heil, 2014
Accessibility and Convenience	Shop anytime and anywhere. (Kumar et al, 2013; Kangis & Rankin, 1996) Vast product range. (Anckar, 2003) Convenient. (Chaparro-Peláez et al., 2015) Payment process more efficient. (Anckar, 2003) Time saving. (Anckar, 2003)	Kumar et al, 2013; Kangis & Rankin, 1996; Anckar, 2003; Chaparro-Peláez et al., 2015
Personalization, Co-creation	Products can be customized more due to new ways of communication.	Grant et al., 2010; Sandulli et al., 2014

<b>Trust formation</b>		
<b>Cognition based</b>		
Privacy Protection	The consumer's perception of that the e-vendor will try to protect the consumer's confidential information collected during electronic transactions from unauthorized use or disclosure.	Kim et al., 2008; Choshin & Ghaffari, 2016
Return Policy	Terms for product return.	Iglesias-Pradas et al., 2013
Information Quality	The richness and quality level of information provided.	Choi et al., 2006; Choshin & Ghaffari, 2016
<b>Affect based</b>		
Reputation	Sense of previous or general behaviour from the seller.	Kim et al., 2008
Presence of Third Party Seals	Assurance from a third-party certifying actor.	Kim et al., 2008
Referral, eWOM, Recommendations	Assurance from other third-party e.g. peer or social media.	Chevalier and Mayzlin 2006; Zhu and Zhang 2010
<b>Experience Based</b>		
Familiarity	The consumer's degree of acquaintance with the selling entity, which includes knowledge of the vendor and understanding its relevant procedures such as searching for products and information and ordering.	Kim et al., 2008
Internet Experience	Previous experience of using the internet.	Kim et al., 2008
E-commerce Experience	Previous experience with the e-commerce channel.	Kim et al., 2008
<b>Personality Oriented</b>		
Disposition to Trust	How easy it is to trust in general based on background and experiences, e.g. faith in humanity.	Kim et al., 2008
Shopping Style	High or low involvement customer.	Kim et al., 2008; Bloch, 1980
<b>Dual process reasoning</b>		
Intuition	Unexplainable reasoning.	Roghanizad and Neufeld, 2015
<b>Retention</b>		
Customer Satisfaction	That you get what you thought you would get or more.	Choshin & Ghaffari, 2016
After-Sales Services	Installation, customer support, warranty and repair.	Singh, 2002; Chiang & Zhen, 2010

### 3 METHODOLOGY

This chapter aims to describe the methodology of the research conducted. The chapter covers the approach to finding and choosing literature and data together with the methodological approach when analysing it. The chapter is finalized with a discussion regarding the reliability, generalizability and validity of this research. This detailed description of our method, tools used, and context of our study will increase the credibility of the empirical results since it enables other researchers to understand, repeat and improve the study.

The research method will be described in different sections starting with the overall research purpose, approach and strategy. After that, the method of gathering and analysing the data is covered and to end this chapter there is a discussion regarding the reliability, generalizability and validity of the research. The purpose of this chapter is to establish and explain the scientific approach set out to answer the research questions defined in Chapter 1.3.

### 3.1 RESEARCH PURPOSE

To begin with, the purpose of a research is what the research should strive to achieve. This research purpose can be exploratory, descriptive or explanatory. (Saunders, et al., 2000, 2007; Cooper and Schindler 2006; Yin 2009; Zikmund, 2000).

- In exploratory research, the researcher(s) aim to clarify and understand a new, vague or ambiguous problem, which will result in hypothesis, suggestions or ideas for further research (Robson, 2002; Yin, 2009; Zikmund, 2000).
- A descriptive study is when the researcher(s) wish to find accurate characteristics of a population, situation or events by using a well-established structure to investigate this, such as descriptive statistics (Samouel et al., 2003; Zikmund, 2000; Robson, 2002).
- An explanatory study tries to identify and describe causal relationships between different variables (Blomkvist & Hallin, 2015) and the effects of these relationships (Saunders, et al., 2000, 2007; Cooper & Schindler, 2006).

This thesis does not investigate a causal phenomenon and does not have as goal to use the empirical data as an exact reflection of the phenomenon investigated; hence this study is neither descriptive nor explanatory. Instead, the purpose of this research is “to explore and discuss the key factors of an e-commerce purchase process, specific to big high involvement products based on benefits, barriers, trust formation and customer retention” and the researchers view this problem as complex and multifaceted, since there might not exist one single, objective answer. In addition to this, no previous studies have explored the trust formation, benefits and barriers connected specifically to big high involvement products, meaning that the problem investigated is new for big high involvement products. Because of these reasons, the research purpose of this study is of exploratory character.

## 3.2 RESEARCH APPROACH

To begin with, a qualitative study takes the approach of investigating an area with the help of words, to develop a contextual, deeper comprehension. In contrast to this, there is the quantitative approach, which can be described as explaining with the help of numbers, in order to develop a more generalised and exact understanding. (Blomkvist & Hallin, 2015)

This thesis has a qualitative approach, since the research questions are complex, involves many different aspects and might not have one objective answer, making a quantitative method unsuitable. In addition, the qualitative approach will provide an opportunity to combine the previous research found, which has not looked at the general benefits, barriers and trust formation for online purchases together with the general purchase process of big high involvement products.

To answer the research questions of this thesis, a deductive approach has been chosen. This is not the common approach for a qualitative study. However, it was viewed as suitable in order to answer the research questions, which were formulated in close connection with existing theory. This is the case, since the deductive approach focuses on developing richer theoretical knowledge (Saunders et al., 2009). A literature review of relevant scientific publications was therefore done before initiating the gathering of empirical data.

### 3.3 RESEARCH STRATEGY

According to Yin (2009), there are five main research strategies within the field of Social Sciences and these are:

- Experiments
- Surveys
- Case studies
- Histories
- Archival analysis

The purpose of a research is a statement of what the research is to investigate, which can be called the explanandum. The research strategy, which is what is used in order to investigate the explanandum, can be called the explanans. (Blomkvist & Hallin, 2015)

Blomkvist & Hallin (2015) describes that explanandum and explanans are closely linked together, since the explanans should be based on the phenomenon that the research is to investigate (explanandum). This means that the research strategy should be based on the purpose of a study and it should explain what type of material will explain the phenomenon investigated.

When a study is investigating a phenomenon of multifaceted character, the explanans can never fully and completely reflect the explanandum. The research strategy should then focus on collecting rich and vivid material, instead of trying to collect a generalizable material with as many data points covered as possible. (Blomkvist & Hallin, 2015) This is the reason as to why a case study has been chosen for this thesis, where thorough material will be collected for one case, the case of beds.

### 3.4 DATA COLLECTION

When choosing what type of data collection method to use as the main source of data, there were many different aspects to consider. Since the aim was to gain understanding about the research area on a deeper level and from a customer perspective, the methods considered were interviews and focus groups. Another benefit of using interviews and focus groups as a methodology, it is possible to ask follow-up questions and allow for more exploration and understanding of what the respondent(s) actually mean.

According to Morgan and Krueger (1998), focus groups are an effective means of examining customer-product interactions in depth with a small representative segment of users. Focus groups can result in a deeper understanding of the phenomenon investigated since the respondents can stimulate each other with new ideas and perspectives. This way, the respondents might talk about things that they would not have thought of during an interview and the authors might therefore get results that would have been missed during an interview. (Baxter et al., 2005) This was the main reason as to why focus groups were chosen over interviews as the main source of data in this study. In addition to this, focus groups are good for understanding people's values, perceptions and feelings about a topic (Wilson, 2013).

However, the focus group requires extensive preparation in order to be of value, since there are many variables to control and much that can go wrong. For example, if one of the respondents is very dominant and know much more about the subject, that person might become somewhat of a “guru” for the group. This will distort the conversation and it will be dominated by that person only, which will limit the data quality. (Carey, 2015) This is one of the greatest weaknesses of focus groups (Wilson, 2013) and the actions taken to handle these situations will be described further under 3.4.1 Focus Group Design.

Wilson (2013) suggests that in order to control patterns or reoccurring topics, a number of three or more focus groups are enough. However, it was decided to hold as many focus groups as needed in order to establish saturation of data. This resulted in a total of four focus groups, since then it was very clear that same answers kept reoccurring frequently in all focus groups.

### 3.4.1 FOCUS GROUP DESIGN

As mentioned above, focus groups are of value, only if they are conducted in the right way (Baxter et al., 2005). In order for the focus groups to be valuable data for this research, several preparations were made.

To begin with, in order for focus groups to generate valuable data, the moderator(s) need to be able to handle the situation and many agree on that the key to a successful focus group is a skilled moderator (Wilson, 2013; Baxter et al., 2005; Blomkvist & Hallin, 2015). The moderator needs to create a non-judgmental and open atmosphere and at the same time ensure that the participants discuss something of value (Baxter et al., 2005; Blomkvist & Hallin, 2015). In order to do that, the moderator should:

- Have experience of handling dominant individuals so that they do not skew the conversation in any way (Wilson, 2013).
- Be able to determine if a perspective brought up, that is not a part of the discussion guide, is of value or not. To be able to act on things quickly (Wilson, 2013).
- Involve everyone (Wilson, 2013).
- Know the subject well enough to answer questions (Wilson, 2013).
- Make the conversation interesting to the participants and stimulate the group (Wilson, 2013).
- Keep focus on what the participants are saying, even though the moderator is not active in the conversation (Blomkvist & Hallin, 2015).
- Not reveal one's personal opinions about the subject or steer the conversation towards certain answers (Wilson, 2013).

The moderator for the focus groups was one of the researchers of this thesis, Erica Dragon. The other researcher, Johanna Taflin, was acting as a note-taker. This resulted in the moderator being well informed of the subject. Nevertheless, it was important that the moderator did not let the information she held about the subject affect herself or the group. Both the researchers have

probably read more facts than the participants about how people tend to feel about online shopping, however, it was important to bear in mind that one cannot moderate focus groups with a mindset of knowing “the truth” or more. It is of greatest importance to listen to all participants and not show any emotions if one felt that they agreed with an answer or not. The notetaker focused on writing down key things in the discussion as well as agreements and disagreements, something that is recommended by Wilson (2013).

In order to be able to handle different situations, dominant individuals, non-talkers and to create a good atmosphere, the researchers practiced holding and moderating a focus groups in advance. This focus group consisted of whomever that was willing to participate, in order for it not to take too long to find participants so that there was enough time between the practice and the actual focus groups. Apart from that, the practice occasion was prepared for and executed in the exact same way as the real focus groups. This focus group was audio recorded, as the others, so that we could listen to it, analyse it and give each other feedback. The practice occasion was not transcribed but gave useful input regarding how to rephrase questions and manage the group for the moderator to give a better flow in the discussions.

Continuing, focus groups usually consists of six to twelve people, but smaller groups of six to eight are recommended since these groups are easier to moderate and control and each participant can more easily get a chance to talk and express themselves with stories since they have more time to talk respectively (Wilson, 2013). Because of this, it was decided to have small groups with six people in each focus group.

Concerning time, it is important that the participants have enough time to give longer answers if they wish, since the main benefit of having focus groups instead of interviews is that the participants may stimulate each other, which can result in new perspectives and unforeseen input (Carey, 2015). Baxter et al. (2005) recommends aiming for one-hour sessions, but with the possibility to extend it to two hours. However, they recommend against keeping it longer than two hours since some participants might lose interest. It was therefore decided to aim for one hour with the possibility to extend it with a half hour if needed. It was not thought that more time was needed, since smaller focus group were chosen, and it was wished to more easily keep up momentum throughout the whole focus group session.

The focus group sessions were held in Swedish, which was the mother tongue of all the participants. This was chosen so that all participants would feel comfortable speaking, without any language barriers, in order to get as detailed and vivid answers as possible.

Furthermore, the focus groups were held in the office of YouBed, a bedding company, at Norra Bantorget in Stockholm, where one group at a time was invited. The sessions were, with the permission of the participants, audio recorded in order to be able to review the exact answers of all the participants. Reactions such as nods and head shakes were also noted.

### 3.4.2 TOPIC

To guide focus group discussions, a semi structured script of questions organized around key topics was used, and can be found in Appendix B. Topics were based on research questions, literature on the topic and questions used in previous focus group studies. The sessions started with information regarding the study and encouragement to the participants to be precise and not afraid to ask questions. The focus group participants were also encouraged to speak their minds and not bother regarding the correctness of a statement. After this, participants were asked two warm up questions where they presented their experience of a bed purchase process to let them get to know each other and feel the comfort of talking from own experience in a precise context. The main questions were then more on a general level regarding drives, barriers and risks and trust regarding buying a bed online. The sessions were ended with the moderator asking the participants if they have any final remarks or questions.

### 3.4.3 SAMPLE SELECTION

A qualitative study can have three different sample selections: convenient sample, judgemental sample or theoretical sample (Saunders, et al, 2009). This study has a convenient and judgemental sampling selection combined, since the participants need to fulfil some requirements, but otherwise all people who were available could participate.

Blomkvist & Hallin (2015) states that it is important to make a strategic selection of the people participating in the focus group and that the researchers should therefore know, or know of, the individuals chosen to participate. This is because the researchers will have to know if the person is a very dominant or shy person for example. A heterogeneous group enhances the possibility of the group developing new ideas. This is, on the other hand, a greater challenge for the moderator, who needs to make sure that everyone in the group get the opportunity to speak and that people feel comfortable enough to speak their mind, even though people might not agree with them. However, a homogenous group might not bring new perspectives since many in the group might agree with each other. How to choose the participants depends very much on the purpose and research questions of the thesis, which will be what the focus group will try to uncover. (Blomkvist & Hallin, 2015)

There were several aspects to consider when choosing participants for the focus groups. To begin with, the participants all lived in or around Stockholm since it was difficult to motivate people at a far distance to participate. However, we did try to recruit people from different groups of society, since too much homogeneity can suppress discussion (Wilson, 2013) also dimensions of the issue at hand can be missed. The groups were formed to be as heterogeneous as possible, however availability also played a role in the distribution of participants between different groups.

Taken together, this resulted in a selection based on, for example, people of different age, with different levels of buying power and with different experiences of online purchases and Internet in general. However, people who were underage, inexperienced with online shopping or had a yearly income below 240 000 SEK were excluded from the study to ensure that all participants have the financial means to buy a bed without too much financial strain. An income level of 240 000 SEK was deemed as a sufficient income level.

The participants were given a book and “fika” to thank them for their participation in the study. Participants were initially contacted using telephone and those who agreed to participate were sent the questionnaire, see Appendix A. The participants then attended focus groups based on the questionnaire together with availability.

### 3.4.3.1 QUESTIONNAIRE

In order to decide how the grouping of participants should be made, a questionnaire was sent out before the focus group session and can be found in Appendix A. The questionnaire also verified that the participants fulfilled the requirements described further in section 3.4.3 and reminded the respondents that their answer will be confidential and encouraged them not to disclose another participant.

The questions regarding product involvement level were adopted from Choi et al. (2006). This was done in order to measure the involvement level and ensure that all participants had a high involvement level for this type of product, an average score at or above 3,5. Also, the study includes questions regarding the participant's attitude towards e-commerce in general. Other questions in the questionnaire had the purpose of mapping the different participants of our study based on measurements inspired from Choi et al. (2006) regarding shopping experience and age for example. This article inspired the researchers in how to design the strategic selection of participants, since the article is about high involvement products sold online.

## 3.5 LITERATURE REVIEW

A literature review was carried out with the purpose of gaining a deeper understanding about the key elements of a high involvement product purchase process, using e-commerce.

Literature references in the report are from peer-reviewed articles found on the Internet Thanks to the search engines available via the Royal Institute of Technology called KTHB Primo and Web of Science together with Google Scholar, research reports from published, respected and often peer-reviewed research journals are accessible. This use gives the study a high level of credibility.

When evaluating the quality of literature discovered, factors such as citations, age and purpose have been taken into account. Literature deemed irrelevant has not been included in the study and biases in these assessments are being discussed continuously during the process.

Examples of key terms when searching for relevant literature were: “risk factors”, “success factors”, “e-commerce”, “customer behaviour”, “trust”, “involvement”, “high involvement products”, “benefits”, “perception”, “virtual market”, “internet”, “web”, “online”, “barriers”, “purchase process”, only to mention a few. The key words have been used together in many different combinations in order to find relevant articles. In addition, the sources of articles identified as relevant have also been used to find new articles.

### 3.6 DATA ANALYSIS

Due to the deductive approach, the literature review was conducted before gathering empirical material. The method of structuring the empirical material was thematic analysis. Thematic analysis is based on the creation of different themes or categories under which the material is sorted. (Blomkvist and Hallin, 2015) To build these themes, the frame of reference has been used. (Preece et al., 2015)

A difficulty in developing these themes is to make them orthogonal while still being meaningful towards the purpose of the study. To make sure that the categories hold sufficient quality and that the study can be repeated, another person can be trained to use the categorization system and then let them go through a piece of material. To reduce the influence of bias, both authors of this report were present during all focus group sessions and summarized/categorized the findings separately. This reduces the influence we had on each other and possibly made it easier to discuss the findings and apply different theories to understand the data. (Preece et al., 2015)

Further, Kidd & Parshall (2000) state that it is common to look at points of agreement and disagreement in the focus groups as a point of analysis.

To be able to do the categorization, all discussions and interviews have been recorded and transcribed. Potential observations were noted directly during the sessions. To avoid forgetting any thoughts from the focus groups, they were transcribed as soon as possible after the session. (Preece et al., 2015)

### 3.7 ETHICAL CONSIDERATIONS

To increase the chances that the participants of the focus groups were comfortable enough to be honest and elaborative in their answers, all participants in this study were offered confidentiality and anonymity. However, confidentiality is especially difficult concerning focus groups, since the researchers cannot guarantee that the participants of the focus group do not reveal information to others (Carey, 2015). Because of this the participants had to sign a confidentiality agreement to not disclose any information about who participated. Also, even though the subject investigated is probably not sensitive to specific people, the moderators always have to be alert and responsive to the climate in the focus group so that no participant felt targeted by the group or uncomfortable.

### 3.8 RELIABILITY, GENERALIZABILITY AND VALIDITY

According to Blomkvist & Hallin (2015) validity means that you study the right thing or phenomenon and reliability means that you study it in the right way. A highly reliable study implies that if the study is replicated in the same area of research, the new study will attain the same or at least similar results as the original study.

This study had a qualitative method and within that category, it is common that the researcher, in some ways, affects the result when studying it and analysing it (Hansson, 2007). In order to minimize this and increase reliability, all focus group sessions were carefully recorded, transcribed and with written observations. The material was then analysed separately by the authors of this report to decrease bias and the frame of reference was used to analyse the material.

Continuing, one drawback concerning the reliability of this thesis is that focus groups can be difficult to repeat in the exact same way. It is difficult to get the exact same group of people to meet again and they would of course be affected by the previous session. Also, literature has proven that people's perceptions of online-shopping changes due to new experiences (Taylor and Todd, 1995; Yu et al., 2005).

When looking at validity, the themes occurring in the focus groups were compared to our own findings in literature. In order to do this, the participants were asked to brainstorm different factors connected to each theme in the frame of reference before we introduced them to our own findings from the literature and asked them if they agree. This way we could document the difference between what the participants suggested and what the literature suggested. The questions and themes were tested before the actual focus group sessions to identify possible improvements before the actual data collection began. How the focus group questions were formulated and the construct of first presenting general questions and then ask more specific was based on the frame of reference, inspired by previous focus group research and also discussed with our supervisor.

Concerning generalizability, the focus groups did not mirror a larger population, which means that the conclusions that can be drawn are limited (Wilson, 2013). This also means that our study does not result in statistical generalizability. However, the study has some level of analytical generalizability since we discuss how the results might be applicable for other big high involvement products and other dynamics. (Blomkvist and Hallin, 2015) Some level of generalizability also comes from the repetition of the focus group sessions, using 4 different focus groups including a total of 24 participants. Only one product category was given as an example during the focus group sessions, this may restrict the generalizability of these results to other high involvement products. However, the results can have gained more detail since the focus group participants did not have to keep their reasoning to a more general level.

## 4 EMPIRICAL RESULTS

This chapter presents the empirical results of this study. The results are presented in the order they were collected and structured according to themes. The results are presented in this chapter without further analysis to give the reader a chance to comprehend the results independently given the context provided in the literature review.

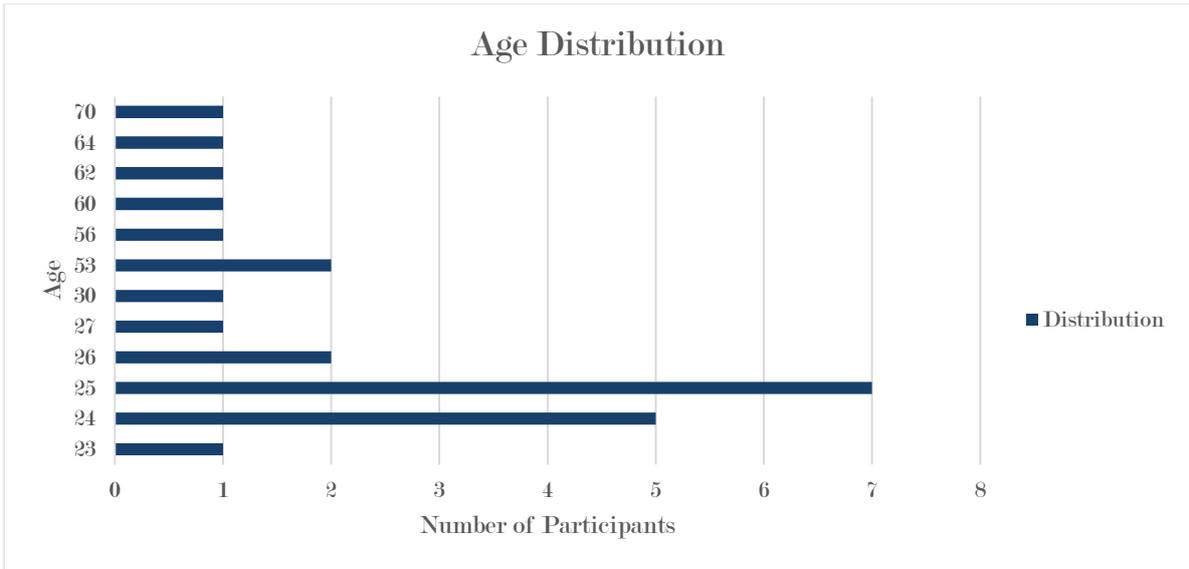
The content of this chapter mainly consists of section 4.1 Focus Group Questionnaire and 4.2 Focus Group Sessions, where section 4.1 presents the results from the questionnaire distributed before the focus group sessions and section 4.2 presents the results from the focus group sessions.

### 4.1 FOCUS GROUP QUESTIONNAIRE

All focus group participants answered the questionnaire before participation in a focus group session. Participating in the study were a total of 24 participants.

Focus group demographics are presented in

Figure 4. A majority of the respondents are between 18-30 years old and 29.2% are between 30-70 years old. The age distribution among the focus group participants is not normal distributed as can be seen by the over representation of participants with the age 24-25 years.



*Figure 4. Overall Age Distribution*

All respondents have a yearly income above 240 000 SEK and 28.6 % of those who were willing to disclose had a yearly income above 480 000 SEK.

The age distribution of each focus group can be seen in Table 2.

*Table 2. Age Distribution per Focus Group*

	Age
Focus Group 1, FG 1	24
	24
	25
	24
	25
	25
Focus Group 2, FG 2	30
	62
	56
	70
	25
	25
Focus Group 3, FG 3	53
	64
	53
	60
	27
	24
Focus Group 4, FG 4	24
	26
	26
	23
	25
	25

The participants were asked to rank; their attitude towards making purchases online from strongly dislike (1) to strongly appreciate (6); how big share of their purchases are made online from none (1) to all (6); and how familiar they are with internet usage from beginner (1) to expert (6). The results are presented in Figure 5.

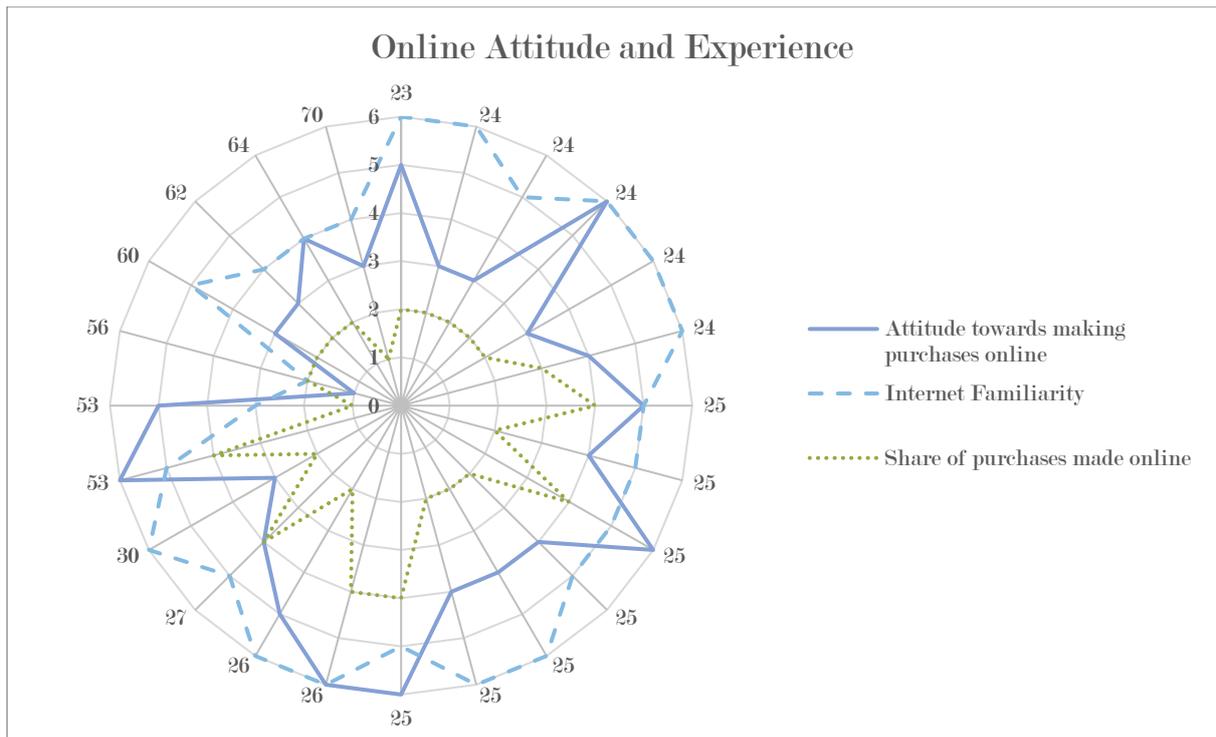


Figure 5. Online Attitude and Experience

The level of involvement experienced by the participants is illustrated in Figure 6 based on the average rating from the questions regarding level of involvement, see Appendix A. The average involvement level is calculated to 4.78 on the scale from 1-6, this is illustrated as a red line in Figure 6.

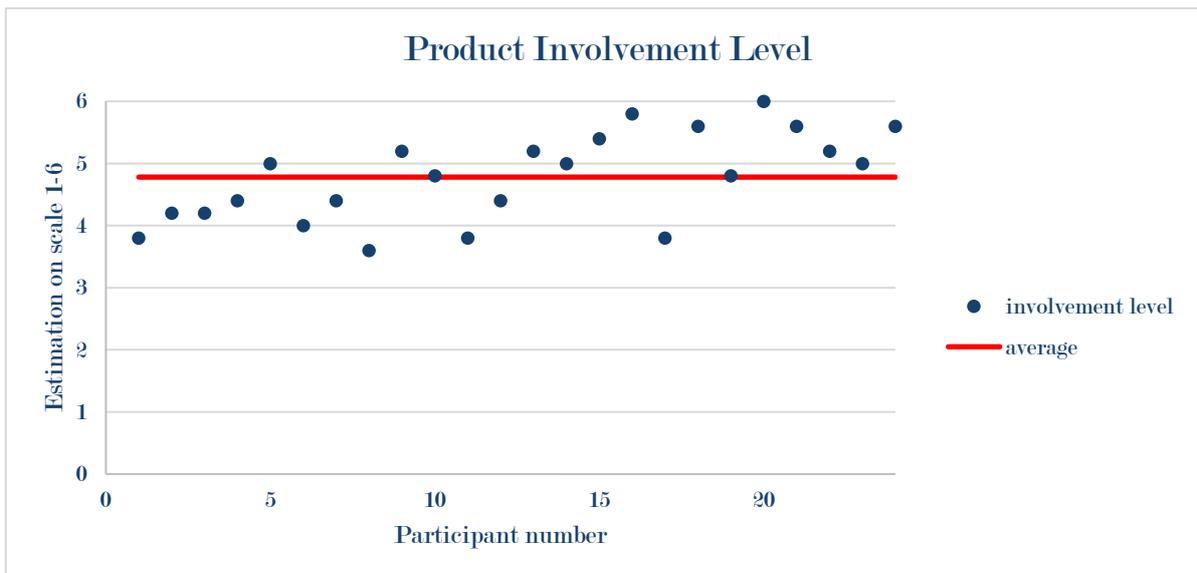


Figure 6. Product involvement Level

In Figure 6, the participants are sorted according to age and the distribution indicates a correlation between age and product involvement.

## 4.2 FOCUS GROUP SESSIONS

The results from the discussions during the focus group sessions are presented as themes.

### 4.2.1 PREVIOUS EXPERIENCE OF BUYING A BED

To begin with, most people in the focus groups agreed on that buying a bed was a chaotic, exhausting, time consuming and arduous experience. It was also discussed in several groups that there were many different things to think about and decide. When one had decided for a specific bed, there were several other choices to do such as pillows, linen and bedframe. Also, a frequently shared opinion within all groups was that the participants did not know exactly what they liked and felt was comfortable, which made it even more difficult to decide. In addition to this, it was said that one has very little time to evaluate each bed as well.

Only a few participants in the separate groups did not experience buying a bed as something chaotic or difficult. These participants had sometimes just picked a bed that they felt was good. However, one of these participants who felt that it was an easy process said that it was the choices after that made the process less easy and one of them still felt that it was very boring to search for a bed.

Even though most participant felt that it was not a very fun experience to buy a bed, some participant still felt that it was a special and bonding experience to purchase a bed with a partner. Not everyone agreed with this. Some people only thought it was an unpleasant experience still.

One participant in FG 1 had bought a convertible bed. This participant stated that the convertible function steered the purchase and ruled out some other options, making the search

process less complex. Continuing, several participants in the groups could agree on or understand that it was a bit of an awkward experience to lie down in a bed in a store.

One participant (FG 4) described that the delivery of the bed was delayed by five weeks and that the participant had to sleep on an airbed during that period since the old bed was shipped off. This had of course affected the total experience negatively and also emphasized that although the participant would accept the fact that the delivery time for a bed was long to begin with, but that it was of great importance that they delivered precisely at the time they had promised.

#### 4.2.2 PERCEIVED BENEFITS OF BUYING BIG HIGH INVOLVEMENT PRODUCTS, SUCH AS A BED, ONLINE

One of the first benefits for buying a bed online that was identified by all focus groups, was the idea that the price would be lower when buying online compared to buying in a store, or that the cost of home delivery is already included in the price. There was a high level of agreement within the focus groups regarding this. FG 4 were also more specific, saying that you would probably at least get better quality for the same price as in a store. One participant in FG 4 expressed that e-vendors have lower costs due to less staff and lower costs for facilities and that this was a reason to expect a lower price and the rest of the group agreed.

Regarding the search and comparison process, all groups mentioned the benefit of not having to travel to, from and between different stores to investigate different options. The online environment also has the possibility to provide an easier overview and a wider product range according to all focus group participants. With help of good guides and tables all focus groups suggested that it would be easier to understand the differences between various products and base the decision on objective facts. This kind of tools would also provide instant assistance, and this was lifted by FG 4 as an additional benefit. When comparing the purchase process online and offline, several groups also mentioned the reduced stress of buying online due to the lack of other shoppers around you (FG 3, FG 4), no salesperson who pushes you towards a more expensive option (FG1) and also the reduction of social discomfort, as all participants said that they feel awkward when lying in a bed in a store.

According to a participant in FG 2, online it can be possible to find a review from someone who matches your profile and listen to the personal experience from that person and this could be better than listening to the experience of a salesperson that does not have your profile. This did however evolve into a discussion in FG 2 regarding the reliability of online reviews of unknown people and no consensus was found regarding the matter.

According to all focus group participants preferred the possibility to search for and compare information in the comfort of your own home or on the go was seen as a benefit but the fact that the information and shop is open all hours of the day was not seen as an as important benefit. This was explained by FG1 and FG 4 as a consequence of the high price for the product, making it more likely that one would schedule the purchase rather than going through it based on an impulse. A participant in FG 4 did not agree and explained that a previous TV purchase would not have been completed without the good availability that exists online. A participant in FG 2 suggested that it would be a benefit if one were to purchase a spare bed or such – since it is not as important for the individual making the purchase.

FG1 and FG 4 did overall believe that buying a bed online would be more time efficient compared to buying it offline, assuming that there is a delivery time even though you buy it in a store.

All focus group participants agreed that the possibility to make alterations and co-create the design was a big benefit and that it is easier to test the look and see previews online. The product range can, as mentioned earlier, be wider online and the product can be customized to specific measurements and other individual needs. However, no focus group brought this up as a benefit themselves, but when asked by the moderator if it was a benefit, they all agreed. FG 2 mentioned that it is beneficial to be able to test different options and not feel that the salesperson's time is occupied. Several participants acknowledged that the final decision regarding a bed purchase was based on customizable measurements(FG 3), fabrics (FG 2) or bed frame (FG 4). However, several also emphasized that the product performance is more important than appearances. One participant in FG1 also said that there were already so many options and this would make it harder to choose rather than be of increased value.

Some of the participants in FG1 felt that they would have to go and try the performance at some point, however too much people would be annoying. Especially since one already must pay a considerable amount for a bed, to this everyone agreed.

Lastly, one participant in FG 4 said that it could be a benefit if a certain brand of a bed was only available online. This would make the bed a little bit more exclusive.

#### 4.2.3 PERCEIVED BARRIERS TO BUYING BIG HIGH INVOLVEMENT PRODUCTS, SUCH AS A BED, ONLINE

The fact that one cannot test the bed is repeatedly pointed out as a barrier in all focus groups. It is very clear that the function of a bed is of high importance to everyone and that all participants feel that they have to test a bed before deciding indefinitely. This barrier was, during all focus groups, brought up absolutely first and was communicated to be the absolute most significant barrier of all. It was also observed that participants over the age of 50 expressed a higher concern regarding this factor and became partly upset when talking about a malfunctioning bed.

However, participants in all focus groups agreed on it being difficult to know what you want, even when you test the bed in a store and that it might not make such a big difference. One participant continued by saying that the participant trusts reviews from other customers more than the participant's own experience when testing a bed for 20 minutes in a store. However, not all participants in FG 1 agreed with this. A third participant (FG 1) stated that the testing is tightly coupled to how expensive the product is. He said, "How much do I lose if this is a bad product?". If the product was very expensive, then he definitely wanted to try the product out, but it was not very important if the product was not that expensive (400 euro). Participants in FG1 and FG 3 agreed that it is difficult to compare the product in the store with the one the participants use at home.

Continuing, in FG 2, the participants identified that one receives a form of support from salespeople's expertise, which can make one feel more calm and secure with one's decision. However, after some time one of the participants stated that the salespeople can be biased and maybe have their own agenda. It was then added that online, one could at least look for

information from several sources. Even when this aspect was raised, some participants still felt that they needed the support from a salesperson's expertise or someone's expertise; it did not necessarily have to be a human being. This was also reflected in FG 3 and FG 4, where some participants felt that a salesperson offered support in the purchase process, but others felt that they were draining them and were annoying. One participant (FG 4) also felt that it sometimes could be fun to talk about just anything with a salesperson.

In general, the participants did not feel that it is a significant risk that one might not identify themselves with the bed they buy. Some pointed out that this might be specific for a bed and that it might have mattered more if it was a car for example since a bed is not something that many other people see. The social and psychological risk was in other words deemed low for this product, but not for big high involvement products in general. However, it was brought up by all groups and agreed on, that the pictures might not always reflect the truth and that the fabric matters somewhat when one identifies with a bed. Even though everyone could agree on that pictures online don't always reflect the truth, and that this was a barrier, it was not the most severe risk, but it did matter more to some participants than to others.

Continuing with the psychological risk, one participant (working with design) (FG 2) stated that it could actually be easier to decide the look of a bed when you look at pictures since then the company can suggest different types of styling. She also felt that most people lack creativity, do not know what they want and needs a push in the right direction. Some participants (FG 2) did not agree with her since they stated that they do not care at all. Another participant (FG 2) said that since one has more time to evaluate style and design over the internet than in a store, it might be a better way to decide the design of a bed. Also, one participant said that maybe one can look at a digital version of what the new bedroom might look like with different designs. However, this group also realised that the fabric and quality of a product might not meet the expectations from the picture on the web page.

A majority of the participants in all the focus group were not anxious about sharing their personal information or payment information. One participant (FG 1) said that it felt secure to share personal information when shopping online as long as it concerns the information usually required for payment and delivery and nothing out of the ordinary. Even though almost every

participant was not worried to share their information, one or sometimes two participants in almost every focus group were hesitant or cautious. One participant (FG 4) said that one can try to shop from well-known brands to feel more secure. Another participant said (FG 4) that it is easier to confront a person in a store than a e-vendor. However, this participant also stated that one can be calm as long as there was an address or a phone number on the web page, since one can look up who lives at that address or owns that phone number. Another participant (FG 4) had been the victim of an identity-theft and that it is easy to find personal information, such as social security number, address and other information through the tax-authorities. However, that participant also said that it is possible to protect oneself from that and the participant did not express worry. As this discussion continued in focus group 4, another participant stated that a third party, such as Klarna or Pay-Pal induced a higher sense of security since they could be trusted. One participant (FG 1) brought up that credit cards have insurances and that it made payments online feel more secure.

Concerning delivery time, there were some different opinions, but it was repetitive that some participants in each focus group felt that the delivery time did not have to be very fast and that it was more important with the precision of the delivery. This was because one has to get rid of the old bed but at the same time do not want to be without a bed for a night.

Even though the length of the delivery was not that important for FG 1, the group felt that eight weeks to three months would be a bit too long. One participant (FG 2) felt that 6 weeks was a reasonable delivery time. Another participant (FG 2) thought that 3 weeks felt like a reasonable time, but not two months.

In FG 3, the discussion regarding delivery time was livelier than in the other groups, even though almost all their opinions were brought up in the other focus groups as well. One participant in FG 3 said that it was acceptable to wait longer if the bed was customized but otherwise it should be fast. Fast for this participant meant waiting one to two months, which some of the other participants in FG 3 were surprised to hear. Another participant (FG 3) then responded that three weeks are the longest waiting time acceptable for a finished product and one participant (FG 3) said that beds are usually produced when the order is made and that participants had had to wait for ten weeks for a bed. This participant got very surprised reactions from some other

participants in FG 3. Another participant (FG 3) felt that the things ordered online should come as fast as possible. While another one stated that it was acceptable with a longer delivery time when it was a larger product. One person then also said that they could wait longer if it is a more exclusive product [and also expensive]. Yet another participant in FG 3 said that if the purchase process is slow, the delivery time can be longer as well.

Continuing the topic of delivery, it was mentioned in FG 1 that it would be good if one could be involved when deciding the delivery date, if one was moving for example. It was also pointed out (in FG 2) that it is important that the company can be flexible as to what time during the day they deliver. The participants (FG 2) did not want to wait a whole day at home for the delivery but agreed that they could receive a package after working hours. This was also brought up in a sense by participants in FG 4, who stated that the home delivery can be a barrier since it can be complicated to be at home waiting for a product.

Furthermore, participants (FG 2, FG 3 & FG 4) felt that they would probably miss having a person to talk to who can help if there are any problems. Another participant (FG 3) also said that sometimes the internet-connection failed, which was very annoying when you had spent time to go to the right webpage. No one else raised this as a barrier and people were a little bit surprised as it was brought up.

One participant (FG 3) said that the design of some web pages were not intuitive and they were sometimes difficult to understand. The look and design of web pages were discussed in all focus groups, but with a perspective of not feeling secure if the webpage had too much going on.

Another statement was that in order for a company to be an option, one participant (FG 1) felt that one needs to already know about it. Otherwise, if one is going to evaluate an unknown company, a friend has to recommend them and the company needs to be “in my face”, as the participant put it. According to this participant, this is a high barrier to overcome for a company. Other participants in the group agreed with this.

Lastly, one participant (FG 1) raised that it was a bit of an experience to go to a store and buy a bed together with one's partner and that the experience might be lost if one bought a bed online. The rest of the group agreed with this. The majority of participants in other groups did not feel that it was a pleasant experience to buy a bed, on the contrary it felt complicated and time consuming, as mentioned earlier.

#### 4.2.4 TRUST FORMATION

When asked what could increase their sense of security, every group brought up customer reviews and reviews from magazines and third-party organizations as something they would look at. Concerning this, one participant (FG 4) pointed out that customer reviews was trustworthier to him. However, when he bought technical products he had realised that expert reviews were better since they generally provided more technical specifications than customer reviews generally did, since they often said the same things about technical products. The rest of FG 4 agreed with him. In general, the participants of FG 4 always used customer reviews when they bought more expensive things, whereas expert reviews were only used sometimes.

Three out of four focus groups (FG 1, 3, 4) stated that a recommendation from a friend (Word of Mouth) is the most reliable review. Recommendations from friends are most important to lower a barrier (FG 3) and the best type of marketing (FG 4). In these groups, where this was brought up, there was a strong consensus that this was what affected them the most.

Continuing, some participants addressed that they would want the expertise of a salesperson in order to feel more calm and secure with their decision. As stated earlier, not everyone agreed with this and some people said that salespeople can be biased. In FG 4 participants agreed on that salespeople can be annoying if they are too eager. It was also raised (FG 4) that salespeople can sometimes sell what they think is the best product and not think about the customer's needs. However, FG 4 could also agree on that sometimes a salesperson can be good and that it depends on the complexity of a product. One participant (FG 4) also said that sometimes it can be fun to just talk to someone. Another participant (FG 2) felt that maybe a home visit, where someone helps you to see if the bed is good for you, could be of help. Some participants (FG 2,

3) stated that they wanted someone to talk or write to regarding questions or when something goes wrong and no participant disagreed with this. In FG 2, participants talked about the possibility to involve a physiotherapist when evaluating a bed, which would increase the sense of security for them.

Licenses, certifications and collaborations with other third parties, such as Klarna or Pay-Pal, was mentioned in most focus groups and everyone agreed that this was a way to increase the sense of security. Trial time, together with free and easy returns as well as assurances was also said to be things the company could offer in order to lower the barriers.

Furthermore, many participants raised that nothing should look weird with the web-page in order to feel trust. The web-page should be clean and not have too much going on in order to feel trustworthy. This was agreed on by other participants.

To be able to test the bed was repeatedly mentioned and that a showroom would make the participants feel more secure. Apart from testing, a well-known brand was also frequently mentioned as a strong indicator of trust when going through with the purchase. One participant (FG 3) said that it takes time to build a strong brand and because of that the company would have had to prove themselves over and over during a long period of time. Due to this, it increased the sense of security, according to this participant. Good service is also mentioned in FG 3 as a way to increase the sense of security and lower barriers.

A solution offered by two participants (FG 2 and FG 4) was that one should be able to order a length of material (small pieces of the fabric) as a test of what the fabric and colour look like in real life. This way one could lower the risk of colours not looking the same in reality as they did in the picture.

Lastly, all participants in every focus group agree on that how much one relies on intuition depends on how well known the brand is and also how expensive a product is. In the case with a bed, the participants feel that they would not only rely on their intuition. However, one

participant (FG 1) said that he maybe should rely more on his intuition if a more expensive bed/product was sold using a monthly payment since then he would only look at the monthly fee.

To reduce the delivery risk, several participants mentioned that they would wish for updates regarding the progress of the delivery and manufacturing process. This was pointed out to be of even higher importance due to the generally long delivery time of a bed.

#### 4.2.5 CUSTOMER RETENTION

All participants agreed that it was important that their expectations were met for them to feel satisfied after the purchase and for them to want to return. This meant that the bed they bought online had to be as comfortable and nice as stated by the e-vendor and that the product was delivered on time. FG 4 also commented that the delivery time cannot be too long and FG 3 agreed that the person delivering the bed needs to be service minded.

FG 2 agreed that the process should have been clear for them to feel safe from the point of purchase to delivery, with updates from the e-vendor and possibility to track the progress. All focus groups also emphasized support and service if something went wrong. Someone to talk to in person was important for FG 2 and FG 3. In FG 3 and FG 4, some participants brought up the web page, that the navigation was nice and easy, and that the checkout was smooth for them to want to return to the web page. FG 2 agreed that there should not be any hidden costs added during the process.

FG 2 and FG 4 requested a positive surprise, something extra, upon delivery or later as a service to get a positive feeling and want to return. As examples of these surprises, pyjamas, a pillow or lavender bag was mentioned. FG 4 also mentioned warranty and that the packaging is removed upon delivery.

## 5 ANALYSIS AND DISCUSSION

This chapter contains the analysis and discussion regarding the results presented in chapter 4 together with the references presented in Chapter 2. The chapter is divided into themes similar to the results section to ease the comparisons and references for the reader. The aim is to discuss, extend and synthesise to provide a bigger picture of this study's and previous study's results.

This chapter will start with a discussion regarding the results from the questionnaire to then continue to the discussion regarding the results from the focus group sessions. The focus group session analysis is divided into the steps of before the purchase, during the purchase and after the purchase and also into the categories found in the frame of reference to give the reader some structure in the analysis.

### 5.1 QUESTIONNAIRE

The experience of e-commerce varies between age groups according to a study by Leppel and McCloskey (2011) and this seem to be the case for the participants of this study as well and older participants generally seem to feel less familiarity when using the internet

Previous research has also shown that the level of involvement varies between different customers and this has given rise to the use of involvement level as a way to segment customers (Bloch, 1980; Laurent and Kapferer, 1985; Longfellow and Celuch, 1993; Martin, 1986; Zaichkowsky, 1985). According to Venkatraman (1989), risk can be seen as a consequence of product involvement and high-involvement products therefore have high risk which, as previously mentioned, makes customers search more actively for information and this pattern is also confirmed by Han and Kim (2017). This provides a possible explanation to why product involvement level in this study seem to have a correlation of with age. As the human body becomes older, sleep issues may emerge and back and neck pain becomes more common in older age groups. This gives these groups a higher performance risk when buying this type of product. The results from the study by Leppel and McCloskey (2011) saying that the age group

over 50 experience difficulties in navigating and finding information online makes it even more difficult to build the trust necessary to compensate for the performance risk.

Online shoppers who are highly involved with products also tend to be more sensitive towards deficiencies of information on the site.

As the financial situation likely improves between the age of around 25 and the age around 55, it gives the customers of the age 50+ the financial means to have higher demands and prioritize this product more. As the level of product involvement is relative to the level of product involvement experienced towards other products it is possible that as other products become less important with age because these purchases have already been made, the bed purchase is then allowed to take more time and money since the decision is not time sensitive to the same extent.

## 5.2 FOCUS GROUP SESSIONS

During the focus group sessions, examples of other big high involvement products such as cars or furniture emerged from the participants, when describing feelings of risk and trust since some participants felt that it was a long time since they last purchased a bed. This suggests that for the participants these products are experienced equally and that it is reasonable to separate big high involvement products from small and that the results could be generalizable for products fitting these criteria.

### 5.2.1 ATTRACTION

The first phase of a purchase, including the search for information to establish benefits, risks and trust for the customer, is displayed in **Error! Reference source not found.** below. If the requirements are met, the process will result in a purchase intention for the customer.

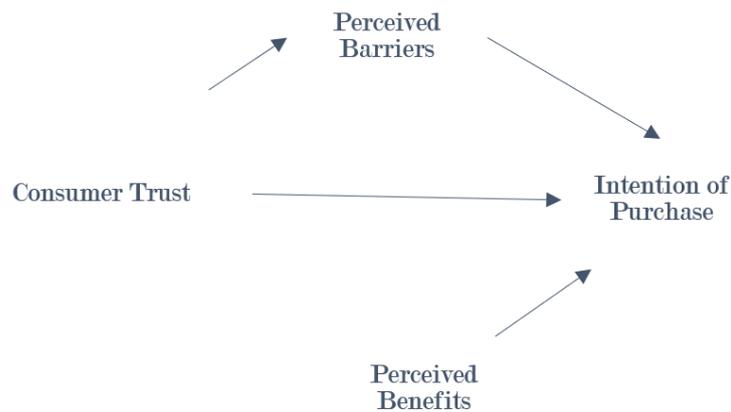


Figure 7. Attraction Phase (Kim, et al., 2008; Agrawal, et al., 2001)

It became clear that all the different benefits and barriers were evaluated by the participants during the attraction phase. This can be explained by the fact that most participants evaluated all benefits and barriers that one would face during all three phases of the process of purchasing a bed, when thinking about an online channel as an option. This seems to be the case, even though they experience the cause of some benefits or barriers after the attraction phase.

#### 5.2.1.1 PERCEIVED BENEFITS

To begin with, all focus group participants expected a lower price when buying online or alternatively the same price, but then including home delivery. Even though this was the opinion of the focus groups, the literature is mixed regarding if this will be the case or if the lowered costs for the business from selling online compared to offline only will result in higher firm profits. (Prieger and Heil, 2014) However, it was clear that the participants of the focus groups were aware that a business has lowered cost when selling online and that the participants then expected that these lowered costs should be reflected in the price. Different comparison sites and the general information accessibility online reduces switching costs and increases competition between different e-vendors, which also supports the customer's assumptions regarding lower prices online (Cao, Zhang & Seydel, 2005). Taking this into account, a lower price might eventually become a demand from online shoppers, where a price that is equal to the prices in physical stores, turns into a barrier instead of a non-fulfilled benefit. Nevertheless, the expectations in the focus groups regarding lower prices online may also be a reaction to the high

performance risk and delivery risk when buying a big high involvement product online. If the product has a high price, as is common for high involvement products, a small precentral online discount can result in a bigger monetary saving for the customer, probably causing it to become a larger benefit in the focus groups compared to what has previously been reported regarding general online shopping. (Hitt et al., 2001; Kim et al., 2008)

The convenience and accessibility of shopping online was pointed out by stating that one can see the product in e.g. different colours and without the physical travel between stores. However, the fact that online stores are open both day and night, was not seen as a benefit by most participants. This was because they thought that they would not purchase a bed in the middle of the night, since it is most often not a rash decision. This is probably true for most big high involvement products, such as a car.

The larger product range was also lifted by focus group participants as a benefit of shopping online. However, several participants emphasized the occasional feeling of information overload and too many options when purchasing a bed, and requested more guides and tables to help the customer navigate between options. This was probably experienced due to customers having little knowledge of what suited them to begin with or what they wanted. Also, they had a hard time feeling what was good or not, resulting in a chaotic feeling.

Considering, one might believe that, compared to the findings of Choshin & Ghaffari (2016), lower search cost and cognitive information density is even more highlighted as a benefit and information quality is more highlighted as trust forming, concerning big high involvement products. However, this is partly stressed in precious literature by Choi et al. (2006), who states that when customers are highly involved with a product, they are also more sensitive to information deficiencies and that it is important to present information properly when selling products online. What is not taken into account though, is that regarding high involvement product with a low information quality fitness (complex products), customers might have a hard time knowing or trusting themselves regarding what feels good or not (subjective information). Taking this into account, more objective facts was suggested by focus group participants to help the customer reach a decision. Hence, a company selling a complex product might actually attract customers with more objective information (higher cognitive information density and

high information quality). This, in combination with comparing tables (lowered search costs), might result in the customer experiencing less chaos and more control in the purchase process. The cognitive information density and the lowered search costs will probably be clear and strong benefits of shopping complex products online, compared to standing in a store, having difficulties to decide based on mainly subjective information. This is in line with what Kumar et al. (2013) stated, which is that the information online is of increased quality due to it being more compact and richer.

The benefit of having easier access to more information and guidance is however not necessarily connected to making the actual purchase online. This is pointed out by the participants in the focus groups, since they state that the customer can make comparisons and gather information online in order to later go to a store to make the purchase.

The previously reported benefit of personalization and co-creation when shopping online (Kalakota and Robinson, 2000) was agreed on to be a big benefit when purchasing a bed online. Some participants stated that this could be even be a guiding benefit, ruling out other options, even though functionality was still the most important trait of the bed. However, that fact that no focus group brought this up by themselves, but had to be asked by the moderator, indicates that this is not the most important benefit of purchasing a bed online. Also, personalisation comes with even more options to rule out, as one participant pointed out, yet again highlighting the importance of guiding tables where one can easily compare different options. On the other hand, the internet might provide opportunities that a store cannot offer, such as seeing a picture of what the bed might look like in one's bedroom and having more peace and quiet when evaluating all the different options. All in all, personalisation seems to be a benefit when purchasing a high involvement product, if the information is clear and well structured.

#### 5.2.1.2 BARRIERS

In line with previous literature (Bhatnagar et al., 2000), there was a strong consensus in all focus groups that the barrier and risk of not being able to test the bed (performance risk) was the most severe one. However, this was expressed to be especially risky when the price was higher, since it was stated that a bed is too expensive to purchase without trying it, which might not be true for

other products, since the performance of a bed can be more difficult to decide online compared to a piece of jewellery for example. As mentioned earlier, the participants claimed that if the product is more expensive, there is more at risk. This can be explained by the financial risk increasing with the price of a product, which is not very surprising. According to a focus group, this risk can be lowered with the help of the familiarity of the brand or the payment provider.

When delivery was discussed it became clear that the time of the delivery was not as important as the precision of the delivery. This however, might be specific for a bed since one needs something to sleep on every night and at the same time peoples' homes seldom have space for both the old and the new bed at the same time due to the product's size. It was also pointed out that the size of the product made the participants willing to wait longer. Nevertheless, there were participants who expected the product to arrive as quickly as possible when ordered online. Even so, it did not seem to be a common opinion for a bed specifically. Why most participants were patient with the delivery might be because there is almost always a delivery time for a bed (and other larger products) when purchased in a store as well. Hence, the customers were already used to waiting for a bed and then delivery was not viewed as a large barrier. This is a barrier, specific for big high involvement products which are large and requires home delivery anyway.

Previous research has shown that not having contact with a person can cause general distrust in e-vendors (Chaparro-Peláez et al., 2015; Biswas & Biswas, 2004). This was raised briefly in one focus group, when it was said that, in a physical store, it is easier to confront a specific person who sold you a product, compared to when shopping online. Even though this was not brought up as "having a person to confront", it was confirmed in other focus groups, since it was mentioned that it is nice to have someone to talk to if something goes wrong, in order to lower barriers.

Moreover, it was reported in previous literature that a barrier to shopping online is that one experience less enjoyment compared to in a physical store (Rosen & Howard, 2000; Phau & Poon, 2000). However, this was not true for the majority of participants, since they experienced the process as unpleasant, boring and draining and only a few participants valued the experience of purchasing a bed together with a partner. Why the purchase of a bed is experienced this way might be because a bed is not a product that the majority of participants seem to identify

themselves with, since almost no one felt that a bed was coupled to a high level of social- or psychological risk. Even so, it is clearly expressed in all focus groups that it is of utmost importance that the bed is comfortable and well-functioning. This high performance risk in combination with a high financial risk most often leads to a high involvement in the purchase. Hence, the purchase of a bed might be experienced this way since it is something that “has to be done” and at the same time the outcome has to be good. This might not be the case for other high involvement products, where one identifies oneself with or is more interested in the product itself, such as jewellery or a car for example. In this case, the performance risk might be stronger compared to other products. However, for high involvement products with low social and psychological risk, the barrier of not experience as much enjoyment might actually not exist at all. If there is almost no enjoyment to shop a product in a store, the benefit of online shopping being more convenient and time saving compared to shopping in a physical store, might also be experienced as a stronger benefit since one wishes it to be dealt with as fast as possible.

When the participants were asked to think of the experience of purchasing a bed in a physical store it was also repeatedly said that salespeople were annoying, yet one participant said that sometimes it was nice to simply talk to salesperson. Even though the experience of meeting a salesperson was often brought up as something annoying, it has not been discussed as a major barrier or benefit in previous literature. Another interesting aspect that was brought up when making a purchase in a store was the social discomfort experienced when lying down in a bed. It felt awkward to lie down in a bed with other people watching. The aspect of it being awkward to test a product in front of other people is not something that has been found in previous literature, however this might be specific or extra sensitive for the case of a bed.

The lack of experience with Internet was not mentioned at all. Nevertheless, it was said that webpages were sometimes not well designed and not intuitive, which might also indicate that some participants feel a little insecure online. These participants were not many, but they would most likely feel more prone to shop online if they felt that they understood the web page. Even though not too many participants felt that it was difficult to navigate, all participants felt that the design of the web page was important when it comes to trust. The web-page should have a clean design and preferably no pop-up windows. Hence, in order to address all types of shoppers, an

e-vendor should focus on making the web page intuitive and in order to build trust, the design is of importance.

### 5.2.1.3 TRUST FORMATION

Guides or referrals can be produced by the selling company, but sometimes it can be even better if they are created by third-party actors as well, such as experts, magazines or others on external sites. (Gu et al., 2012) This is due to the fact that this information was both praised, since it could facilitate the purchase process, but also questioned by focus group participants, due to the lack of information regarding the agenda of the publisher. However, together with customer reviews and other forms of eWOM the customer has the opportunity to triangulate a perception regarding different products, since the many different sources can create a more unbiased view. This is in line with previous literature, stating that affect based trust formation, such as eWOM, recommendations and referrals, can build trust for the customer (Wu and Wang, 2011). Hence, this seems to be true when purchasing high involvement products online as well. It can be said that in order for information to be a trusted benefit, it is needed to come from several sources. This was specifically important concerning expensive products, since all focus groups stated that then, intuition is not enough. Also, with intuition not being enough, the whole trust formation becomes more important for expensive products than for other products due to elevated barriers.

The subjective product description, especially if based on many external customer reviews, was seen as more neutral and objective compared to the opinion of a salesperson in a store. In the focus groups, there were several statements about salespeople being biased and unreliable. However, whether this is true or not seems to depend on the situation, since some of the same participants also stated that sometimes salespeople can provide expertise and support when making a decision, as mentioned earlier. As mentioned earlier, participants wanted to have someone to talk to if something went wrong and at the same time they sometimes feel a salesperson can be fun to talk to and provide expertise. However, sometimes they can be annoying. Taking this into account, it seems to be important to have the possibility to talk to someone, also when shopping online. This way, an e-vendor should make sure that the customer is aware of this service, but still without pressuring the customer.

Continuing to look at the affect-based trust formation, it was clear that different means to building trust were differently effective, where recommendations from a friend was highlighted as much more trust forming than anything else. Reputation, however, was very important to the participants when building trust. A reputation takes a long time to build, which was one of the reasons as to why reputation was such an effective trust builder. If the company is not well known, it should focus on using third party seals since, according to participants, it strengthens the credibility. As mentioned earlier, participants did not solely rely on their intuition when purchasing something expensive. This was once again brought up when they explained that third party seals are strengthening the credibility, but it is not enough in order to complete a purchase, since anyone can put up a logo on their web page.

This confirms the positive effect on trust formation from third party seals that was suggested by Kim et al (2008). However, logos and seals had a low impact on the trust in the e-vendor, suggesting that the seal's effect on trust is highly dependent on the seal/logo or that the effect on trust is based on associative reasoning.

Concerning the cognition-based trust formation, return policies was brought up by all focus groups as something important. This was especially important, since the performance risk is high when it comes to a bed. If one cannot test the bed in a store, then good return policies is a must in order to lower this severe barrier. One aspect of the return policy was that it should not be too difficult or time consuming to return a product in order to be effective, or else the participants felt one might not have the energy to return it. It was also expressed that the size of the product made it more complicated to return the product, which once again highlighted the importance of the return policy being generous and easy. Hence, it became clear that if the product is big and bulky, associated with a high price and a high performance risk, the return policy must be generous.

Privacy protection was not as frequently mentioned as good return policies were. This was probably due to the fact that customers did not feel that the transaction risk was a severe risk and the majority of the participants felt safe online.

The experience-based trust formation was not as discussed as the cognition based and affect based trust formation. This might be explained due to it being difficult to put oneself in an unfamiliar person's shoes when oneself is already familiar. It can be difficult to remember how it felt to be unfamiliar with something. However, concerning familiarity, participants seem to feel safer when using Klarna and PayPal, since one knows of these companies on beforehand.

## 5.2.2 PURCHASE



*Figure 8. Purchase Phase (Kim, et al., 2008; Agrawal, et al., 2001)*

As mentioned in the literature review, the actual purchase is when the actual purchase takes place (Agrawal et al, 2001). It is resembling a switch, since it is a short step between attraction and retention.

Even though it seemed as the participants evaluated and thought about the different benefits and barriers during the attraction phase, the previous literature shows that customers can experience insecurity regarding the transaction when the actual transaction is to take place. (Chen & Barnes, 2007) This risk was, however, not experienced as a big problem when buying a bed since most participants agreed that a bed is often purchased from a trusted brand, confirming the conclusion by Torres et al. (2014) and Ba et al. (2012) suggesting that brands and firm reputation have emerged as new switching costs in the virtual market

Several participants expressed a wish to get updates regarding the delivery progress, illustrating a wish to feel in control when experiencing a risky environment. This is also previously suggested in a study by Su et al. (2008) saying that during the phases of a purchase process it is important that the customer can find information together with the sense of quality, convenience, price, control and security.

### 5.2.3 RETENTION



*Figure 9. Retention Phase (Kim, et al., 2008; Agrawal, et al., 2001)*

The importance of customer satisfaction to retain a customer as found by Choshin and Ghaffari (2016) was confirmed in this study. All focus groups were in agreement that it was important that the trust, expectations and contract that had been created with the e-vendor was met in terms of e.g. quality and colour but also delivery. The importance of after-sales services if something was out of order was also highlighted and this confirms the findings of Singh (2002) and Chiang and Zhen (2010).

Several focus groups also lifted the delivery moment and that it should include some type of positive surprise since it would leave them with a positive feeling and rapidly improve the chances of them returning as a customer. Examples of these positive surprises was anything from a handwritten note, making it feel more personal, to sheets or pyjamas, which are related to the product itself. The fact that something positive and unexpected upon delivery would have a significant impact on the chances of retention is not something previously found in the literature. Also, after sales services that are not actually expected was expressed to create a strong positive feeling among the participants. An example of this could be that the e-vendor team up with other companies and, when needed, offers discounts to services related to the product purchased from the original e-vendor.

The point of delivery, especially for a big high involvement product, will require home delivery and most likely the assistance of delivery personnel. This can therefore be the only face-to-face contact that the customer experiences during the purchase but since this is the point of delivery and most risk elements have passed, the impression of this person may have low impact on the level of trust experienced by the customer. This, due to that as trust is formed, the trustor

intends to accept vulnerability in the form of risk toward the trustee (Mayer, 1995) and in this case no more vulnerability is required from the customer. The delivery personnel can however provide service which strengthens the customer relationship and the perceived value. (Singh, 2002)

During the discussion regarding the attraction phase of a purchase the opinions were very strong, and people often felt that they wanted to express different opinions and sometimes strongly disagreed even though their opinions were not very different. In the discussions regarding the phase after the purchase, all agreed with each other. This may be a sign that people are more invested in the attraction phase since that is where trust and a relationship need to be formed, here the relationship is already in place and the customer is more concerned with the trust being maintained and that there is a possibility to have good communication to resolve potential trust issues. This compliant attitude from the customer may be an explanation to why customer retention costs less for the company compared to acquiring a new customer (Kandampully and Duddy, 1999).

## 6 CONCLUSIONS, IMPLICATIONS AND FURTHER RESEARCH

In this chapter we provide conclusions, implications and suggestions of future work. The purpose of this chapter is to answer our research questions.

This chapter consists of three sections. Section 6.1 contains the conclusions from this thesis and answers to the research questions. Section 6.2 contain an analysis regarding the implications for both companies selling big high involvement products online and also for the academic research field. Limitations of this research is discussed in section 6.3 and section 6.4 gives suggestions regarding potential further research.

### 6.1 CONCLUSIONS

To begin with, this study confirms that the customers perceptions of risks when shopping online depends on what product they are shopping (Korgaonkar & Karson, 2007; Peterson et al. 1997). That the customer perceives the risks as higher when shopping a high involvement product is partly confirmed, except for the delivery time, which is dependent on the attributes of the high involvement product. This confirms that attributes of the products, such as price, size and the ability to describe the product, all affect the customer's perception of risk respectively. This calls for further research.

This study also suggest that benefits, barriers and trust are closely intertwined and affect one another. One example of this is that the low social and psychological risk of a bed might be why participants do not enjoy the process of purchasing a bed, which makes the barrier of less enjoyment online disappear and might increase the feeling of convenience being a benefit. Another example of this is that a bed was expressed to be expensive, hence having a higher financial risk, which might be the explanation as to why the benefit of a lower price online was identified to be a benefit by all focus groups and also agreed on by all participants.

RQ 1. What are key perceived benefits for customer when buying big high involvement products using e-commerce?

The key perceived benefits of purchasing a big high involvement product online was found to be the lower price, but also that it easier and more convenient to compare between different models and get a better overview than one can get in a physical store for example. Concerning this information, it was found that objective information was requested when purchasing a big high involvement product online. This might be even more important when purchasing a high involvement product with low information quality fitness, when it is difficult to know what is good or not and when the process of purchasing this product feels chaotic. However, this will need to be researched further.

Another benefit of shopping online that can be identified as a key benefit was the larger product range, mainly due to the entire world being accessible. However, this benefit is conditioned by being able to compare and get an overview since a larger product range without an overview can increase the sense of chaos and not being in control.

RQ2. What are key barriers for the customer when buying big high involvement product using e-commerce?

It seems that the performance risk and the financial risk was perceived as very high and can therefore be viewed as key barriers to shopping a big high involvement product online. It could also be seen that the financial risk can affect the performance risk, since if something is more expensive, it was more important to evaluate the product first to lower the performance risk.

This combines the results from Venkatraman (1989), that high involvement products have high risks, and that one of the predominant risks of e-commerce is performance risk (Bhatnagar et al., 2000) and shows that the high performance risk is predominant for big high involvement products as well.

Continuing, delivery time was not seen as a severe barrier and this was expressed to be true for larger products. There was not complete agreement regarding delivery time and sometimes customers have a general expectation that the product should arrive fast when shopping online. Most participants were however in agreement regarding the importance of the delivery precision as a delay or a change in delivery date could have large consequences for the customer.

RQ3. What are the key factors contributing to trust and to the customer overcoming barriers and going through with the purchase of a big high involvement product online?

There were many different factors that built trust, but the most outstanding were recommendations from a friend, a well-known brand with good reputation as well as customer and expert reviews in order to build a non-biased view of the selling company and the intended product. This is the case, since it is difficult for a company to corrupt all of these sources of information. Guides to navigate the information can assist the customer in the matching process and thereby increase the trust that the match will be correct.

Something shown in this study to have a big impact on trust when selling a big high involvement product is the ability for the customer to return the product if it does not meet the customer's expectations, showing that a good return policy is important together with a transparent delivery process.

RQ4. What are the key factors contributing to the customer retention, after the purchase of a big high involvement product online?

The need for customer satisfaction and after sales services was recognized from previous research as strongly promoting factors for the customer to intend to return to the e-vendor. Something that was also highlighted as important was that the point of delivery should include some sort of positive surprise, which has not been found in previous literature.

## 6.2 IMPLICATIONS

This section will cover the academic, managerial and sustainable implications of this study.

### 6.2.1 ACADEMIC

This thesis combines the theories regarding the online purchase process and trust formation with the theories regarding high involvement products and product size. The study contributes to the empirical material regarding trust formation, purchase process and big high involvement products. A large extent of the results confirm the findings of previous research but also shows some risk, benefit, trust and retention factors that are interpreted as more important when selling big high involvement products online compared to other products.

The theories were also adapted to a new context when investigating a particular big high involvement product. This provides new empirical data to the field and provides more depth and potential future research areas to generalize the findings.

## 6.2.2 MANAGERIAL

Based on the findings of this thesis, e-vendors of big high involvement products can find a deeper understanding of the trust building mechanisms and factors contributing to benefits, risks, barriers and customer retention. This study has structured the benefits, risks and trust forming factors of an online purchase of a big high involvement product into the different stages of a purchase process; before, during and after the purchase to illustrate the different variables that the e-vendor can address. Observe that these are suggestions of what an e-vendor could do in order to address the key benefits, barriers, trust forming- and retention factors found in this study, and not an exact recipe of success.

- Main benefits identified in this study were a lower price, easier comparison between options and a bigger product range.
  - ✓ Consider that the customer is aware of the lower costs associated with e-commerce compared to a traditional, physical store or retailer. The customer therefore expects a lower price or better service such as free delivery and this must be clear.
  - ✓ Provide comparing tables and step by step guiding towards the best product for the customer, together with objective information about alternatives, which will facilitate the purchase process and give the customer an easy overview.
  - ✓ Be aware of the higher competition online, compared to a physical store with limited options, when entering the online market. However, every person, with an Internet connection, is a potential customer.
- The main risks for this product segment seem to be performance risk and financial risk together with the risk of low delivery precision.
  - ✓ Provide a showroom and fabric samples if possible to reduce the performance risk. Another option could be more information and guiding with the use of digital tools such as virtual reality displaying or body scanning.
  - ✓ Lower the financial risk with lower prices or with the use of innovative business models, such as the possibility to pay by using subscriptions or rentals.
  - ✓ The delivery moment is the only time the customer meets a person. Make sure that this person is reliable, on time and that the communication before the

delivery has been well handled. If the delivery is outsourced, have a close working relationship with that supplier.

- Main factors contributing to trust were good return policies, good information quality and guiding together with affect-based factors, such as recommendations from a friend.
  - ✓ Good return policies reduce the performance risk, which was one of the main barriers for big high involvement products. Because of this, we suggest that an e-vendor provides this for its customers.
  - ✓ Good information quality and guiding was mentioned in the section above.
  - ✓ Try to make third party actors address the product. Examples could be bloggers, satisfied customers or magazines.
- Factors identified in this study to contribute to customer retention were customer satisfaction, after sales services and something “extra” upon delivery.
  - ✓ Customer satisfaction means making the customer satisfied and fulfilling the agreement as it was perceived by the customer. Don’t make promises you can’t keep.
  - ✓ After sales services could be customer service or including discounts on services associated with the product that are provided from other companies.
  - ✓ Something “extra” upon delivery could be anything associated with the product or a hand-written note.

E-vendors selling big high involvement products should therefore pay extra attention to these factors while considering their context.

### 6.2.3 SUSTAINABILITY

By understanding the risks, barriers and benefits experienced by the customer when purchasing big high involvement products online, together with how trust is formed in this context, e-vendors will likely be able to increase their online sales of this product category.

By doing so, the increased productivity and competition that can occur for the business (Basu and Siems, 2004), can result in higher profits for the business (Prieger and Heil, 2014) which contributes to the business's financial sustainability. Another possibility is that it can result in lower prices for the customer (Chiang & Zhen, 2010). Lower prices for the customer can result in the customer being able to purchase a product of higher quality. This will be reflected in, with a bed for example, better sleep for more people and thus potentially reduce the risks of heart attack, stroke, cancer, obesity and injury that is connected to lack of sleep. (Huffington, 2016) This contributes to social equality and sustainability.

The reduced transportations of products and customers to and between stores will reduce emissions of greenhouse gases and the possibility to manufacture almost all beds upon order will reduce the risk that a product is not sold and consequently thrown away. This contributes to ecological sustainability.

The results of this study calls for easier information access and ability to compare different products. If this becomes the case, it will be easier for the customer to access product alternatives with better production and performance regarding social or ecological parameters and this gives a potential to choose based on these parameters and promote businesses with a sustainable approach. For businesses, the increased customer reach can increase the financial sustainability of a business, especially if they provide a niche product with customers scattered around the world.

### 6.3 LIMITATIONS

Due to the small, non-random sample from a limited region, the results of this study holds a limited level of generalizability. However, this was not the main purpose of our study, instead it has an exploratory focus. The study has also focused on big high involvement products and thus the results might not have the same relevance for all types of products sold online. To characterize big high involvement products, beds have been used as the example throughout the study and some aspects of the result may therefore have a stronger connection to this specific product and not be generalizable for all big high involvement products to the same extent.

## 6.4 FURTHER RESEARCH

In this section, some suggestions regarding research areas are provided:

- This is a qualitative study using focus groups to get rich data regarding the subject. This, however, reduces the generalizability of the study due to the limited sample. To increase the generalizability of the results a quantitative approach is suggested together with a more diverse sample.
- To compare the results with a study conducted with people living on the countryside or in other countries to further study cultural aspects.
- To study age differences regarding the perception of online purchases and level of involvement on a bigger sample and on other products as the results from the questionnaire suggests that there is a correlation for the product used in this study.
- This study used beds as a context to big high involvement products and it would be possible to compare to studies using other high involvement products as context.
- Using an experiment methodology would have the potential to reveal more about intuition and unexplained reasoning in online purchases of big high involvement products in particular.
- Case studies regarding how different e-vendors address these questions could reveal the level of awareness regarding these issues and how they are tackled.
- Exceeding the customer's expectations through a small gift upon delivery was mentioned several times by focus group participants as something that would increase their satisfaction and the chance that they return to the e-vendor. Investigating the effects this has on retention when tested would make for a possible study.
- Also, investigating the effect of different types of gifts and gift values would be of interest for different e-vendors.
- Another option would be to investigate the correlation between profession or educational background and online purchase process.

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## 8 APPENDIX A – QUESTIONNAIRE

### Questionnaire

1. Age:
  
2. Average income level per person in the household (before tax)
  - Below 20 000 SEK per month
  - 20 000 SEK – 40 000 SEK per month
  - Above 40 000 SEK per month
  - Don't want to disclose
  
3. How do you feel about buying products online?  
Scale 1-6, 1=Strongly Dislike, 6=Strongly Appreciate
  
4. How big share of your purchases are made online? (Kim, et al., 2008)  
Scale 1-6, 1=None, 6=All
  
5. How much internet experience do you have? (Kim, et al., 2008)  
Scale 1-6, 1=Novice, 6=Expert

Term: Your anonymity will be preserved in this study and it is important that you do not disclose the identity of other participants. The results from this questionnaire and the focus group session will be used in our study

- I approve

6. A bed is important (Choi, et al., 2006):

Scale 1-6, 1=Not Accurate at all, 6=Completely Accurate

7. A bed means a lot to me (Choi, et al., 2006):

Scale 1-6, 1=Not Accurate at all, 6=Completely Accurate

8. Buying a bed is a critical decision (Choi, et al., 2006):

Scale 1-6, 1=Not Accurate at all, 6=Completely Accurate

9. A bed is a concern to me (Choi, et al., 2006):

Scale 1-6, 1=Not Accurate at all, 6=Completely Accurate

10. A bed is useful (Choi, et al., 2006):

Scale 1-6, 1=Not Accurate at all, 6=Completely Accurate

## 9 APPENDIX B – MODERATOR GUIDE

Consider the last time you purchased a bed. What was the experience like? How was it similar to or different from your expectations? What was interesting about the experience?		
What are the benefits of buying a bed online compared to anywhere else eg a store?		
Lower Search and Switch Costs	The cost of searching for information is lower (Basu and Siems, 2004) e.g. no travelling between stores (Anckar, 2003), easier to compare options due to information accessibility, also easier to switch e-vendor (Cao, Zhang & Seydel, 2005). Sellers can also be more aggregated and thus easier to find for the consumer (Brynjolfsson et al., 2011; Sandulli et al., 2014). Information online can be more compact and rich (Kumar et al, 2013).	Basu and Siems, 2004; Anckar, 2003; Cao, Zhang & Seydel, 2005; Brynjolfsson et al., 2011; Sandulli et al., 2014; Kumar et al, 2013
Lower Price	Lower price. (Chiang & Zhen, 2010) Higher firm profits instead. (Prieger and Heil, 2014)	Chiang & Zhen, 2010; Prieger and Heil, 2014
Accessibility and Convenience	Shop anytime and anywhere. (Kumar et al, 2013; Kangis & Rankin, 1996) Vast product range. (Anckar, 2003) Convenient. (Chaparro-Peláez et al., 2015) Payment process more efficient. (Anckar, 2003) Time saving. (Anckar, 2003)	Kumar et al, 2013; Kangis & Rankin, 1996; Anckar, 2003; Chaparro-Peláez et al., 2015
Personalization, Co-creation	Products can be customized more due to new ways of communication.	Grant et al., 2010; Sandulli et al., 2014
What prevents you from buying a bed online?		
Financial Risk	The uncertainty of losing money due to a defect product or due to not receiving any product at all.	Biswas & Biswas, 2004
Transaction Risk	the risk of giving information (such as credit card number, name, address) that can be used for identity theft etc.	Biswas & Biswas, 2004; Iglesias-Pradas et al., 2013
Performance Risk	The risk that a product does not function at the expected level.	Biswas & Biswas, 2004; Choshin & Ghaffari, 2016
Psychological Risk	The risk of a product not aligning with the customer's self-image and the customer might change what he thinks of oneself.	Jacoby & Kaplan, 1972

Social Risk	The risk that others may think less of us when buying a specific brand of a product.	Jacoby & Kaplan, 1972
Little Internet Experience	Not familiar with using the internet, which make online shopping seem more difficult.	Reyes-Mercado & Rajagopal, 2015; Anckar, 2003
Expensive Internet	The cost of having internet connection is too high.	Anckar, 2003
General Distrust	The risk of fraud in general, not trusting e-vendors.	Vijayasathy & Jones, 2000
Less Enjoyable	Not as relaxing and satisfactory activity as to look, feel, smell and evaluate the products in a store.	Rosen & Howard, 2000; Phau & Poon, 2000
Delivery Risk	One has to wait in order to receive the product instead of getting it instantly.	Díaz and Ruíz, 2002; Anckar, 2003

What is important for you to disregard these risks and barriers?

### Cognition based

Privacy Protection	The consumer's perception of that the e-vendor will try to protect the consumer's confidential information collected during electronic transactions from unauthorized use or disclosure.	Kim et al., 2008; Choshin & Ghaffari, 2016
Return Policy	Terms for product return.	Iglesias-Pradas et al., 2013
Information Quality	The richness and quality level of information provided.	Choi et al., 2006; Choshin & Ghaffari, 2016

### Affect based

Reputation	Sense of previous or general behaviour from the seller.	Kim et al., 2008
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Presence of Third Party Seals	Assurance from a third-party certifying actor.	Kim et al., 2008
Referral, eWOM, Recommendations	Assurance from other third-party e.g. peer or social media.	Chevalier and Mayzlin 2006; Zhu and Zhang 2010
<b>Experience Based</b>		
Familiarity	The consumer's degree of acquaintance with the selling entity, which includes knowledge of the vendor and understanding its relevant procedures such as searching for products and information and ordering.	Kim et al., 2008
Internet Experience	Previous experience of using the internet.	Kim et al., 2008
E-commerce Experience	Previous experience with the e-commerce channel.	Kim et al., 2008
<b>Personality Oriented</b>		
Disposition to Trust	How easy it is to trust in general based on background and experiences, e.g. faith in humanity.	Kim et al., 2008
Shopping Style	High or low involvement customer.	Kim et al., 2008; Bloch, 1980
<b>Dual process reasoning</b>		
Intuition	Unexplainable reasoning.	Roghanizad and Neufeld, 2015
<b>What is important for you to return to the seller when buying your next bed?</b>		
Customer Satisfaction	That you get what you thought you would get or more.	Choshin & Ghaffari, 2016
After-Sales Services	Installation, customer support, warranty and repair.	Singh, 2002; Chiang & Zhen, 2010
<b>Have we missed anyone's question or forgotten to hear anyone's response? Is there anything else that you would like to talk about that may shed some light on the issues we have discussed?</b>		

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