The Role of Redress in Consumer Online Purchasing

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Degree Doctor of Philosophy

Chin Eang Ong
B Bus (Transport & Logistics Management)
G Dip in Business Systems
Master of Business in Information Technology
G Cert in Higher Education

School of Business IT and Logistics
RMIT University
January 2013
Declaration

I certify that except where due acknowledgement has been made, the work is that of the author alone; the work has not been submitted previously, in whole or in part, to qualify for any other academic award; the content of the thesis is the result of work which has been carried out since the official commencement date of the approved research program; any editorial work, paid or unpaid, carried out by a third party is acknowledged; and, ethics procedures and guidelines have been followed.

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Abstract

This thesis reports a study which examines the influences of the availability of redress procedures on the decisions of consumers to purchase online. Availability of redress procedures in this concept is when consumers have access to uncomplicated complaint procedures that offer timely resolution and effective compensation and handling. Previous research has shown that many factors such as product price, availability, merchant reputation and integrity, consumer attitude, perceived convenience, enjoyment and pleasure, and service quality influence the decisions of consumers to purchase online. This study focuses on the availability of redress procedures on the decisions of consumers to purchase online and the importance role of redress in that process.

Data was collected initially in face-to-face interviews with both consumers, who buy online, and merchants who sell online. Then Focus Group discussions with consumers were conducted to further understand and confirmed the findings emerged from the interview process.

The research shows that price was always the first and most significant influence in consumers’ decisions to purchase online. Likewise, consumers also make decisions about online purchasing because of product availability and the range of product choices available to them. Consumers are also sensitive to shipping fees when deciding to purchase online. It also shows that any delay or longer delivery time also influences consumers’ decisions in switching back to offline purchasing. Lastly, consumers choose to purchase online because they enjoy the fun and excitement during the process of online purchasing. A model showing the influence of these factors was created, adding the effects of the availability of redress on those decisions.

This research shows that the availability of redress does not always influence consumers in making decisions to purchase online. If most transactions are fulfilled according to the consumer’s expectations, then consumers have little, if any, concern with redress. Sometimes factors such as merchant reputation, low risk transactions, guaranteed purchase fulfilment, product price and availability, enjoyable online purchasing experience, shipping cost and delivery time seem to be a more important influence on consumers in their decisions to purchase online. This research concludes that the availability of redress can and does indirectly influence consumer confidence and trust.
in online purchasing and therefore impacts on their decision to purchase, if and only if, one of these three circumstances happens:

1. When problems occur in online purchasing process and subsequently consumers require an immediate access to a complaint handling system;

2. When risk is perceived to be present in the purchasing process then the availability of redress policy and/or procedures is required by consumers to guarantee that they are well protected from financial loss; and

3. When redress initiatives are offered that allow consumers to assess the merchant’s accountability in offering satisfactory online purchasing fulfilment.
Chapter 1 Introduction

1.1 Introduction

This thesis is a study of the influence of the availability of redress procedures on the decisions of consumers to purchase online. The study focuses specifically on online consumers and merchants in Australia and on the effects of the availability of redress on consumer decisions to purchase online, where in Australia the total B2C e-commerce sales in 2011 were $US10.5 billion. This was enough to make Australia the fourth-largest e-commerce market in Asia-Pacific (Wilkinson 2012).

Redress refers to the process of a complaint action from an aggrieved consumer to rectify a problem in a transaction (Mattila & Wirtz 2004) and is widely discussed in service recovery (Mattila & Wirtz 2004), consumer complaint behaviour (CCB) (Day 1980; Singh 1988), and customer relationships (Payne & Frow 2004). Some websites such as eBay and Amazon are exceedingly popular and well used by consumers. Other shopping sites are less so. Some argue that this results from consumer expectations about products, price and choice (Falk, Sockel & Chen 2005), or because of expectations of customised service and convenience (Elliot and Fowell 2000) or simply because of poor usability of the web site (Chen and Macreadie 2005).

1.2 Redress in B2C online purchasing

In business transactions, redress is an action taken by a dissatisfied consumer who complains about a defective product or inadequate level of service (Diener & Greyser 1978; Richins & Verhage 1985). The availability of redress is a crucial component of a fair and reasonable complaint system that is easily accessible by a complainant. When a consumer suffers a detriment during purchase transactions, a merchant that wishes to be seen as accountable must take steps to rectify the perceived damage. If merchants lack a proactive approach to accessible complaint procedures or to providing remedies, they risk consumers remaining aggrieved (Ombudsman Western Australia 2013). Davidow (2003) argues that redress is a post-purchase complaint procedure that necessitates some form of compensation. Mitchell (1993) refers to redress as a provision of after-sales support systems aimed at handling complaints, undertaking dispute resolution, as well as the
establishment of refund and return policies. In e-business transactions, redress refers to dispute settlement in cross-border purchases over the Internet (Edwards & Wilson 2007). According to the Organisation for Economic Co-operation and Development (OECD) (2006), redress is the mechanism where consumers can actually engage to resolve disputes and seek remedies from merchants in online transactions. In this research, the definition by Ha and Coghill (2007) is used: redress is a process that offers consumers accessibility into internal complaint handling procedures and services to resolve disputes and problems that occur during online transactions.

Researchers have shown that in offline business transactions, redress can serve as an influential mechanism for improving consumer confidence (Magnini, Ford, Markowski & Honeycutt 2007). Furthermore, redress has received growing attention in conventional offline business, and is increasingly being regarded by merchants as an important opportunity to enhance both consumer satisfaction and build customer loyalty (Komunda & Osarenkhoe 2012; Yuksel, Kilinc & Yuksel 2006). For example Ok, Back and Shanklin (2006), and Tyrrell and Woods (2004) have shown that service recovery is same as redress in rectifying a problem that has caused customer grievance, thereby restoring their confidence. Thus, redress plays an important role in enhancing consumer confidence.

Redress has also been cited as a key element in Consumer Complaint Behaviour (CCB) (Day 1980; Singh 1988). CCB is centred on dissatisfaction with a product or service leading to three complaint behaviours: 1) private responses (e.g., negative Word of Mouth), 2) seeking redress (e.g., from merchant), and 3) third-party responses (e.g., taking legal action) (Day & Landon 1977; Bearden & Teel 1983; Singh 1988). Studies by Huang and Chang (2008), and Hong and Lee (2005), in the context of CCB, point to redress as an obvious discourse sought by dissatisfied consumers following a purchase transaction that went wrong.

Huppertz (2007), Hogarth and English (2002), Cho and Joung (1999) and Blodgett and Granbois (1992), show that the availability of redress is essential to address consumer dissatisfaction experience, and enhance consumer trust and confidence. Ngai, Heung, Wong and Chan (2007) argue that redress presents an opportunity to respond to consumer complaints effectively and to improve the
ongoing relationship between merchant and consumer (Ha & Jang 2009; Broadbridge & Marshall 1995). La and Choi (2012) emphasize the act of redress as offering merchants a second chance to restore consumer trust and help to improve merchant reputation (Nikbin et al., 2011). Blodgett, Wakefield, & Barnes (1995, p. 31) comment on the role of customer service in dealing with consumer complaint behaviours by stating, ‘retailers and service providers should encourage customers, who are dissatisfied, to seek redress so that they will then have a chance to remedy those problems and retain those customers’ business’. Prior studies from Nyer (2000), Huang, Huang, and Wu (1996), and Jacoby and Jaccard (1981) also highlight the importance of redress in affording the merchant an opportunity to improve customer service. Consumer evaluates their online purchasing experience and this includes the merchants’ efforts and initiatives to handle the problems encountered. This provides business opportunity for merchant to understand and to influence consumer decisions to purchase in future.

Some researchers suggest that an effort by business to make redress available can reinforce a buyer-seller relationship that further influences consumer trust to purchase and increase merchant sales revenue (Stefanou, Sarmaniotis & Stafyla 2003; Schoefer & Diamantopoulos 2009). A trusting buyer-seller relationship requires a consistent approach from merchants that focuses on the objectives of maintaining purchase satisfaction and addressing any transaction issues to improve the overall service levels. (Cho et al. 2002 & 2002a). However, this relationship requires services or measures to handle, resolve, and manage solutions when consumers seek redress to improve the overall trustworthiness and satisfaction in the transaction (Cho & Fjermestad 2006). Consequently, it matters what and how the merchants manage the redress process and then use this to improve trustworthy relationships with consumers.

However, whilst the availability of redress procedures have been shown to impact off line shopping, the influence of redress in the online purchasing environment is still less certain. From the B2C online purchasing perspective, the impact of redress remains abstract in response to how consumers would respond or what the influence of redress is on their confidence and trust when purchasing online. This
understanding of the impact of redress availability on consumers in B2C online purchasing is still lacking.

Previous studies (Cooper 2003; Gefen & Straub 2003; Lim et al. 2006) argue that building and retaining consumer trust in B2C e-business are substantially challenging. For example, a consumer's perceived risk has been found to act as one of the biggest barriers to consumers’ online purchasing decisions (Zhang, Tan, Xu & Tan 2012; Lieberman & Stashevsky 2002). A consumer can be reluctant to purchase online because the sense of risk may be higher when compared to the offline environment (Kim, Ferrin & Rao 2008; Park, Lennon & Stoel 2005). Perceived risks always remain in the e-business environment and may lead to disputes (McKnight & Choudhury 2006; Joyce 2006; OECD 2003). B2C e-business transactions often involve cross-border transactions and also are often virtual with consumers in one country and merchants in another. The cultural, linguistic and legal legislation differences also create an unequal scenario in terms of the bargaining power of consumers’ (Hornle 2002). Redress is shown to be significant in managing this perceived risk inherent in e-business (Kim, Ferrin & Rao 2008). Redress availability is considered essential to build and retain consumer trust, and to give consumers confidence that the merchants are reliable in an online context (Magnini et al. 2007; Rietjens 2006).

Redress is more than a tool or mechanism to support and protect consumers in case of disputes. It is an opportunity to address and remedy problems and to have consumer concerns for perceived risks addressed as well. Having a redress policy and set of procedures available is necessary for merchants who want to win or to reinstate consumer trust. Holmes and Rempel (1989) argue that consumer trust is strengthened if merchants are responsive in acknowledging and addressing consumer issues. The trusting beliefs in merchants, purchasing satisfaction and emotions of consumers also influence consumer confidence, subsequently increasing trust in B2C e-business (Liao, Chen & Yen 2007; Ajzen 2002).

Earlier studies on the success of B2C e-business by Gefen and Straub (2004), Kräuter and Kaluscha (2003), and McKnight, Choudhury and Kacmar (2002) already emphasise the importance of winning consumer confidence to commit to a purchase. This is because when consumers have confidence in sellers’ reliability
and integrity, trust will develop in B2C e-business (Morgan & Hunt 1994; McKnight, Choudhury & Kacmar 2003). Swire (2009) and Huppertz (2007) claim that consumers are often unaware of how redress will play a supporting role when they make a purchase from an online merchant. Huang and Chang (2008) also show how redress reinforces consumer trust has been less clearly established in B2C e-business settings. Having redress procedures in place is an essential element of trust development and eventually the intention to purchase in B2C e-business.

For many of the early years of B2C e-business there was a view that security in the transaction was the major barrier to purchasing online (Lian & Lin 2008; McCole, Ramsey & Williams 2010). Much of the research focus was on the role of trust (Lu, Zhao & Wang 2009; Gefen & Heart 2008), trust in the merchant (Kong & Caisy Hung 2006), trust in the payment systems (Kim, Tao, Shin & Kim 2010a) and trust in delivery (Davis-Sramek, Mentzer & Stank 2008). Those initial barriers have been well researched, both in practice and within a legal context. However the availability of redress procedures in the online purchasing context is less certain. Despite the attempts at advancing redress in a B2C e-business environment, Europe (ECC-Net Fact sheet 2006; ECC-Net Denmark 2006, European Commission 2011), Australia (Australian Government Treasury 2009, 2009b & 2003) and the US (OECD 2005 & 2007) it is still at a developmental stage. The adoption and use of redress procedures has yet to adequately address consumer issues directly and is considered to be a costly (Gwith 2006), complicated, and a lengthy procedure (Edwards & Wilson 2007; Gregg & Scott 2006).

There is clearly a need then to better understand the role of redress in B2C online purchasing. The awareness and understanding of the availability of redress procedures in online purchasing and its value as a strategic initiative to foster a climate of confidence and trust in consumers is not evidentially strong. The scope of this research is to explore how the availability of redress procedures influences the decisions of consumers in B2C online purchasing. From the theoretical perspective, this research provides a current, comprehensive understanding of redress in B2C e-business, exploring the influence of redress on consumer
confidence and trust, and assessing the importance of the availability of redress. In addition, studies have not understood the importance of redress to consumer confidence and trust or how they work to influence the purchase decision. By exploring the redress concept both conceptually and empirically, this research provided important insights into the important roles of redress in consumer online purchasing decision.

The following research question then is the focus of this research:

_How does the availability of redress procedures influence consumer’s decision to purchase in B2C e-business?_

**1.3 Research approach**

Morgan and Smirich (1980) assert that qualitative methods are suitable for obtaining a view of behaviour and actions in the social world. Accordingly, this approach is most appropriate here for two reasons. Firstly, this method of research that focuses largely on the consumers’ and merchants’ experiences of redress in B2C online purchasing, is less understood than the influence of redress in the offline consumer purchasing environment. In particular theory testing is not appropriate since the variables relevant to the concept (redress) have not yet been identified and researched (Stern 1980). Second, the explanation or answer to “why and how” of the availability of redress remains presently unclear in this area of research, with few existing rich insights into the understanding of the influence of redress. Qualitative research also allows the researcher to interact with subjects (i.e. online consumers & merchants) and enables the researcher to explore rich insights of the subjects being investigated.

Strauss and Corbin (1998) claim that the objective of qualitative research is to foster openness, and a willingness to listen to respondents. What respondents say is recorded and interpreted to understand their point of view about the particular phenomenon (Burns, 2000). Schwartz and Jacobs (1979) emphasize that accessing the life-world of the individual or subject of the study is better realized by means of qualitative rather than quantitative methods. Additionally, the information and knowledge that is gained makes it possible to closely examine what is actually experienced by the participants in the study (Berg 2007; Marshall & Rossman
In order to explore the influence of redress in-depth and gather richer insights into its influence on consumer decisions to purchase online, the researcher needs to be an active participant in the research process (Gerdes & Conn 2001) with the objective to provide interpretative answers about the complex nature of the phenomenon (Teddle & Tashakkori 2003; Leedy & Ormrod 2005).

As mentioned previously, the objective of this study is to understand the influence of the availability of redress in B2C online purchasing from the viewpoint of both consumers and merchants. This research represents the perspectives and experience of those who are living with it and, in order to fully understand the situation, one must interpret it from the perspectives, viewpoints, experience and understanding of the participants (Schwandt 1994).

Two types of data collection were utilised to ensure an in-depth understanding of the topic: individual face-to-face interviews and Focus Group discussions. This thesis reports those narratives from the interviews and Focus Groups, and provides a comparative analysis building relevant theory.

Data obtained from the interviews helped to better understand the role and importance of redress in B2C online purchasing. Grounded theory analysis from Strauss and Corbin (1990 & 1998) was employed in analysis of the interview data. This is to make sense of and analyse the collected interview data to derive themes that become evident through iterative textual interpretation. An appropriate coding scheme (content coding) is developed to rearrange the qualitative data into categories in order to observe the emerging patterns in the data. This method of analysis is used to let the interpretation emerge from the participants in the study (Fendt & Sachs 2008), and the understanding and outcomes of what is happening in the research context can be inductively derived from the gathered empirical data (Thorne 2000; Bowen 2008).

The findings from the interviews analysis are also used to formulate questions to the guide the topic discussed in the Focus Groups. The Focus Groups were conducted to further explore other dimensions that may affect the role of redress in B2C online purchasing and to evaluate, follow up and confirm finding from the
interviews. Transcript-based analysis suggested by Krueger (1994) was used in this Focus Group to generate the primary source of data for analysis.

Essentially the strength of one method can offset the weaknesses of another, while combined with interview-derived data, Focus Groups provide a method of confirming data from difference sources and confirming information with difference data collection methods (Krathwohk 1998). This allows for an in-depth understanding of the research topic. Consequently, the findings provide a rich and meaningful interpretation of ordinary events that create a convincing picture of the real situation in the study (Miles & Huberman 1994).

1.4 Significance of the research

This study will provide insights about the importance and influence of the availability of redress in B2C online purchasing thus enhancing our understanding of the role of redress on consumer’s decisions to purchase online. A review of all the primary literature is not feasible for the researcher, so it must be read selectively and critically and the researcher must decide which literature is relevant to the research topic and interest under investigation. The literature reviewed consisted of redress, trust and consumer purchasing decision in an online and offline setting in areas such as marketing, sociology, information systems as well as other relevant areas matter redress in the e-business environment.

In this research, the literature revealed that redress in B2C e-business has been little researched and there is a lack of current theory that explains whether the availability of redress is essential in consumer online purchasing decisions. The literature review created the foundation to build the grounded theory study and the framework used in collecting the data for the study. Under this circumstance, grounded theory is used to provide the ability to gain new insight into this study area and to let the interpretation emerge directly from the immediate data collected (Strauss & Corbin 1990). The requirement was not to test or verify theory, but to develop theory within the context of data collected to explain whether the availability of redress was essential in consumer online purchasing decisions.
We already know a significant amount about what affects and what influences consumers’ decisions to purchase online. Past research suggests that these are merchant reputation and integrity (Lee, Ang & Dubelaar 2005), low risk purchase transactions (Koufaris & Hampton-Sosa 2004), merchant ensuring total purchase fulfilment (Wang, Chen & Jiang 2009), product price and availability (Zhou, Dai and Zhang 2007), shipping cost and delivery time (Magill 2005), and enjoyable online purchasing experience (Wolfinbarger & Filly 2001). The majority of that research has been shown to focus on trust (Chen & Chou 2012; Chang, Fang & Tseng 2012; McCole, Ramsey & Williams 2010). Using these studies, this research will explore the perceptions of both current online consumers and online merchants in Australia to understand further in particular what influence the availability redress procedures has on consumer decisions to purchase online.

1.5 Structure of the Thesis

This thesis is organised in the following way:

Chapter Two; this chapter provides a review of the existing literature on redress and the impact that research shows the availability of redress has on consumers purchasing decisions. The chapter begins by assessing the importance of redress in the B2C e-business environment and proceeds onto a discussion of the development of redress in general. The chapter reviews existing literature on consumer complaints and discusses the important roles of redress in managing consumer dissatisfaction, confidence and trust. A relationship between trust and redress and how redress can be used to influence consumer trust in online purchasing is highlighted in this discussion. The review presented is used to propose the research question, which are then addressed throughout the thesis.

Chapter Three; this chapter describes the research methodology and design used in this study. It discusses the rationale for employing a particular research methodology, provides background of the research design, the process of selecting participants, and the procedures used for data collection and analysis.

Chapter Four; this chapter focuses on consumers’ stories from the interviews. The consumer interview is narrated and grouped into specific themes, with each theme representing the voices, experiences, understanding and viewpoints of the
participants concerning redress in online purchasing. This is followed by an overall analysis (discussion) of the themes that emerged in the study.

Chapter Five; this chapter focuses on merchants’ stories from the interviews. Similar structure to Chapter 4 is used in this chapter with a follow on discussion of the themes that emerged in the study.

Chapter Six; this chapter describes the results of Focus Group discussions. It begins with the purpose of conducting Focus Groups, a brief background of the participants, follows by the Focus Group discussions are narrated and analyzed into specific theme, with each theme representing participants’ views, experience, belief and perspective in this study.

Chapter Seven; this chapter concludes this thesis by summarizing the findings of the study and highlighting particular aspects of the research outcomes, which address the research question posed in this study. The limitations and prospects for future research are also explained.
Chapter 2 Literature Review

2.1 Introduction

This chapter reviews existing research on B2C e-business to discover the roles of redress and trust with consumers during their online purchasing. While the trust aspects in B2C e-business have received extensive attention in research into online purchasing, there is a lack of previous studies considering the importance of the availability of redress in B2C online purchasing. In this study the researcher will explore the literature in attempts to understand the influence of redress on consumer trust and confidence in B2C online purchasing.

Through the study of literature review, the discussion begins with an exploration of B2C e-business development, followed by risks, disputes and the complaints related to online transactions. These issues have not been well discussed and related to redress in literature. The chapter then turns to the definition of redress and a discussion of the availability of redress in the online purchasing environment. The chapter will further examine consumer complaint and redress expectation, which affects consumer satisfaction. This includes the required types of complaint procedures and handling. This chapter also deals with the issues surrounding redress, such as transaction assurance, service recovery, and dissatisfaction resolution and customer relationship management. The issues of trust in B2C e-business will be discussed, highlighting that trust is closely associated with transaction integrity, merchant commitment and reputation which then lead to discussion on the role of trust. In this chapter, the role of trust is demonstrated as an essential influence on confidence when consumers they perceive the presence of risk and uncertainty in online transactions. The influence of control on trust will be discussed to demonstrate that trust and control are parallel concepts and effective control mechanisms to reinforce consumer trust. The review of the literature also describes an early summary of the key factors influencing consumer decisions to purchase online (see Fig 2.4, p.56). The review concludes with a framework (see Fig 2.6, p.60) used for the research conducted on availability of redress procedures in B2C e-business.
2.2 B2C E-Business

E-business is defined as the use of Internet technologies and real time interactions to conduct business (Sharma 2000), which is often associated with the buying and selling of products and services via the Internet.

E-business is now well developed, and this has dramatically changed traditional business concepts, transactions and relationships between merchants and consumers, both locally and globally (Hong & Zhu 2006; BuhalIs & Zoge 2007; Johns & Perrott 2008). The Business to Consumer (B2C) revolution has now changed its focus from web site design and transaction issues (Turban et al. 2006) in the last decade to include more intrinsic developments relating to: customer service, customer relationship management (Chen, Chen & Kazman 2007), reverse logistics (Dissanayake & Singh 2008, XiaoYan et al., 2012), online auction (Shin & Park 2009), virtual tourism management (Andreu et al., 2010) personalization (Koutsabasis et al., 2008), and trust and security issues (Pittayachawan, Singh & Corbitt 2007). Consumers are taking advantage of the benefits of B2C e-business including convenience (Ranganathan & Jha 2007), cost savings (Chang 2009; Melian-Alzola & Padron-Robaina 2007), more buying options (Rotem-Mindali & Salomon 2007) and entertaining purchasing experience (Lee et al., 2009).

Merchants are capitalizing on the operational gains of e-retailing and global markets by reducing customer search costs, prospecting for connections to customers, personalizing shopping, and promising efficiency gains (Day & Bens 2005). According to the Nielsen consumer report on global trends in online shopping in 2010, over 85 percent of the world’s online population has used the Internet to make a purchase, up 40 percent from two years ago, and more than half of Internet users are regular online shoppers, making online purchases at least once a month (Nielsen 2010). E-business transactions globally are now worth millions of dollars. In the USA alone the total retail e-business transactions for the third quarter in 2012 resulted in $USD 135 billion in sales, (U.S. Census Bureau 2012). In Canada sales were worth $CAN15.3 billion in 2010 (Statistics Canada 2011). In the United Kingdom (UK) sales were estimated at UKP102 billion (eMarket 2011) and in Australia sales reached $AUD 19 – 24 billion between
2009 and 2010 (Department of Broadband, Communications and the Digital Economy 2010).

As e-business activities increase, the number of risks and disputes related to online transactions also rises. The number of e-business-related fraud complaints reported to the Federal Trade Commission (FTC) Consumer Sentinel Network (USA) increased from 11,430 cases in 2009 to 14,392 cases in 2010 (Consumer Sentinel 2010). In Australia, e-business-related disputes accounted for 5.4% and 7.5% of the total disputes in 2003 and 2005 respectively (Consumer Affairs Victoria 2005). The Australian Competition and Consumer Commission (ACCC) notes that the significant growth in online sales has brought cybercrimes and scams to its attention, with the number reported in 2010 more than double that in 2009. Online auctions and shopping contributed the second highest level of complaints at 13% with 5527 complaints received from consumers (ACCC 2010). In the EU the total number of e-business complaints and disputes received more than doubled, with 1834 received in 2005 compared to 831 in 2004 and 590 in 2003 (ECC-Net 2006). The report indicates there was a 74% increase in the total number of complaints and disputes received by the European Consumer Centre (ECC), demonstrating a further substantial increase from one year to the next (ECC-Net 2006). In 2007, the ECC-NET received 19,838 simple complaints (ones that required no follow-up by the ECC), of which 11,056 (56%) were concerned with transactions involving e-commerce. The Network also handled a total of 5,192 normal complaints (ones that required the subsequent intervention or follow-up of the ECC) and disputes in 2007. Of these, half (2,583) dealt with claims where the selling method was designated as e-commerce (ECC-Net 2007).

Thus e-business is well established, but it is not problem-free. For example, many consumers are still wary of engaging in online purchasing. This is because of a lack of confidence in online merchants, and a lack of trust in the mechanism of online payments (Cho 2004; Gefen et al. 2008) and also high perceived risks exist in online shopping (Glover & Benbasat 2010). The types of online consumer complaints recorded by Federal Trade Commission between 1st January to 31 December 2011 (see Table 2.1), include failure to honour a warranty, undisclosed charges, merchandise not in conformity with an order, defective quality of
products, billing for unordered merchandise, unauthorized use of account information by second and third parties, failure to honour refunds, inaccessibility to contact merchants, and merchandise never being received. In 2011 there were 25,515 e-consumer law violations reported from ten countries in between January 1 to December 31. These types of complaints are shown in Table 2.1 and illustrated in Fig 2.1.

*Table 2.1* E-Consumers Complaint Trend - Top Violations Report (e-consumer.gov 2011)

<table>
<thead>
<tr>
<th>Types of Violations</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Variations</td>
<td>26%</td>
</tr>
<tr>
<td>Other Misrepresentation</td>
<td>20%</td>
</tr>
<tr>
<td>Merchandise Or Service Never Received</td>
<td>13%</td>
</tr>
<tr>
<td>Failure To Honor Refund Policy</td>
<td>9%</td>
</tr>
<tr>
<td>Cannot Contact Merchant</td>
<td>8%</td>
</tr>
<tr>
<td>Defective Or Poor Quality Goods</td>
<td>7%</td>
</tr>
<tr>
<td>Unauthorized Use Of Identity/Account Information</td>
<td>6%</td>
</tr>
<tr>
<td>Billed For Unordered Merchandise Or Service</td>
<td>4%</td>
</tr>
<tr>
<td>Merchandise or Service Not in Conforming with Order</td>
<td>3%</td>
</tr>
<tr>
<td>Failure To Honor Warranty or Guarantee</td>
<td>2%</td>
</tr>
<tr>
<td>Undisclosed or Unsubstantiated Charges</td>
<td>2%</td>
</tr>
</tbody>
</table>
As can be seen from Fig 2.1, the major complaints refer to merchandise still not being received, misrepresentation of products, and other violations which relates to consumer decisions to purchase online (eConsumer.gov 2011). Because complaints about online merchants are escalating, these violations are putting consumer purchasing at risk and leading to consumer pessimism in the transaction outcomes. On this theme, Gatautis and Vitkauskaite (2009), Dubelaar, Sohal and Savic (2005) argue that e-business is still not without challenges, one of which is lack of redress. Redress enables consumers to achieve a fair deal through an appropriate complaint management system and through dispute resolution procedures (Gwith 2006). At the same time, redress allows consumers to have a sense of control and find solutions to the risks and uncertainties associated with online purchasing (Chawdhry, Masera & Wilikens 2002; Tan & Guo 2005).

### 2.3 Redress

In traditional business, redress refers to the process of dealing with post-purchase complaints requiring some form of compensation (Davidow 2003). Mitchell (1993) defines redress as after sales support activities that handle consumer...
complaint and dispute resolutions. Hogarth and English (2002) assert that redress allows consumers the right to express their dissatisfaction and have their complaints heard and reviewed, and to receive feedback and compensation. Redress has received growing attention in traditional business and merchants have regarded this as an important opportunity to improve customer satisfaction and sales revenue (Yuksel, Kilinc & Yuksel 2006). Jones, McCleary and Lepisto (2002) and Ngai et al. (2007) claim that the objective of allowing consumers to seek redress provides an opportunity to remove dissatisfaction and influence the behavioural intention to purchase. McAlister and Erffmeyer (2003), and Defranco et al. (2005) contend that redress gives merchants a second chance to restore consumer trust.

Brewer (2007) argues that redress is concerned more broadly with the mechanisms and services through which consumers seek remedy or response to their complaints. This is to offer support to the principle of accountability that underpins the efforts to promote fair and trustworthy complaint handling. In addition, Callies (2006) and Edwards and Wilson (2007) elaborate that the responsibility of redress is to offer influential mechanisms and services to resolve disputes. Generally, it entails an avenue for consumers to seek remedy for their unsatisfactory purchase experiences.

In e-business, Mattila and Wirtz (2004) define redress as the initiation of a complaint action on the aggrieved consumer's part, to rectify problems. The consumer can seek a replacement, a refund, or a repair, depending on the type of dissatisfaction with the purchase. According to OECD (2005) redress refers to compensation, whether in the form of a monetary remedy (replacement for damages, restitution, or other monetary support) or a restorative element (exchange of good or service, specific performance or a contract). Ha and Coghill (2008) explain that redress is the provision of internal complaint handling systems and services to resolve disputes. The redress definition from Ha and Coghill (2008) is used in this research and throughout the chapter.

Developments of redress guideline date back to 1999 when the OECD (Organization for Economic Co-operation and Development) developed guidelines for consumer protection in the context of e-commerce to address

In 2007, a new improved recommendation on Consumer Dispute Resolution and Redress was developed by OECD member countries (OECD 2007 & OECD 2005). In 2005 the European Union (EU) launched ECC-Net, an EU-wide network to assist consumers seeking redress for cross-border complaints and disputes (ECC-Net Fact sheet 2006 and ECC-Net Denmark 2006). Commission of the European Community (2008) encouraged B2C e-business in EU countries by introducing accessibility into redress that allows consumers to deal with merchants when purchase transactions fail. This was to promote consumer confidence in the market and improve the performance of e-business. This was also designed to promote retail in the European Union online market and protect cross-border customers.

In Australia, the Australian e-business Best Practice Model (BPM) was developed and introduced by the Department of Treasury in 2003 as a set of standards for consumer protection in e-commerce, and businesses were encouraged to deploy redress in online sales. In 2006, the Australian Guidelines for Electronic Commerce replaced BPM (Australia Government Treasury 2009), the objective being to enhance consumer confidence. To do this the Australian Government Treasury provided a set of guidelines to help businesses deal with online consumers, of which redress is a standard.

According to Magnini et al. (2007) if redress is managed correctly, it can serve as an effective mechanism in improving consumer confidence. This is because a satisfactory complaint-handling outcome has a positive influence on consumer trust and continual purchase intention (Kim, Ferrin & Rao 2009), especially if a responsive, fair, accessible and uncomplicated complaint handling procedures was offered to consumers. In addition, a properly managed redress mechanism can have a number of important roles in B2C e-business strategy. For example, acting as a transaction assurance in handling consumer complaint and address perceived
risks that occur in the transactions. Generally, the availability of redress also gives merchants the opportunity to reinstate trustworthy relationship management with their consumers and helping to restore dissatisfied consumer purchase experiences.

2.3.1 The availability of redress

According to Calliess (2006), any person involved in a dispute or disagreement shall be entitled to access available redress procedures that offer timely resolution and effective compensation and handling at reasonable cost and effort. Folkes (1984) claims that Day and Landon (1977) have suggested the value of obtaining redress, availability of redress to award direct compensation, uncomplicated and convenience of obtaining redress influence consumers’ actions of how to respond to transactions failures and dissatisfaction. However, in the online purchasing environment, consumers with purchasing problems often have no clear means of redress for their concerns because it has no single uniform redress procedure or policy to handle the complaints and to compensate the problems (Galves 2009). A previous study by Jones, Wilikens, Morris and Masera (2000) suggested that lack of redress procedures in cross border e-business raised legitimate concerns and doubts with respect to the adequacy of consumer protection in online purchasing environment. One of the major concerns is therefore the availability of redress when problems arise. As result, the lack of appropriate redress procedure was more likely to reduce consumer confidence to purchase online.

In their study, ‘online shopping in Australia: dealing with problems’, Ha and Coghill (2008) found that most consumers seek redress by complaining directly to the online merchants. If redress was not available and consumers did not know about the existing redress procedures and policy to protect their rights, most likely consumers cannot resolve their problems or complaints in an effective manner in terms of fair, expeditions, inexpensive, accessible, time, effort and amount of compensation. The findings further highlight the importance of assessing to what extent consumers know about the available channels of redress and how to handle the problems with online transactions. Ha and Coghill (2008) continue to emphasize that, although there are several ways consumers can seek redress or approach merchants to resolve the problems and seek compensation, if redress is
not offered and consumers are uninformed then they (consumers) remain too vulnerable and incompetent to seek help from the merchants. The availability of redress will inform the consumers what to do, who to contact and how to proceed to seek redress.

The availability of redress does not mean that consumers will face fewer problems or be totally protected in online purchasing, however they would probably handle such problems more effectively and receive fair and adequate compensation rather than allow the problems or complaints continue to contribute to consumer dissatisfaction and merchant untrustworthiness (Ha & Coghill 2008; Schultz 2004).

2.4 Redress and consumer complaints

2.4.1 Consumers complaints

Bearden and Teel (1983) suggest that consumer complaints are actions resulting from the emotions of dissatisfaction. Owing to monetary costs, frustration, anxiety and tension, consumers begin to withdraw from the transactions (Oliver 2010). In truth, merchants should treat consumer complaints as the intelligence inputs (Luo 2007) that offer the opportunity to know the consumers better and learn how to retain positive buyer-seller relationships (Gursoy et al. 2007). Knowledge about consumers’ complaint behaviours offers merchants valuable insights to identify and understand common service problems (Jonston & Mehra 2002), improve service design and delivery (Marquis & Filiatraul 2002), assess consumers’ perceived service quality (Harrison-Walker 2002), and assist strategic planning (Jonston & Mehra 2002).

This is because if dissatisfied consumers choose to remain silent and not complain, then merchants risk losing these consumers along with future profit streams. In order to survive, maintain and improve B2C e-business competitiveness, it has becoming increasingly important that consumer complaints need to be taken more seriously. Hughes and Karapetrovic (2006) show in their research of ISO 10002: 2004 that complaints handling systems must look beyond the problems that occur instead of merely addressing individual complaints and assess and compensate consumer dissatisfaction.
Huang and Chang (2008) found a significant relationship between consumer complaint behaviours and redress recovery expectation in online purchasing. Kim, Jin and Swinney (2009) look further into the influences of complaints handling satisfaction and argue the outcomes significantly influence consumer trust and ongoing purchase intention. This conclusion has also been confirmed in the earlier studies by Tax, Brown and Chandrashekar (1998), and Webster and Sundaram (1998). Gommans et al. (2001) claim that, because it has never been easy to retain ongoing consumer relationships in the online environment, satisfaction with the merchant complaint handlings was therefore more vital in online purchasing than offline (Shankar et al. 2003).

The studies by Burton et al. 2003 and Hess et al. 2003 also show how complaints are handled has a direct influence on consumer satisfaction. Similarly, marketing strategies that focus on consumer retention by means of complaint handling is important (Varela-Neira, Vazque-Casielles, Iglesias 2010). This is because when consumers perceive that recovery expectations exceed the merchants’ efforts in responding to the problems, the levels of satisfaction of consumers improve. Xu and Yuan (2009) on the other hand, assert those consumers’ complaints and expectations of redress-seeking need to be fair and responsive. Likewise, Pizzutti and Fernandes (2010) reveal that the perceived fairness dimensions from the complaint outcomes wield a strong influence on consumers’ decisions to engage in online purchasing. This outcome is, in turn, strongly associated with the consumer ongoing purchase relationship with the same merchant.

Kim, Kim and Kim (2009) proposed that ‘The Perceived Justice Theory of Adams’ (1963) can be used to assess consumer satisfaction after merchants’ responses to service failures and handling of complaints. This is because consumers who perceive merchants’ responses as fair and adequate show higher levels of post-complaint satisfaction than those who perceive the response were unfair (Maxham & Netemyer 2003; Patterson, Cowley & Prasongsukarn 2006). For instance consumers evaluate the fairness in three dimensions: Distributive Justice (DJ), Procedural Justice (PJ), and Interactional Justice (IJ). Voorhees and Brady (2005) define DJ as the degree to which consumers feel they have been treated fairly and with respect to the outcome, which include monetary rewards as
refunds (Matilla 2001a), and replacement (Lewis & McCann 2004). Smith et al. (1999) introduce PJ as the consumer’s perception of the merchant’s appropriate complaint handling process, and it includes the policies and procedures. PJ is considered to be fair when it is easy to access, is timely, prompt and flexible (Tax, Brown & Chandrashekara 1998; Blodgett et al. 1997). IJ refers to the consumers’ perceptions of how they are treated by merchants during a transaction dispute (Bies & Moag 1986; Bies & Shapiro 1987). Treatment is perceived as fair when complaints are handled with respect, careful listening, effort, trust, explanation and empathy (Wirtz & Matilla 2004; Blodgett et al. 1997; Maxham & Netemyer 2003). Karande, Magnini and Tan (2007) argue these three dimensions help to mediate the relationship between merchant complaint handling response and consumer post-complaint satisfaction.

A previous research model developed by Blodgett and Granbois (1992, p. 102) (see Fig 2.2) for off line sales and transactions – a Conceptual Model of Consumer Complaining Behaviour - shows that disconfirmation, where a consumer compares a product’s performance to prior expectations of the product, has a negative influence and is concerned with negative emotional responses.
Blodgett and Granbois (1992) explain the role of attribution of blame to determine where the discrepancy occurs in the purchase or because of the product and/or fault with the merchant, or if a consumer’s own mistake is to blame for the problem. Both of these factors are possible causes of consumer dissatisfaction and play an important role in influencing the motivation to complain. When they are dissatisfied, consumers engage in different forms of complaining behaviours. Those behaviours are based on the likelihood of success, and the level of store loyalty. Those consumers who are reluctant, or lack confidence to seek redress perceive the likelihood of success to be low. These consumers are not store loyal and are more likely to exit and to engage in negative word-of-mouth responses.

Alternatively, consumers who are optimistic about complaining, and who perceive the likelihood of success to be high, and who are store loyal, are more likely to seek redress. The model further suggests that stability and controllability attributions are also important contributing factors. For example, whether the problems could have been prevented (controllability) and whether the same problem is likely to repeat (stability) in the future are important in the process of redress. They result from the actions of merchants. These factors too influence the type of complaining behaviour consumers will engage in. Lastly, the Blodgett and Granbois model is based on an assumption that consumers who seek redress are unlikely to exit the transaction or to spread negative word-of-mouth unless they are dissatisfied with the merchant’s response to their complaints. It is argued that negative word-of-mouth and exits, and even third party complaints, are based on consumers’ levels of perceived justice. However, this model was developed as a
strong theoretical framework for conventional offline business. The nature of online business would suggest a somewhat alternative perspective and will be discussed in Section 2.5.

In summary, consumer complaints are valuable feedback to online merchants in that they provide opportunities for merchants to understand and to rectify issues occur in online purchasing. However, in B2C online purchasing, the literature does not adequately address the issue of how redress policies and procedures are used to respond to complaints and how redress influences consumers’ decisions to purchase online. How then does redress enhance consumer confidence and trust? The next section will focus on understanding redress because it can be influenced by complaint responsiveness, effective complaint handling, procedures and convenience, and product value and consumer complaints.

2.4.2 Complaint procedures and handling

(a) Complaint responsiveness

Complaint responsiveness helps to promote merchant commitment and credibility (Davidow 2003) and it is associated with consumer perceptions of procedural fairness (Karatepe 2006; Kassim & Ismail 2009). Highly satisfied consumer complaint experiences result from merchants redressing the problems complained about (Kau & Loh 2007; Gustafsson 2009). Studies by Conlon and Murray (1996) show that consumers are unlikely to voice their dissatisfaction unless reliable complaint responses and procedures have been followed up by merchants. Hong and Lee (2005) argue that if responsiveness to complaint appears to be effective and genuine, consumers are more satisfied than they would have been if no complaint had occurred at all.

Conversely, Bitner and Bernard (1990) argue it is not necessarily transaction failures that cause dissatisfaction because consumers accept that sometimes problems occur that are not within the merchant’s control. However, it is the merchant’s responsiveness to respond promptly to complaints that effectively compensates for the problems caused. This action is believed to influence consumer confidence about the complaint support offered (Mollekopf et al. 2007; Verma & Nanda 2007), to retain consumer ongoing repurchase intention and also
helps to improve merchant reputation (Burton & Khammash 2010; Hansen et al. 2010).

Svari et al. (2010) found that responsive action in responding to consumer complaints and addressing the problems are saving merchants from losing out on business opportunities. At least it prevents dissatisfied consumers warning their peers to stop buying from the merchants (Heung and Lam 2003). If merchants understand the consumers’ perceptions of fairness in seeking redress, then a quick response to the problems even before the initiation of complaints will also save them from loss of sales revenue and disputes. On the contrary, if consumers experience unresponsiveness then they can respond in many ways, from switching to other competitors to spreading negative-word-of-mouth (Schoefer & Diamantopoulos 2008). Hence, promptness is associated with consumers’ perceptions of the complaint procedural fairness used by merchants to solve the problems encountered (DeWitt 2008; del Río-Lanza et al. 2009).

A study by Pizzutti and Fernandes (2010) shows that complaint procedural fairness should also emphasize flexibility, accessibility and uncomplicated procedures (Sheth et al. 1999; Gwith 2006; Rothenberger et al. 2008). In online purchasing the interactions with merchants were expected to be low or non-existent when complaints emerged. Therefore, merchants who offered procedural fairness in complaint handling will have the same capacity to influence consumer beliefs in much the same way as an experience when dealing with a ‘real live’ person (Hampton-Sosa & Koufaris 2005).

In summary, it can be argued that complaint services are still inadequately offered to consumers and are certainly not sufficient to indicate that merchants have been very responsive. Therefore redress responsiveness is critical and procedural fairness should exist to give consumers the confidence to seek redress in the future (Huppert 2003; Davidow 2003; Schoefer & Diamantopoulos 2008).

(b) Effective complaint handling

The literature has also shown that effective complaint handling not only improves consumer confidence, but also helps to build a sustainable long-term relationship in B2C e-business (Dietz 2006; Tang 2007). Tax et al. (1998), Kim et al. (2003)
and Huppertz (2003 & 2007) assert that resolving problems effectively is likely to influence consumers to make repeat purchases from those merchants. Magnini et al. (2007) and Liao (2007) also claim that effective complaint handling offers an opportunity to convince consumers that the merchants’ efforts are legitimate. These perceptions of complaint efficacy convince consumers that voicing complaints will solve the problems and improve their sense of confidence (Susskind 2005).

Crie (2003), and Edwards and Wilson (2007a) argue that merchants should recognize that it is their responsibility to offer an effective complaint handling procedures and to assure consumers complaints are heard. Donoghue and de Klerk (2009) assert that complaint handling goes beyond compensation or consumer protection, it is about seeing things from the consumers’ perspectives and expectations of purchase transactions. Hart et al. (1990) and Ngai et al. (2007) explain that it is important to resolve, answer, and learn from dissatisfy consumers in order to regain merchant trustworthiness. More importantly this helps merchants to understand the types of complaint services and relationship management issues that are critical in online purchasing (Jones et al. 2007). This approach will assist merchants to establish redress guidelines that can effectively respond to consumer complaints (Donoghue &Klerk 2009). Alternatively, if complaints are not properly handled it may cause consumers to have much less trust in merchants and also remain dissatisfied with the purchase transactions (Tronvoll 2007).

In summary, merchants should exercise their responsibility and accountability in offering an effective and accessible consumer complaint handling system. Their actions will offer a mutual opportunity to compensate dissatisfied consumers, to communicate, to understand and to listen to consumers’ problems, and more importantly, to serve them better and restore merchants’ credibility.

(c) Complaint access and procedures

The concern of access to complaint handling was discussed decades before the advent of e-business by Day and London (1977). The study noted that consumers are more likely to complain if redress can be done or access at their convenience. Granbois et al. (1977) believe accessibility in making a complaint offers a
perception of a merchant’s commitment to solving problems. This is an important
influence because consumers appear to make complaints when they are confident
their efforts are not likely to be wasted. Alternatively, when consumers do not
complain it is often due to lack of knowledge, due to limited complaint options
and services, and due to the complicated procedures involved (McCollough, Berry
& Yadav 2000; Special Eurobarometer 2006; Edwards & Wilson 2007).

Retail Customer Dissatisfaction Study (2006) reported that only six percent of
consumers in U.S who experienced dissatisfaction with purchases complained to
merchants. The majority of dissatisfied consumers who decided not to seek
redress did so because they did not think it worth the effort, or because they did
don’t know where or how to complain, or because they believed nothing would
change (Swire 2009; Huppertz 2007; Gursoy et al. 2003). Moreover, evidence has
shown not every merchant handles consumer complaints effectively (Homburg &
Fürst 2007).

Consumers who believe in redress usually are motivated by the likelihood of
success (Folkes & Kotos 1985; Folkes et al. 1987; Singh 1990b) including
warranty, stated guarantee of satisfaction (Blodgett et al. 1995), and simple and
easy-to-follow complaint procedures (McCollough, Berry & Yadav 2000). If
consumers have positive perceptions of redress they will communicate to the
merchants at fault and seek compensation (VelAzquez et al. 2006). Richins (1983;
1985; 1987) has consistently found the likelihood of success with complaints has
a significant influence on redress-seeking behaviour. Conversely, consumers who
perceived limited merchant initiatives in offering accessible complaint procedures
would also discourage non-complainers from doing so (McQuilken 2010).

There are consumers who decide not to complain because they do not believe the
complaint outcomes would sufficiently compensate the problems (Donoghue
&Klerk 2009; Grazioli & Jarvenpaa 2000). For example, consumers perceive it
has never been easy to seek compensation because of irresponsible merchants
(Dietz 2006; Gregg & Scott 2006). These merchants can actually increase the
difficulty for consumers in communicating their problems and to seek refunds,
product replacement, and financial compensation (Wirtz & Mtilla 2004; Bechwati
& Siegal 2005). As a result, consumers find themselves involved in a highly
unequal complaint challenge with unfair resolutions due to unclear and complicated complaints criteria (Xu and Yuan 2009). All these further discourage consumers to complain and also influence their perceptions of the merchant’s professional accountability. For example, merchants purposely make the complaint procedures unnecessarily complex (Schwartz 2006).

Donoghue and de Klerk (2009) and Kim, Prabhakar and Park (2009) suggest that accessible communication channels together with uncomplicated and convenient complaint services are essential. Merchants must not avoid their responsibilities by imposing ambiguous complaint policies (Svantesson & Clarke 2010). Complaints procedures that are not complex will assist and facilitate consumers to deal with transaction failures and prevent consumers exiting the purchase transactions (Liao 2007; Chiu et al. 2009 & 2009b; Singh 1990). This also helps to stop consumers spreading negative feedback that will cause damage to the merchant’s reputation and trustworthiness.

Empirical evidence suggests that accessible, non-complex complaint handling procedures are particularly important for those consumers intending to purchase globally (Lim 2003). Lim (2003 p.225) stated that consumers appear ‘reluctant to shop globally because they know little about those foreign companies and they do not know whom they can complain to if foreign businesses fail to deliver the products’. Other studies recognize that if consumers’ complaints are well handled and are accessible, consumers are ready to rely on redress and shop online confidently (Kuo et al. 2011; Crie 2003; Spreng et al. 1995).

In short, uncomplicated complaint procedures are essential because consumers are discouraged by the existing complaint services being offered. Procedures that are complicated and difficult for consumers to seek compensation for their unsatisfactory purchase experiences are ineffective. It is argued that offering transparent, non-complex and accessible complaint services are necessary to gain and retain consumer purchase satisfaction and confidence, and improve merchant’s reputation and trustworthiness.
(d) Product value and consumer complaints

Previous research has shown that purchase price (Richins 1985; Singh 1990) influences consumers’ decisions to seek redress and this includes product price consciousness (Gursoy et al. 2007; Lii & Sy 2009). Estelami (2003) and Garbarino and Maxwell (2009) contended that dissatisfied consumers are likely to seek redress if their purchases are expensive and they have suffered significant loss. In contrast, consumers who are dissatisfied with inexpensive purchases are less likely to ask for refund or replacement (Blodgett & Granbois 1992). This is because if it involves low value purchases then the complaint is considered not be cost effective (Gwith 2006). Consumers are likely to assess this trade-off before making complaints; they anticipate whether the cause of actions will have positive outcomes to benefit them (Kim et al. 2003; Phau & Sari 2004; Huppertz 2007). Findings from Liu and Zhang (2007) suggest that if a complaint leads to more cost than benefit, consumers will not complain.

The next section discusses redress in B2C e-business. The discussion will focus on the responsibility of redress and its purpose. This discussion will also frame the importance of redress in sustaining an e-business.

2.5 Redress in B2C e-business

In e-business, when both local and global activities are involved, cultural, language and legal jurisdiction differences can easily give rise to differing expectations in purchasing transactions, and ultimately, disputes (Edwards & Wilson 2007; Ong 2007) and therefore, redress. The types of consumer concern in B2C e-business vary from privacy (Kim, Ferrin & Rao 2008), security threat (McCole, Ramsey & Williams 2010), delivery of wrong order, wrongful billing, credit card fraud (Mahmood, Bagchi & Ford 2004), fraudulent websites (McKnight & Choudhury 2006) and prolonged delivery (Pavlou, Liang & Xue 2007). Hence, consumers’ complaints and disputes are common issues in online purchasing.

Ok, Back and Shanklin (2006), and Vasalou, Hopfensitz and Pitt (2008) assert that transaction reliability relates to ability of merchant to honours purchase and deliver satisfactory transaction. This causes consumers to be critical of merchants.
Furthermore, consumer self-confidence declines because they are concerned about the risks in online purchasing (Cheng, Lam & Hsu 2006). This unsatisfactory purchase experience can often cause consumers to switch from existing merchants or exit from online purchasing completely (Holloway, Wang & Parish 2005; Ok, Back & Shanklin 2006; Singh 1990). Therefore the objective to introduce redress is to rectify problems, to respond to complaints, to address consumer dissatisfaction and to create a trustworthy online purchasing environment (Rule & Friedberg 2005; Ok, Back & Shanklin 2006; Valenzuela et al. 2006). In this way merchants will more effectively meet their strategic online targets.

Merchants generally understand the strategic significance of the role of redress and they address this issue to support consumer complaints in e-business transactions (Ong 2005; Australian Government The Treasury 2009). Wang and Emurian (2005) and Calliess (2006) note that redress can reduce disputes in online purchasing and therefore improve sales. This also explains that effective redress handling systems are important aspects of consumer protection and confidence in online purchasing (Xu & Yuan 2009) and enables the strategy of selling online to achieve its objectives; increasing sales increasing market share, introducing new products or effectively managing costs. Many studies have shown that consumers develop higher confidence in online purchasing when redress exists (McKnight, Choudhury & Kacmar 2002; Pavlou & Gefen 2004, Kim; Steinfield and Lai 2007; Zhang, Zhou and Wang 2008). Existing research shows that strategically, it is essential for merchants to support consumers by offering different solutions for different complaints and disputes.

In the B2C environment, for strategic reasons, redress needs to resolve consumer complaints and support complaints recovery (Tang 2007). Consumers’ levels of satisfaction improve with proper complaint handlings (Kau & Loh 2006) leading to repeat business and enabling merchants to meet their strategic goals. If transaction failures occur and redress is inadequate to restore consumer satisfaction (De Matos et al. 2007), then consumers will lack purchase confidence (Del Río-Lanza et al. 2009) and effectively fail to retain an ongoing purchasing relationship (Humphrey et al. 2004; Guiltinan 2006). This is because trust is
missing and trust is an integral part of merchants meeting their strategic needs (Rietjens 2006; McKnight & Chervany 2001).

In some ways, redress can regulate and limit untrustworthy behaviour through compensation (Calliess 2006; Edwards & Wilson 2007). Therefore, it can be argued that redress fulfils the key important dimensions that influence consumer perception of e-business trustworthiness (McKnight et al. 2002; Jøsang et al. 2005), and of benevolence and integrity (Chen & Dhillon 2003; Wu & Chang 2006). In benevolence, redress can be seen as merchants’ assurance to care for consumers ahead of their own self-interest (Chen & Dhillon 2003) and to honor their promises, rather than just profit motives (Mayer et al. 1995; Salo & Karjaluoto 2007). Strategically redress is also important to influence the concerns of perceived risks in e-business transactions (Johnson & Grayson 2005; Chen & Barnes 2007). Redress is a key mechanism in ensuring consumer confidence, and enhancing consumer trust (Chen & Dhillon 2003; Palvia 2009).

Rule and Friedberg (2005) and Edwards and Wilson (2007) argue that complaint handling systems are part of an overall trust-building strategy in e-business. Therefore, to generate trust in e-business transactions, merchants must take advantage of redress to substantiate consumer purchase confidence and their own reputation (Kau & Loh 2006; Edwards & Wilson 2007a).

This type of transaction assurance in online purchasing acts to convince consumers those merchants promise a trustworthy and satisfactory purchasing experience. The following section discusses the importance of transaction assurance in online purchasing. The discussion will include the influences of assurance on handling risks and disputes in online purchasing, and to assure consumer trust and confidence.

2.5.1 Transaction assurance

Transaction assurances are tangible cues practiced by a merchant that enable consumers to infer a sense of certainty and positive outcome in their exchange or transaction (Chen & Dhillon 2003). Bahmanziari, Odom and Ugrin (2009) assert that transaction assurances are important to new e-business merchants. This is because the initial consumer trust to purchase from the new merchants relies upon
the assurance offered during the transactions. Merchants who offer inadequate transaction assurance are unlikely to convince consumers and to maintain an ongoing business relationship. Thus merchants will lose business opportunities to their competitors who offer an appropriate transaction assurance.

In the B2C e-business environment there is no immediate gratification (Kim & Kim 2005), unknown business ethos (Suh & Han 2003) and greater distance with limited physical proximity between consumers and merchants (Dellarocas 2001; Cheng et al. 2008). Fisher and Chu (2009) believed that geographical location does appear to influence the formation of the merchants’ initial trustworthiness and consumers’ confidence to purchase. Tang and Veijalainen (2004) claim that it is difficult to know whether any merchant’s website is a genuine one. The sites consumers purchase from today might not be there tomorrow and therefore communicating problems may become impossible (Gefen & Straub 2004; Pavlou, Liang & Xue 2007). It could be a one-off purchase with no repeat relationship. This anonymity, including a lack of face-to-face transactions, means that consumers who are involved in online purchasing perceive that they have high levels of risk (Deffains & Gabuthy 2005; Edwards & Wilson 2007a). This implies that merely lifting the level of trust does not guarantee this will positively influence consumer confidence (Teo & Liu 2007) because trust alone is inadequate. One way to influence consumer trust in B2C e-business is to provide transaction assurance.

Noteberg et al. (2003) emphasize there are two types of transaction assurance that address trust-related concerns in B2C e-business:

1) Third-party assurance or external provided e-assurance (Bahmanziari, Odom & Ugrin 2009). For example, e-business assurance can be provided by an independent third party evaluation of the merchant’s business activities, such as a Web Trust Seal that is trusted and recognized by the public (Hoffman, Novak & Peralta 1999). This allows the merchants to align themselves with a trusted third party in order to gain consumers’ trust and confidence.
2) A store’s (merchant) self-proclaimed assurance, or internally provided e-assurance (Bahmanziari, Odom & Ugrin 2009) through the use of different combinations of assurance structures or policies, for example return policies, free shipping, warranty, and 30-day money back guarantees, availability of contact details, references and testimonials. All these actions help to make consumers at least feel less worried about the risk since they can get fully recovered for financial loss and proper compensation mechanisms to redress the problems.

In general, whether it is a third party’s assurance or a store self-proclaimed assurance, both are equally important and effective than having no assurance (Noteberg, Christiaanse, & Wallage 2003). Therefore, assurance could potentially enhance consumers’ confidence and influence the decision to purchase online, rather than constantly worried about the high risks involved (Chang, Fang & Tseng 2012). Kaplan and Nieschwietz (2003) assert that those assurances are positively associated with trust. The formation of trust in assurance has a significant influence in determining consumer willingness to persist with online purchasing. It appears to be the key determinant of consumers’ behaviour in perceiving risks and merchants’ trustworthiness.

However, Fisher and Chu (2009) assert that even third-party web assurance seals (i.e. TrustE, Veri Sign, BBB online) in general, are ineffective influences on trust. Pennington et al. (2003) also conclude that recognition from third-party assurance seals has no influence on consumer trust beliefs concerning online purchasing. On the contrary, a study by Park, Bhatnagar and Rao (2010) supports the view that assurance seals improve consumer satisfaction and influences re-purchase intention. Sha (2009) also argues that consumer perception about seals of approval and specific guarantees from merchants can significantly influence trust. This apparent contradiction in findings raises questions about the true influence of assurance on consumer trust.

Consumers maintain that redress is crucial, not only because it can assure they are protected in case of disputes, but it is also seen as a reliable assurance in online purchasing (Tang 2007). This includes, for example, compensating and/or assisting consumers to exercises their rights when online transaction failures occur.
(Commission of the European Community 2008). In the European Union, the market recognizes that building a trustworthy e-business environment should start with confidence and trust, and these begin with implementing appropriate redress (Krauter & Kaluscha 2003; Tang 2007). Studies by Both Chadwick (2001) and Shalhoub (2006) shows that if consumers think that there is no other means of assurance such as redress available, then this can be a major disincentive to buy online because there is a lack of buyer protection. In effect lack of redress will discourage consumer purchasing online and will further impede the potential growth of both local and global e-business transactions (Stylianou 2008; Kuneva 2008).

In summary, consumers need some measures to handle risks and disputes in order to secure their trust and confidence in online purchasing. Though transaction assurance is there to advice consumers if problems arise, there are methods in place to obtain redress. It can be argued that transaction assurance offers a service to restore consumer purchase satisfaction and trust in merchants, and demonstrates the important role of availability redress to consumers.

2.5.2 Service recovery

Smith and Bolton (2002) explain that when purchase transactions fail it creates emotional responses from consumers. These negative emotional responses can often be fixed by service recovery strategies. Service recovery is the process of restoring what has gone wrong and refers to responsive efforts used by merchants with the objective to mitigate, restore and redress damages caused to consumers (Mattila & Wirtz 2004; Valenzuela et al. 2006), and to positively influence consumer satisfaction (Tyrrell & Woods 2004; Chang 2008). Both what is done (compensation) and how it is done (interaction with consumer) influence consumers’ perceptions of service recovery (Seawright et al. 2008). Ok et al. (2006) and Palmer et al. (2000) claim that consumers who experience a fair recovery will show enhanced levels of satisfaction, particularly if responses to transaction failures exceeded their expectations and merchants’ recovery efforts.

Other research suggests that merchants’ recovery efforts can reinstate consumer relationships (Kau & Loh 2006; Magini et al. 2007; Gustafsson 2009). Others
argue that service recovery provides a valuable opportunity for merchants to retain continual purchasing relationships (Hocutt et al. 2006; Grewal et al. 2008). This is because effective recovery processes will lead to opportunities to regain trust and deter consumers from spreading negative word-of-mouth statements (Kau & Loh 2006; Dong et al. 2008). Lee and Lee (2005), and Pizzutti and Fernandes (2010) suggest that complaint recovery processes lead to better consumer trust than when no complaint recovery processes are offered.

DeWitt et al. (2008) explain that consumers typically believe merchants are largely in control of complaint procedures. Hence, offering service recovery through effective redress helps to convince consumers that merchants are willing to account for their failures and to rectify problems (Davidow 2003; De Matos et al. 2007). Hocutt et al. (2006) argue that high levels of redress independently influence consumer responses to engage in online purchasing. Alternatively, failures to respond with proper levels of redress are likely to indicate that merchants are irresponsible. As a result, a fair service recovery from redress will have a positive influence on consumer behavioural intention in online purchasing (Liao 2007; Bhandari et al. 2007). All of these issues are consistent with an earlier study conducted by Boshoff (1997) who claims that effective service recovery involves redress.

In short, redress extends support to merchants to correct transaction failures and to mitigate consumers’ bad experiences. More importantly, merchants can positively influence consumers’ purchase intentions and experiences by addressing consumer complaints and offering dissatisfaction resolutions.

**2.5.3 Dissatisfaction resolution**

Singh (1988 & 1990) explains that once a consumer experienced a problem in their online purchase, there are three options available to resolve it: first, voice responses – seeking redress from the seller; second, take private actions by switching brands, boycotting the products or warning friends and family members (i.e. negative word-of-mouth); and third, third party responses – seek legal actions. Merchants are advised to view redress as a resolution to restore consumer satisfaction (Chang 2008) through resolving complaints (Liu & McClure 2001; Harris et al. 2006) and to prevent mistakes occurring for a second time (Cunliffe
& Johnston 2008). DeWitt et al. (2008) claim that trust violation will trigger consumers to experience anger and frustration that results in distrust. Merchants need to be more attentive to complaints so they can understand consumers’ expectations (Gustafsson 2009). The knowledge that develops from consumers’ expectations offers a valuable insight into identifying the problems (Johnston & Mehra 2002; Yao et al. 2009) and it is an opportunity to introduce positive influences to reinstate consumer satisfaction (Gruber et al. 2009; Gursoy et al. 2007). Mollenkopf et al. (2007) suggest that merchants should constantly reassess the complaint services offered to ensure they fulfil their objectives.

More importantly, consumers initiate complaints because they are convinced that merchants will rectify the problems (McKee, Simmers & Licata 2006). If consumers choose not to communicate their unsatisfactory purchasing experiences and exit the transactions, they can discourage others from making purchases. Consequently, merchants will then never learn about the problems and lose the opportunity to solve issues (Lin et al. 2006; Ward & Ostrom 2006). It can be suggested that redress has become part of the requirement to deals with complaints and to reinstate consumer satisfaction (Black & Kelley 2009; del Río-Lanza et al. 2009). However, there is a challenge in this context because redress offers no solutions unless consumers communicate their concerns and problems to the merchant’s attention (Crie 2003; Bodey & Grace 2006). Therefore complaint is a genuine type of feedback for understanding consumer dissatisfaction and an opportunity to restore a relationship of trust (Gursoy et al. 2007). Ok et al. (2006) and Valenzuela et al. (2006) believe that not all frustrated consumers respond unsatisfactorily and distrust the merchants. There are consumers who are prepared to offer merchants the opportunity to resolve the failures. Kuan and Bock (2007) emphasize it is important to have redress as the initial action so that consumers are convinced they can rely on the complaint measures to compensate for their unsatisfactory purchase experience.

Barlow and Moller (2008) use the metaphor of ‘a complaint is a gift: recovering customer loyalty when things go wrong’. They argue that merchants need to focus on consumer redress-seeking because this is a strategic tool and a great marketing asset, instead of treating complaints as problems. It is essential for the merchants
to be aware and understand the value and rationale of focusing and dealing with consumer grievance through proper redress mechanisms (Kim et al. 2003; Goodman 2006).

The literature has shown that complaints are an opportunity and an important piece of intelligence that will benefit merchants to understand and deliver a satisfactory purchasing experience. Merchants are encouraged to promote and make use of accessible and uncomplicated redress to help them better serve consumers. Essentially a redress process will rectify and improve consumers’ confidence and satisfaction, and will also help to manage a trustworthy online purchasing relationship between consumers and merchants.

### 2.5.4 Customer relationship management

Managing customer relationship is about knowing and understanding customers better and more effectively using knowledge to capture their total experience with business, and to increase revenue growth and profitability (Stefanou, Sarmaniotis & Stafyla 2003). A number of studies have already discussed the association between redress and the customer relationship. For example, Edwards and Wilson (2007) commented that failure to compensate has a great influence on the customer relationship. Kau and Loh (2006), Magini et al. (2007) and Gustafsson (2009) argue that a recovery effort by a merchant can reinforce the customer relationship (Priluck & Lala 2009; Ha & Jang 2009). Jones et al. (2002) explain that the complaint-handling system helps merchants identify the relationship management concerns that are related to B2C e-business.

Redress is a strategic tool in relationship management that seeks to attract and develop trustworthy relationship with consumers (Payne & Frow 2004; Kim, Zhao & Yang 2008) and also seeks to enhance merchant reputation (Chang et al. 2010). Understanding the dynamics of customer relationship and assessing its impact on the positive outcomes for e-business are vital as well as its inherent value in structuring business competitiveness (Pan et al. 2006; Musalem & Joshi 2008; Chang et al. 2010). Ratnasingam (2008) asserts that consumers perceive that redress in e-business offers regulatory protection through better relationship management. This also indicates that merchants need to focus on managing relationships to improve consumer trust (Tang 2007). It is an important
commitment from merchants to demonstrate their accountability to protect consumer interest and to retain a positive customer relationship.

Customer relationship should not only emphasize how to sell products, in addition the focus should be on creating values and providing support services for consumers (Boulding et al. 2005). However, successful relationship cannot work alone; it needs supports to handle, resolve, and manage issues when consumers are seeking redress (Cho & Fjermestad 2006). This requires a commitment to a consistent approach that focuses on the objectives complaint-handling to solve problems raised by consumers (Cho et al. 2002). It is no longer sufficient to argue a business is customer relationship focused, but it matters what and how it manages the relationship. Chen and Popovich (2003) and Holloway, Wang and Beatty (2009) suggest one way to reinstate customer value is to resolve problems effectively. It is argued this would strengthen the consumer relationship (Kau & Loh 2006; Magini et al. 2007; Gustafsson 2009) and help aggrieved consumers receive adequate support services and satisfaction (Valenzuela et al. 2006; Ok, Back & Shanklin 2006). It can be suggested that dealing effectively with consumer complaints exercises a positive influence on their evaluations of the service experiences and relationship created (Huppertz 2007; Warrington 2008; Harris et al. 2006). It is an opportunity for them to stop consumers from leaving dissatisfied (Homburg & Fürst 2005; Karatepe 2006).

In summary, customer relationship in B2C e-business is used to maintain a positive relationship with the consumers and renew satisfactory purchasing experiences through proper redress support services. Merchants are advised to treat these consumer complaints as opportunities to reinstate a trustworthy buyer-seller relationship. Essentially a proper relationship management strategy offers consumers the assurance needed through the available redress.

The discussion so far has highlighted that online purchasing in B2C e-business relies heavily on a trusted and well-managed relationship between customer and merchant. The discussion has also highlighted the positive roles of merchants being able to deal with complaints and the importance of having redress procedures available. What is not so apparent as yet is the nature of the relationship between redress and trust.
2.6 Trust in B2C e-business

In e-business Mayer et al. (1995) define trust as, “The willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party” (Mayer et al. 1995, p. 712).

There is a need for trust in the merchant-consumer relationship and in exchanges to promote cooperation (Moorman et al. 1992; Morgan & Hunt 1994; Luo 2002a). This creates a reservoir of goodwill that helps to preserve the relationship (Eastlick et al. 2006), enhance satisfaction (Swanson et al. 2007; Kim Ferrin & Lao 2009), and encourage a long-term interaction in the e-business environment (DeWitt et al. 2008; Kim, Jin & Swinney 2009). The literature suggests that trust is the cornerstone of the strategic relationship between merchants and consumers (Spekman 1998; Teo & Liu 2007; Kim, Ferrin & Rao 2009). It is a way to simplify complex decision-making when such decisions carry risks and this can then reduce concerns about undeliverable outcomes (Datta & Chatterjee 2008; Riegelsberger et al. 2003).

In the context of trust and satisfaction, many studies (Kim, Ferrin & Rao 2009; Balasubramanian et al. 2003; Flavian et al. 2006; Kim, Xu & Koh 2004) support the view that these two aspects are essential for a successful e-business transaction. Both Ratnasingham (1998b) and Qureshi et al. (2009) argue that trust is an important factor that in e-business can create loyal and satisfied consumers. Similarly, Balasubramanian et al. (2003) suggest that high levels of trust always lead to greater satisfaction. Other studies confirmed that satisfaction which emerges from high levels of trust, positively influences consumers’ willingness for an ongoing purchasing relationship (Singh & Sirdeshmukh 2000; Yi & La 2004).

2.6.1 Transaction integrity

One of the most frequently cited trust dimensions is integrity (Doney & Canon 1997; McKnight, Chervany & Kacmar 2002; Pavlou & Gefen 2004). Transaction integrity is the degree to which a transaction reaches its intended destination without impairment of its function, content or meaning. It is one of the important
factors that influence consumers’ willingness to engage in online purchasing relationships (Farrell, Leung & Farrell 2000) because they are convinced merchants will uphold the principles of a transaction (Mayer et al. 1995).

Bhattacherjee (2002) suggests three principles of integrity. These are: 1) fulfilment of the online transaction; 2) enabling customer service policies following a transaction; and 3) stating the rules of transaction (i.e. delivery policies, product return and refund policies), and thus abiding by the rules they have set in the transaction. Lee, Ang and Dubelaar (2005, p. 7) also found that offering a fair practice such as an ‘unconditional money back guarantee may constitute a signal of integrity’ by the merchants. This is perceived by customers to be fair. Integrity also indicates the merchant’s confidence in the transactions that further promote trustworthiness.

Cheung and Lee (2006) argue that integrity is one of the dimensions used by consumers to evaluate online merchant’s trustworthiness because it is a critical variable pertinent to buyer-seller relationships. When consumers engage in online purchasing they will take the extra effort to evaluate the degree of trust based on their knowledge of the merchant. Consumers are cautious in online purchasing due to merchants’ likelihood of engaging in opportunistic behaviours. Consumers are uncertain if merchants can deliver the goods and fulfil the transactions satisfactorily (Klang 2001). Trustworthiness here is partly based on whether consumers believe that the merchants can carry out their commitment in the transaction (Klang 2001). Where uncertainty and risk may happen the merchant’s integrity is essential to proving their commitment and establishing trustworthy collaborations (Sarkar et al. 1998; Kumar et al. 1995).

### 2.6.2 Merchant commitment

Studies already highlight the importance of trust and commitment in B2C e-business (Wang & Emurian 2005; Quigley et al., 2007; Lai et al. 2009). Commitment can be defined as the assessment of the strength of a relationship (Garbarino & Johnson 1999) that allows merchants to build and maintain an ongoing buyer-seller relationship (Anderson & Weitz 1992) and a repeat purchase intention (Musa, Pallister & Robson 2005; Park and Kim 2003). Many studies agree that trustworthy relationships are built on a foundation of mutual
commitment and where both parties want the relationship to continue because they foresee that there are mutual benefits (Narayandas & Rangan 2004; Morgan and Hunt 1994; Berry & Parasuraman 1991). As a result, trust leads to a high level of commitment and is recognized as one of the core elements in B2C e-business (Mukherjee & Nath 2007; Eastlick et al. 2006).

During the development of commitment a bond governing a cooperative relationship is established (Chen, Chen & Chang 2008). Commitment from the merchants becomes an informal private contract to fulfil their promises (Kingshott & Pecotich 2007). Hess and Story (2005) suggest that the depth of commitment is closely associated with merchant trustworthiness in responding to consumer needs and assures they have consumers’ best interests in mind. Social exchange theory (Blau 1964) explains that trust convinces the parties involved to be more optimistic due to a sense of affiliation, particularly in the long run and that commitments are largely based on the belief that the other party will not behave opportunistically (Kingshoot & Pecotich 2007).

This discussion has highlighted three important dimensions related to trust and commitment. First, both trust and commitment encourage merchants and consumers to actively try to retain this relationship by cooperating. Second, both trust and commitment encourage both parties to pursue the expected continual relationship. Third, both trust and commitment believe potentially risky activities are reduced or do not exist because they are convinced that no one will act opportunistically. These suggest that trust evolves over time. It refers to the belief that the promises of merchants can be relied upon and that, in unpredictable circumstances, they will act in good faith to consumers and execute the transaction. Part of this goodwill is clearly evident in redress practices.

2.6.3 Reputation

Trust and reputation has also been suggested by a number of studies (Ganesan 1994; Utz, Matzat & Snijders 2009; Josang, Ismail & Boyd 2007) as another important relationship. Reputation is about a person’s character or standing and it also reflects the past achievements of a merchant (Utz, Matzat & Snijders 2009) or it can be interpreted as a collective measure of trustworthiness derived from a combination of received referrals and personal experience. Reputation is regarded
as one of the key solutions to the online trust problem (Ba & Pavlou 2002; Dellarocas 2003). Corbitt, Thanasankit and Yi (2003) argue that trust is influenced predominantly by three sources; reputation is one of those critical sources. This trustworthy and committed behaviour also indicates merchants will work and behave in the same way in the future (Doney & Canon 1997; Hosmer 1995). The use of reputation is a common approach to signal “merchant ability” to deliver the transaction request. The trust comes with knowledge that redress is available where fulfilments fail.

Levels of uncertainty and perceived risk surrounding online purchasing are high. Lee, Ang and Dubelaar (2005) found that trustworthiness, which emerges from reputation, is particularly important in online purchasing. Their study shows that reputation can help to improve the perception of trust even for a first-time purchaser, especially when there has been no previous purchase relationship between both parties. Consumers usually use whatever information they have, such as credibility and feedback to assess the merchant’s trustworthiness (Benedicktus et al., 2010; McKnight et al. 2002). Keh and Xie (2009) indicate that merchants with favourable reputations benefit from building trust and identity among consumers, which in turn, positively influences consumers to engage in the transaction.

Reputation has emerged as an effective element for fostering trust in a merchant’s behaviour. This is because feedback contributed from peers is used as evidence to distinguish the reputations among merchants (Josang, Ismail & Boyd 2007). Ha (2004) argues that any website that is built with positive feedback always has an advantage in generating greater brand trust and confidence. Positive feedback also effectively leads to less perceived risk and increases the opportunity to purchase goods from merchants (Garbarino & Strahilevitz 2004; Pavlou 2002). This private information communicates the experience of others who have had purchased from the merchant (Smith et al. 2005), and it is considered to be trustworthy information and evidence that can be relied on (Park, Lee & Han 2007). As a result, reputation that includes consumer feedback strives to build the model or a benchmark that other people will refer to (Resnick & Zeckhauser 2002). It has
been widely practiced in online purchasing and successfully helps consumers to decide who to trust (Koufaris & Hampton-Sosa 2004).

It can be argued then that reputation serves its purpose as offering an incentive (Resnick & Zeckhauser 2002), particularly for the merchant to fulfil their promises in the transaction. If consumers believe a positive reputation enhances trust it can improve business opportunity. Alternatively, if merchants behave unprofessionally and breach consumer trust then negative feedback through peers, forums and networks are likely to cause serious damage to their credibility (Lewicki & Bunker 1995). To establish a favourable reputation involves a significant investment in time and effort (Kerin & Sethuraman 1998; Fombrun & Shanley 1990), and it is a valuable asset (Klewes & Wreschniok 2009). Redress policy and procedures in the transaction process can improve reputation and enhance trust. Trust is therefore a multidimensional, complex construct that has important antecedents and consequences (Sultan et al. 2002). Moreover, trust has been identified as a key component in various e-business studies (Jarvenpaa et al. 2000; Kim et al. 2005; Cazier et al. 2006). In a digital environment, it is important to acknowledge that trust is one of the fundamentals to influence consumer’s purchase decision (Zhou, Dresner & Windle 2009). It is therefore imperative to study how consumer trust is promoted and developed in e-business (Koufaris & Hampton 2004).

Trust has traditionally been associated with successful buyer–seller relationships (Zaheer et al. 1998; Lohtia et al. 2009; Kim, Ferrin & Rao 2009). It is described as the single most influential relationship-based marketing tool (Adamson, Chan & Handford 2007; Hwang 2009) and it is an essential prerequisite for retaining long-term relationships with consumers (Gefen et al. 2003; Chen & Barnes 2007; Palvia 2009). This relationship building plays a key role in creating good outcomes in e-business transactions (Yousafzai et al. 2003; Gefen & Straub 2004; Flavian & Guinaliu 2006), and where trust exists it increases consumers’ confidence that merchants will honor their promises responsibly (Gefen et al. 2003 & 2003a; Runyan, Smith & Smith 2008). Without sufficient and appropriate trust, consumers are reluctant to engage in e-business activity (Urban et al. 2000; Luo 2002a).
In summary, a trustworthy relationship is built on commitment and integrity. Redress assures consumers that a merchant is ready to commit and be responsible in online purchasing. Alternatively, redress reassures consumers that merchants will honour the principle of integrity that is used by consumers to assess trustworthiness before the purchase. This also helps to convince consumers their online purchasing satisfactions are guaranteed, if the transaction fails or when a mistake occurs. Similar to a merchant with a trustworthy reputation, a clearly defined redress policy will convince a consumer what a merchant will do to ensure a satisfactory purchase experience. Redress policies are used to support trustworthiness when there has been no previous purchase relationship between both consumer and merchant. More importantly, redress is an opportunity that allows merchants to establish and to reinstate their reputation, and to regain and retain consumer trust in online purchasing.

2.7 The role of trust in B2C e-business

The widely reported lack of trust in e-business has demonstrated that insufficient trust can encourage consumers to stay away from e-business transactions altogether (Jarvenpaa et al. 2000; Grabner-Kraeuter & Kaluscha 2003; Gefen & Heart 2008). Particular ‘in online market this has been noted as significant impediments to an even more striking growth of e-commerce’ (Luo 2002a, p. 117). This is because trust becomes more critical than ever in the new era of online purchasing. Tan and Thoen (2000) claim consumers will only participate in online transactions if their levels of trust go beyond their expectations. Therefore merchants need to be aware that trust is essential and represents a great barrier in e-business if it is absent and it is therefore essential (Pavlou 2003; Lim et al. 2006).

Many studies (Jarvenpaa et al., 2000; Kim & Benbasat 2003; Awad & Ragowsky 2008) claim that consumers do not directly control online transactions, especially when these interactions are not fully governed by local and global rules and customs (Gefen & Straub 2004). It is argued that consumers will perceive a high level of uncertainty in the transactions that leads to the perception of risks. As a result they will assume undesirable transaction outcomes are greater than the benefits. This will greatly influence their confidence to continue to shop online. It
is argued that trust initiates a positive influence on consumers’ purchase intention (Gefen & Straub 2004; Teo & Liu 2007). Moreover, research has shown that high levels of trust also help to retain consumers (Qureshi et al. 2009; Lu, Zhao & Wang 2009). The assumption is that the essence of trust can lead consumers willingly to rely on merchants (Sosa & Koufaris 2005; Kong & Caisy Hung 2006).

In short, trust is particularly vital when consumers perceive the presence of uncertainty in e-business and they are vulnerable to risks. Certainly trust must imbue consumer purchase confidence with assurance toward perceived risk or uncertainty.

### 2.7.1 Trust, uncertainty and perceived risk

Mayer et al. (1995, p. 711) claim that the need for trust only arises in a risky situation because trust and risk are associated. Risk is the centre of trust to which a consumer maintains a positive attitude toward the merchant’s reliability and honesty in a risky exchange relationship (Gambetta 2000). Bhattacharya et al. (1998, p. 461) believed that ‘trust exists in an uncertain and risky environment’, and Hardin (2002, p. 12) writes that ‘trust is embedded in uncertainty’. This means that due to the uncertain and complex nature of e-business transactions, trust mitigates the causes of risk and uncertainty in consumer purchases (Horst et al. 2007; Kim, Prabhakar & Park 2009). In contrast Chen and Dhillon (2003) and Yousafzai et al. (2003) argue that if there is no risk in e-business transactions, for instance, when consumer’s behaviour result is definite, trust will not exist.

Studies by Pavlou (2003), and Pavlou, and Liang and Xue (2007) show that since trust can be seen as a belief and confidence, it reduces fears of behavioural uncertainty related to merchants’ actions (McKnight & Chervany 2001; Ha & Stoel 2008). This allows consumers to have a perception of some control over potential uncertainty in online purchasing (Eastlick et al. 2006; Pavlou & Fygenson 2006).

In e-business, uncertainty refers to the extent to which the outcomes of purchase transactions cannot be accurately predicted due to the lack of information and assurance from merchants (Ba & Pavlou 2002). This happens in a situation when
consumers cannot fully monitor a merchant’s behaviour (Arrow 2001) and there are no guarantees that the merchant will not deliver wrong products, sell above market price, or even engage in fraud (Gefen 2002). Moreover, the exposure to many different merchants and options globally in e-business causes increases in uncertainty, particularly who to trust (Angriawan & Thakur 2008). As a result, the future state of the transactions can vary from a successful purchase to any combination of numerous and adverse possibilities (Pavlou, Liang & Xue 2007), as indicated in Table 2.1. When consumers are uncertain about the outcomes of current transactions, they may refrain from making any purchase online (Tan & Thoen 2003; Kim, Ferrin & Rao 2008; Kim & Gupta 2009).

Uncertainty perceptions give rise to perceived risks. This refers to a consumer’s own subjective probability of suffering loss in the transaction (Chiles & McMackin 1996; Kim, Ferrin & Rao 2009) or it can be a potential disadvantage to any consumer’s future transactions (Pavlou, Liang & Xue 2007; Kim, Ferrin & Rao 2008). Glover and Benbasat (2010) define perceived risk as a consumer’s expectation that the action taken in purchasing a good or a service from a B2C e-business site could have unwanted outcomes.

Kong and Caisy Hung (2006) explain that perceived risk involves the assessment of factors that are external or not in the control of both consumer and merchant. The influence of perceived risks in an online context is higher than any offline purchasing (Cunningham et al. 2005; Samadi & Yaghoob-Nejadi 2009). It is considered one of the important factors that influence consumer reluctance to purchase online (Doolin et al. 2005; Liao & Shi 2009). This is because the sense of risk is greater than consumer purchasing confidence (Antony, Lin & Xu 2006). Consumer purchase decisions involve risks at different stages, for example, pre-purchase, purchase, and post purchase (Cunningham et al. 2005). Perceived risk is a typical influence in the early stages of the buying process (Pavlou 2003; Schlosser et al. 2006).

Perceived risk has been widely discussed in past literature and has shown to influence consumers’ purchase decisions to varying degrees (Forsythe & Shi 2003; Lim 2003; Cunningham et al. 2005; Bhatnagar & Ghose 2004; Doolin et al. 2005; Kim, Ferrin & Rao 2008). Many studies similarly perceived that risk exists
in e-business (Cunningham et al. 2005; Doolin et al. 2005; Povlou et al. 2007; Lopez-Nicolás & Molina-Castillo 2008). In view of this concern, research in e-business has paid attention to perceived risk components (Featherman & Pavlou 2003; Verhagen et al. 2006). This is because it has been shown to weaken customer relationships and force consumers to distance themselves from online purchasing (Heijden, Verhagen & Creemers 2003; San Martin & Camarero 2009). To reduce the influence of risk on consumer confidence, Winch and Joyce (2006) argue that levels of trust must rise above consumers’ confidence levels where the increased risk is manageable and uncertainty perception declines.

For this reason trust has become the basic premise of uncertainty reduction theory (Flowerday & Solms 2006) and improves consumer confidence so that future outcomes and vulnerability are minimized (Flanagin 2007). Uncertain reduction theory (Berger 2006; Berger & Calabrese 2007) explains that it is not easy for people to control or even predict relationships with certainty from the start. As a result, they attempt to minimize this anxiety by seeking reliable sources that functionally reduce the uncertainty (Flanagin 2007).

One of the main reasons trust is employed to reduce uncertainty is due to its effective role in B2C e-business transactions (Pavlou 2003; Pavlou & Fygenson 2006; Pavlou, Liang & Xue 2007). As discussed by Gefen and Straub (2004) and Teo and Liu (2007), when customs and rules are insufficient, consumers subsequently adopt trust as an uncertainty reduction strategy (Gefen 2000). Referring to the discussion in redress and transaction assurance in this chapter, Suh and Han (2003), Tang and Veijalainen (2004), Kim and Kim (2005), Cheng et al. (2008) and Fisher and Chu (2009) already note that in e-business contexts, there is an absence of proven guarantees that merchants will honour purchases genuinely and not make mistakes.

In summary, trust and perceived risk are interrelated. Trust will not exist if there is no risk in the transactions. The influence of trust on perceived risk reduction has been empirically supported in e-business contexts. It helps to generate a high self-assurance among consumers that e-business is low risk (Park, Lennon & Stoel 2000) and influenced their confidence to purchase online. Several studies (Pavlou 2003; Pavlou & Gefen 2004; Cho 2006) empirically look into the relationship
between trust, perceived uncertainty and risk. Yet empirical studies have not systematically explored how trust, perceived uncertainty and risk may work together to influence consumer purchase confidence in B2C e-business.

2.8 Control influences on trust

The discussion emphasizes the significance of trust and how trust can influence uncertainty, manage perceived risk and encourage consumers to have high confidence and positive purchase intentions. The crucial point is whether trust alone is sufficient in this B2C e-business environment. Ribbink et al. (2004) explain that the absence of interpersonal interactions also suggests that trust in e-business is mainly cognitive, in a way it is based on consumers’ judgments of the reliability and ability of merchants.

Lacohee et al. (2006) suggest that for many consumers, they are more likely to place their trust in merchants who can provide safeguards and assurances when purchase transactions go wrong, rather than a word of trust from merchants that claim nothing can go wrong in the first place. Lacohee et al. (2006) further claim that:

In the real world, if you are in a restaurant you’ve only got three to four waiters who potentially might be corrupt, and you’d soon know if they were stealing credit card details on a regular basis. So in a way in the real world there are fewer criminals that you are likely to come into contact with. On the Internet, you just know you are going to be more vulnerable. In the physical world if there’s a risk you can move yourself away from it. Online, you don’t know what the risks are waiting for you, you are not so aware of it (Lacohee, Phippen & Furnell 2006, p. 489).

Further to the example illustrated, it is argued that if trust is still an issue and inadequate to safeguard consumers’ concerns in online purchasing, then the issues can be offset by an effective control mechanism that strengthens consumers’ trust (Tan & Thoen 2000; Zeng, Zeng & Guo 2005). Consumers do not completely trust merchants but they will trust the mechanisms including purchase assurance,
consumer satisfaction guarantee, return and refund policy, uncomplicated and accessible complaint handling procedures, etc. (Tan & Thoen 2002; Runyan, Smith & Smith 2008). A number of studies identify these mechanisms as influencing consumers’ perceived control and their confidence in e-business (Das & Teng 1998; Koufaris & Hampton-Sosa 2004; Costa 2007). When consumers feel that they have at least minimum influence on the outcomes of the transactions this also directly affects perception of risks (Hoffman et al. 1999; Olivero & Lunt 2004). As a result, consumers are more likely to expect trustworthy behavior from merchants and not have any reasons for merchants wanting to act opportunistically (Koufaris 2002; Walczuch & Lundgren 2004; Jiang, Huang & Chen 2009). Research on risk has explained that control reduces risk, but in the absence of control the risk is higher (Grewal et al. 2007). This illustrates that trust might not appear to be significant if the consumers’ perceptions of control is high (Corritore et al. 2003; Boyle & Ruppel 2004).

To a degree, trust and control are parallel concepts. In order to reach minimum levels of confidence, merchants and consumers can use trust and control to complement each other. The prior discussion further illustrates that trust alone is inadequate to ease consumer perceived risk and uncertainty. Without doubt it is more challenging to sustain consumer confidence or positively influence their online purchasing intention. Trust can be enhanced if the redress mechanism can impose at least minimum control to influence the transaction outcomes. This could further improve consumer perception of merchants’ trustworthiness in B2C e-business, particularly in eliminating the perception of risk and uncertainty. Referring to the above review and discussion, what then distinguishes redress from trust is that redress offers assurance to consumers and strengthens trust. It does this by safeguarding, compensating and assisting consumers to obtain their rights and seek complaint actions.

2.9 Decision to purchase online

Consumer decisions to purchase online are affected by many other factors, including: product price, product availability and selections, perceived convenience, enjoyment and pleasure, peer recommendations, consumer attitude and service quality.
Product price – A study by Chen (2012), shows that a consumer typically chooses to purchase a product because they perceive the benefits of obtaining the product to be greater than the cost. The study confirms that there is significant relationship between product price and consumer decisions to purchase online. Therefore, consumers prefer to purchase from the merchants because the products offer maximal value from the price paid (Gupta & Kim 2010). In such a case, product price has a direct influence on consumer decisions to purchase online.

Product availability and selections – A study by Senecal and Nantel (2004) confirms that consumer decisions to purchase are influenced in their ability to choose from a wider selection of goods from a broad range of merchants. Brashear et al., (2009) further supports that consumer purchase online because of the variety of alternative products. Given the ease of an Internet search compared with a conventional business search, consumers benefit from almost unlimited and immediate access to product selections and availability.

Perceived convenience – A study by Berry, Seiders and Grewal (2002) defines convenience as consumer’s perception of the time and effort saved when purchasing online in activities such as product search, product information, ordering, payments, and delivery (Kaufman-Scarborough & Lindquist 2002). As a result, consumers would be motivated to purchase online because the decision is influenced by time savings and the ease of online versus offline purchase (Teo & Yu 2005). This is further supported by a study conducted by Brashear et al., (2009), whose findings show that online consumers across most countries seek convenience through online purchasing and this is one of highest attractions to purchase online.

Enjoyment and pleasure – To some consumers, online purchasing is a recreational activity and experience, and they view this to be more entertaining than offline purchasing (Swinyard & Smith 2003). This is because the online purchasing process and experience can appeal to consumers as fun, enjoyment and engaging attributes (Fiore, Jin & Kim 2005). A study by Pantano and Naccarato (2010) also supports that a novel, exciting and engaging online purchasing experience can positively influence consumer purchasing decisions because some consumers may purchase online basically for enjoyment or pleasure derived in doing so.
Peer recommendations – Consumers are increasingly making online purchasing decisions based upon recommendations and feedback from their peers (Smith et al., 2005). This is because various informational channels regarding online interactions are available, such as blogs, forums, social networks and many other consumer and product review websites that have a significant influence upon consumer online purchasing decisions (Herring et al., 2005; Bernoff & Li, 2008) and also on product choice (Fleder and Hosanagar 2009). A study by Lee et al., (2011) argues that consumer theorists have long agreed that peers and reference groups impact consumer decision making, especially in online purchasing. The findings from this study support that there is a positive informational social influence that strengthened the relationship between consumer’s attitude and decision to purchase online.

Consumer attitude – A study by George (2002) suggests that consumers with a more positive attitude toward online purchasing have more positive beliefs about trustworthiness and purchase decisions. It is believed that this type of consumer is less likely to expect opportunistic behaviour from the merchants. In such a case, positive attitudes give consumers the confidence and trust to purchase from the merchants (Román 2010; Yoh et al., 2003).

Service quality - Research shows that the quality of service delivered to consumers has a significant influence on consumers’ attitudes and decisions to purchase online because consistent delivery of high service quality has become an important influence for the merchants to attract consumers (Fassnacht & Koese 2006). A study by Yi and Gong (2008) argues that, although low price may attract more consumers, this is insufficient to gain a sustainable competitive advantage. Still, service quality is another important influence on consumer satisfaction and online purchasing decision.

Although the literature has identified a few of the aspects that reportedly do influence consumer decisions to purchase online, individual consumer decisions to purchase online still vary because they are affected by cultural differences and demographic characteristics (Brashear et al., 2009). Therefore, it becomes increasingly important to fully understand the differences, similarities, and unique characteristics of online consumers in this global online purchasing environment.
Omar, Bathgate, and Nwankwo (2011) found that Chinese consumers’ online purchase decisions were influenced by convenience, product performance, customer service, security, and web site interactions. Al-maghrabi, Dennis, and Halliday (2001) studied Saudi consumer intention to shop online. Their results indicate that usefulness, enjoyment, and subjective norms contribute to consumer intention to continue to shop online.

A study by Hashim, Ghani, and Said (2009) indicates that age, gender, income, job description and marital status do affect consumers’ online purchasing decisions. Their study results revealed that those consumers between 30 to 39 years old do more online purchasing compared to those between 20 to 29 years old and those over 40 years old. Likewise, Al-maghrabi, Dennis, and Halliday (2001) found that age and income levels also have an important influence on consumers’ decisions to purchase online. Teo (2006) found that people in IT-related jobs were more likely to purchase online. Regarding gender differences, Hasan (2010) argued that females remained unconvinced of the benefits of online purchasing because they were concerned about the risks and threats associated with the online purchasing environment.

Decisions to purchase online can also be linked to the general theory of decision-making, studied by Olshavsky and Granboi (1979). They suggest that the consumer decision process typically involves the evaluation of few alternatives. Consumers tend to apply very simple choice rules in their decision making process as long as that provides a satisfactory outcome. It is not always based on a fixed or single type of decision process. Purchases can occur out of necessity; purchases can be made exclusively on recommendation; or they can be derived from culturally-mandated lifestyles. Similarly, a study conducted by Monsuwe´ et al., (2004) sought to understand the decision making process of consumers to shop online using the Technology Acceptance Model (TAM) as a basis. The finding shows that consumer decisions to shop online are not only affected by ease of use, enjoyment or usefulness, but many additional factors, such as time pressure, attractiveness of alternative, need for special items, product characteristics, past satisfactory purchase experience and demographic factors.
Still, to understand consumer decisions to purchase online and to get the insights on the decision process before consumers make the final choice, are considered important in the current competitive online purchasing environment.

Chang, Cheung and Lai (2005) in a meta review of models of online shopping summarized the key points in a model showing all of the important and non-important factors that have emerged in empirical studies (see Fig 2.3). Their work highlights the importance of trust in the decision to purchase online and note the role of product, price, consumer behavior, demographic factors and those reviewed above. They note, though not with much detail, the possible role of redress availability as a factor, although they include the concept within risk mitigation. This has been used to develop the conceptual framework described in the next section.
2.10 Summary

In B2C e-business, consumers are more vulnerable than merchants due to countless perceived risks and uncertainties. These are summarized in Table 2.1.

To deal with these perceived risks and uncertainties and to strengthen trust in the merchant-consumer relationship, it has been common practice in traditional shopping for redress policies and associated procedures to be in-place organisationally and enacted in some jurisdictions. In the online environment the availability of redress has seemingly played less of a role but has come to greater attention with the increases in online purchasing and increased government interest in problems occurring in online commercial transactions. Redress policy and procedures are introduced to offset any perceived unjust advantage and has been shown to be important in development of trust. Trust will be less important to consumers if redress is not available and reinforced as part of control mechanisms in place (McKnight & Chervany 2001). Furthermore, when trust is unaided, it is not capturing the confidence of the consumers as it is inadequate in ensuring that transactions are protected, insured and compensated (Business World 2004). After an e-business transaction it is important for consumers to
know who or what mechanisms can assure and protect them and thus reduce their uncertainty. This is one of the many reasons why the role and impact of redress needs to be studied (Ha & Coghill 2008; Xu & Yuan 2009).

This review of the existing research has shown why redress is a vital part of online purchasing in B2C e-business. The existence of redress policy and procedures gives consumers a sense of trust in merchants and confidence to purchase online. It is important that consumers feel protected and can rely on merchants, whether it is to handle purchase transactions or to manage complaints.

Kau and Loh (2006) and de Matos (2007) both assert that trust is strengthened if merchants are responsive in acknowledging and addressing consumer issues. Consumers’ trusting beliefs, levels of satisfaction and emotions also influence consumer confidence, subsequently increasing trust in B2C e-business (Ajzen 2002; Liao, Chen & Yen 2007). In B2C e-business, trust exists when consumers have confidence in a merchant’s benevolence and integrity (Jøsang, Keser & Dimitrakos 2005; Wu & Chang 2006), making redress another resource for trust. Earlier studies on the success of B2C e-business by McKnight et al. (2002), Grabner-Kräuter and Kaluscha (2003), and Gefen and Straub (2004) illustrate the importance of winning consumer confidence so that they will make a purchase. When consumers have confidence in merchants’ reliability and integrity (Morgan & Hunt 1994), trust and then the act of purchasing will follow (Tax, Brown & Chandrashekaran 1998; Teo & Liu 2007; Gefen, Benbasat & Pavlou 2008).

Literature reviewed in this chapter also identifies those important factors that influence consumer confidence and trust to purchase online. Previous research shows that merchant reputation positively influences consumer confidence and trust to engage in online purchasing (Keh and Xie 2009; Koufaris & Hampton-Sosa 2004). This has been widely practiced in online purchasing, especially where peer recommendation is used to both confirm the merchant’s credible identity (Josang, Ismail & Boyd 2007; Ha 2004), and to influence consumer in whom to trust. Likewise, merchant integrity is argued to influence consumer trust in online purchasing relationships because consumers believe that merchants will deliver integrity (Farrell, Leung & Farrell 2002; Palvia 2009), for example by fulfilment of the online transactions, by enabling customer service policies, and through
abiding by the rules of transaction (Bhattacherjee 2002). Previous studies also show that a consumer’s individual characteristics and personality play a significant role in determining their online purchasing decisions and behaviour (Zhang, Prybutok & Koh 2006; De Wulf et al., 2006). Product price and availability also has a great influence on consumer purchasing decisions. Also, product price is a relatively important factor drawing their purchase decision to the online site (Chang 2009; Balasubramanian, Konana & Menon 2003). Consumers see online purchasing as better for having a large number of selections to choose from (Rotem & Salomon 2007; Levin, Levin & Heath 2003). Consumers’ perception of online purchasing as a convenience also has a significant impact on the decision to purchase online (Horrigan 2008). Due to low perceived search cost, the ability to compare prices and to make the purchase at any time and place (Wiedmann et al., 2010). Study also found that in online purchasing, hedonic factors like playfulness, enjoyment and emotional involvement have a significant influence on consumer decisions to purchase online (Bonera 2011). In addition, the notion of service quality is considered as one of the important factors play in online purchasing that has led to the development of consumer satisfaction and behavioural intention to purchase online (Gounaris, Dimitriadis & Stathakopoulos 2010). These key factors influencing online purchasing decisions by consumers are shown in Fig 2.4.
However, the role that redress plays in influencing consumer confidence and trust when purchasing online is unclear. There is still a lack of sufficient research on the influence of the availability of redress in purchasing online. In this research project then, the researcher is seeking to understand the role of the availability of redress procedures on the decision to purchase online from the consumer perspective and also considering the views of merchants.

Research in the online environment shows a pattern where redress is concerned. This review has identified factors that are important in understanding the role of redress in online purchasing and has highlighted the perceived relationship between trust development and redress. These factors are: effective complaint handling (responsiveness, perceived fairness, accessible and uncomplicated complaint handling procedures); transaction assurance; service recovery; dissatisfaction resolution; customer relationship management; merchant’s
commitment; and trust reducing perceived uncertainty and risk. The factors can be
differentiated according to the behaviour and actions of both consumers and
merchants. Consumers have been shown in past research to be concerned with
responsiveness, perceived fairness and accessible and uncomplicated procedures.
Merchants on the other hand focus on transaction assurance, service recovery and
dissatisfaction resolution. Better understanding the impact of redress on trust in
the consumer decision to purchase on line, is important to evaluate these factors in
terms of their impact on effective complaint handling and merchant commitment,
both of which were identified as important in the traditional offline shopping
decision-making process (see Fig 2.5.).
Previous research shows that consumers claim that the process of redress should include actions to respond promptly to complaints and to rectify problems quickly (Hong & Lee 2005; Bloemer et al. 2008; Hansen et al. 2010). In addition, complaint handling is perceived as fair when consumer complaints are handled with respect and effort, when there is adequate compensation, appropriate procedures, and empathy (DeWitt 2008; del Río-Lanza et al. 2009; Pizzutti & Fernandes 2010). Easily accessible complaint handling systems that involve transparent and uncomplicated procedures are important so that consumers can communicate their problems and seek compensation for their dissatisfaction (Svantesson and Clarke 2010; Kuo et al. 2011; Edwards & Wilson 2007; Gregg & Scott 2006). All of these factors are identified as important elements that further influence consumer confidence to seek redress. From the consumers’ perspective, effective complaint handling and redress significantly affect their purchase.

From the merchant’s perspective, redress is influenced by them demonstrating their commitment (Crie 2003; Edwards and Wilson 2007a; Ngai et al. 2007; Bloemer et al. 2008). However, in order to fulfil the role of redress, the merchants...
are required to offer adequate transaction assurance giving consumers a sense of certainty by adopting a warranty policy, and a money back guarantee and/or return policy (Chen & Dhillon 2003; Tang 2007; Chadwick 2001; Shalhoub 2006). Service recovery is argued to result from transaction assurance with the objective of redressing any damage caused to the consumers’ purchases, and merchants are expected to respond fairly and effectively to such problems (Lee & Lee 2005; Bhandari et al. 2007; Pizzuti & Fernandes 2010; De Matos et al. 2007). More importantly, redress provides an opportunity for the merchants to successfully restore consumer satisfaction in whatever way possible (Gustafsson 2009; Barlow & Moller 2008; Johnston & Mehra 2002; Yao et al. 2009). The merchant’s efforts and initiatives in transaction assurance, service recovery and dissatisfaction resolution further strengthen their commitment and reputation. In particular, the priority is for merchants to be committed to respond to and assure consumer purchases, and deliver as promised. This further reflects on the individual merchant’s reputation because it can mean their experience, competence, and business background and experience can be trusted. Redress then can play a strategic role in relationship management and it assumes that the role of redress will positively influence confidence and trust to reduce perceived uncertainty and risk.

Incorporating the role of redress based on existing research in both the offline and online environments (Fig 2.5) into the model of factors affecting the decision to purchase online (Fig 2.4) results in a more comprehensive model (Fig 2.6). This model (Fig 2.6) offers an overview of those key factors influencing consumer confidence and also highlights factors that are important in understanding the role of redress in online purchasing from both a consumer and merchant perspective. This model forms (Fig 2.6) the basis for data collection activities in this research and for drawing the findings and summary in the analysis chapters. This initial model will continue to be refined, altered and amended through the finding and discussion chapters before it emerges as the representation of research outcomes in the conclusion chapter.
How the research was undertaken in terms of research methodology is the subject of the next chapter.
Chapter 3 Research Methodology

3.1 Introduction

This study employed qualitative research methodologies using individual face-to-face interviews followed by Focus Groups discussions. The intent was to explore the role of redress in B2C online purchasing. This chapter first describes and then justifies the methodological approach taken in the research and then describes the data collection and analysis methods used.

3.2 Research approach and strategy

Qualitative research follows the principle of studying things in their natural settings, and attempts to make sense of phenomena in terms of the meanings people bring to them (Denzin & Lincoln 1994). This type of research seeks to answers questions about what is going on (Gibbs & Flick 2007), to illustrate an impression and feelings that can describe in detail what is happening in a particular environment or in a conversation, including the meaning of the message and feelings (Bouma & Ling 2004). In particular, the focus is on giving an in-depth description (Mason 2002). Strauss and Corbin (1998) claim that the objective of qualitative research is to create openness. It is a willingness to listen and give voices to respondents and record and interpret what they say (Burns 2000). This study is not concerned with measuring variables or testing hypotheses as well-developed theories in relation to the topic being developed are not available as yet (Fitzgerald et al. 1985).

The qualitative approach focuses here largely on consumers and merchants’ descriptions of their experiences in online purchasing environment. Redress has received significant attention in traditional business. However, redress in B2C e-business has been little researched and there is a lack of current theory that explains whether the role of redress is essential in B2C e-business, particularly in online purchasing. It does not tell us “why and how,” or provide rich insights into the understanding of redress. Therefore, in-depth discussions with online consumers and online merchants are needed to uncover redress and to establish an understanding.
In this study, exploratory research was used to provide a tentative understanding of a research topic that has not extensively been examined and is a newly emerging field of interest (Prikladnicki et al. 2005). The exploratory study undertaken in this research is used to obtain a better understanding and to gain much needed background information about redress in B2C online purchasing. This helps the researcher to learn about the impact of the availability of redress and to gain insights from the consumers and merchants viewpoints about the role of redress on online purchasing (Cooper & Schindler 2006).

A research strategy (Fig 3.1) is used to show the steps taken during this research. This research strategy consists of three important phases (see Fig 3.1). Phase one involved interviews, phase two involved coding and comparison (analysis), while phase three involved evaluation Focus Groups to provide insights into the study. The findings and conclusions from the focus groups are compared and incorporated into the findings from the interviews and contribute to findings and implication of the research as a whole.

First the literature review assisted the research to establish a foundation of knowledge requirements and to develop a more comprehensive framework about “the availability of redress procedures on the decisions of B2C consumers to purchase online”. The literature review led the researcher to understand the issues documented in the academic literature. This literature review was used to stimulate ideas for this research (Neuman 1994), to identify gaps in the literature and frame the research problem: what was the impact of the availability of redress on the decisions of consumers to purchase online. This was the first stage of the research: to provide an understanding of and also to formulate questions used in the interviews.

For the purpose of theory building in this research, there is a need for rich information, which comes from the anecdotes gained from the in-depth interviews in Phase One.
In Phase One, interviews formed the basis of this research and were used to explore the experiences, knowledge and views of online consumers and merchants concerning the issues of redress in B2C online purchasing. The exploratory study is used to understand what is going on or what happened in redress; to ask questions and to assess phenomena in a new course (Robson 2002 cited in Saunders, Thornhill & Lewis 2007). For instance the study is uncertain of the exact nature of the role of redress due to little research being currently available (Babbie 2007). Through exploration the study developed concepts more clearly (Cooper & Schindler 2008). Furthermore the exploratory stage means reviewing the research literature and interviews (Cooper & Schindler 2008) to obtain initial insights into the research topic. The aim is to convey a picture of what is (was) going on, what happened, or how things are proceeding (Corbin & Strauss 2008; Punch 2005; Patton 2002; Robson 2002).

In Phase Two, an analysis from Strauss and Corbin (1998) was used. Grounded theory analysis utilized coding and constant comparison as the researcher contrasted the views between online consumers and merchants who sell online. The intention is to obtain an understanding of consumers’ and merchants’
experiences, awareness and views in regard to online purchasing. This phase involved finding the reasons and explanations to illustrate why (or how) they have come to be what they are (Neuman 2006; Punch 2005; Marshall & Rossman 2006) therefore provides an explanation more than, what is the current role of redress is needed but why is needed or how.

In Phase Three, as the strength of one method can offset the weaknesses of another, the focus group can provide a method of confirming data from different sources and confirm information with varied data collection methods (Krathwohl 1998). Focus Group discussions with consumers were conducted based on the questions formulated from the interview findings. This method is also useful for obtaining a deeper understanding of the participants’ views, attitudes, beliefs, responses, motivations and perceptions regarding a topic (Litosseliti 2003). A Focus Group ‘can provide insight on multiple and different views and on the dynamics of interaction within a group context, such as consensus, disagreement and power differences among participants’ (Litosseliti 2003 p. 16). From a methodological perspective, Focus Groups were conducted in this study not only because of their capacity to encourage consumers to talk to each other, ask questions, and comments on each other’s experience. The Focus Groups were employed as an effective means to inform, contribute to, and contextualize the existing body of research on the topic and allowed for a group dialogue between researcher and consumers on preliminary findings which was not the case in the interviews (Phase One). In Focus Group analysis, transcript-based analysis was used to generate the primary source for data for analysis (Krueger 1994). The analysis was done to note recurring perceptions, patterns and understandings expressed by the participants. In particular, the consumers’ reactions to the findings allowed the researcher to further analyse the following:

1. What was previously known and then confirmed or challenged by findings emerged from the Focus Groups?
2. What was suspected and then confirmed or challenged by findings emerged from the Focus Groups?
3. What was new that was not previously suspected?
3.3 Data collection and data analysis

Data collection was undertaken with two groups of participants, online consumers (Buyers) and online merchants (Businesses/Sellers). The study was based in Melbourne, Australia where the researcher is located. Consumers are individuals who purchase products through the Internet (Weitz, Castleberry & Tanner 2001). Merchants sell goods and services directly to the end consumers via the Internet (Davis & Benamati 2003). All the participants were assigned pseudonyms at the beginning of the research; those names were used in the collection and analysis of the data.

Fifteen interviews were conducted with online consumers and six interviews with online merchants, and two online consumers’ Focus Groups were also conducted within the timeline described in Table 3.1.

Table 3.1 Timeline of Data Collection

<table>
<thead>
<tr>
<th>Participant</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Online Consumer Interviews</td>
<td>7 October 2008 – 8 November 2008</td>
</tr>
<tr>
<td>Online Merchant Interviews</td>
<td>10 November – 28 November 2008</td>
</tr>
<tr>
<td>Consumer Focus Group Discussions</td>
<td>7 and 15 November 2011</td>
</tr>
</tbody>
</table>

The Focus Groups began with six participants in each group. This number of participants allowed for a variety of experiences and perspectives but also allowed for individual participation (Krueger & Casey 2009). Furthermore, determining how many subjects to interview or to involve in the Focus Group is based on concepts that emerge from the ongoing analysis of the data and the relevance of the concepts to the evolving theory. In brief, data collection ends once a saturation point is reached at which no new issues emerge (Minichiello et al. 2008; Strauss & Corbin 1990; Charmaz 2006).

Participants were selected based on their being able to directly address the research goals, relevant experience in online shopping and understanding what is involved with online shopping. The researcher employed the combinations of i) convenience, ii) purposive and iii) snowball sampling.
i) Convenience sampling is used at this research to identify the scope and to obtain an overview of the overall topic. This method allows the researcher to locate participants/persons who are available and who have already gone through most of the phenomenon (Morse 2007). This meant that participant who met the eligibility criteria was recruited and interviewed in this study (see Appendices A, B & C);

ii) In purposive sampling, the approach is to further refine the sampling and to identify particular consumers from the self-identified respondents for the in-depth investigation (Patton 1990; Erlandson et al., 1993). Participants who fulfilled the criteria were reevaluated and selected for interview. It was important in this research to have experienced online shoppers participate so that their experience informed the outcomes rather than relying on inexperienced participants who might recourse to ‘what they have heard’. This enables a detailed exploration and understanding of redress issues in B2C online purchasing.

iii) The last phase is snowball sampling that involved asking the participants to identify other individuals they know who can be included in the selection criterion as they may have rich information that makes it possible to answer the research questions (Ritchie & Lewis 2003). This technique is appropriate to use when research is concerned with a specialized population cohort (consumers and businesses) who are knowledgeable and experienced. In this research the cohort of online consumers who purchase and merchants who sell online meet the criteria (Neuman 2006; Patton 1990). This is utilised in interviews and Focus Groups.

All the interviews and Focus Group discussions were recorded, and verbatim responses to each question were transcribed. Although this is not included in this thesis, transcripts can be made available upon request.

Analysis of the interview data and Focus Group began as soon as the transcriptions were completed. This study also used a reiterative analytical technique of taking the major findings from the literature review and the ideological preconceptions of the researcher and applying them to the data
collected. From there judgments were made on the data and referrals were made to the literature review to substantiate the researcher’s personal judgments. Such a technique is termed ‘hermeneutics’. Hermeneutics is primarily concerned with the meaning of text (i.e. interview data). According to Myers (1997) and Klein and Myers (1999), the basic question is: what is the meaning of text? Myers (1997) and Klein and Myers (1999), drawing on the work of Gadamer (1976), asserted that the Hermeneutic Cycle helps the researcher understand and see the text as a whole and the interpretation of its part, in which descriptions are guided by anticipated explanations. Text is interpreted based on iterations of the researcher’s own experience and existing literature and research. This interpretation is used to make judgments about text, creating further reiterations of that text until conclusions or theorizing suggest further reinterpretations. The use of the hermeneutic cycle indicates the impact of the researcher on the analysis of the data. This cycle is shown in Fig 3.2. In this research the paths of analysis follow from the texts created in the interviews and Focus Groups. These texts are interpreted based on the extant literature and the researcher’s own experience. Emerging from that process the researcher made judgements through various cycles, enabling themes to be identified and conclusions drawn. In the final parts of the thesis these conclusions are drawn together to propose theory.
Boland (1985) employed hermeneutics as his research based on information systems. He suggests that in the everyday world we experience the social as a hermeneutic world as we encounter different kinds of texts, which already have meaning or meaning is being made for them. Hermeneutic cycle is the study of translating and interpreting texts. Walsham (1993, p.9) suggests:

Hermeneutics can be thought of as a key strand of phenomenology since the interpretation of texts is an important part of the search of meaning and the essence of experience.

The stories told in Chapters 4, 5 and 6, were the researcher’s narratives told by the participants interviewed. This influences how the story is told and acknowledges that other researchers may have different findings from the same study. However, the literature also influences the researcher and the way they interpret and analyse the data, based on the existing literature. The concept of grounded theory was employed to make sense of and to analyse the collected interview data. In Focus Groups, transcript based analysis was used to analyse the discussion data collected.
3.3.1 Phase one: Interviews

In the consumer selection, a total 45 potential participants (Students) within RMIT Business School were approached in person with an invitation letter (Plain Language Statement – see Appendix D) and invited to participate in the interviews. The choice of university students as a target sample was influenced by the works of Chen and Dubinsky (2003), and Drennan, Sullivan and Previte (2006), who believed that they were more likely to be online shoppers due to their ease of access to the Internet. This process is important to best enable the study to answer the research objectives and question and also enable detailed exploration and understanding (Ritchie & Lewis 2003, Neuman 2006) of the redress issues in online purchasing. All these participants were identified based on the set of specific characteristics and background (see Appendix A), for example, they had to have extensive experience in online shopping and purchased items online in the past 12 months. 11 participants responded to the invitation and agreed to participate. Two participants provided and initiated contacts with other potential participants, who they thought would be willing to participate. This further engaged another four participants and this increased the total of 15 participants. A detailed profile of the consumer participants is presented in the Appendix H.

In the merchant selection, a list of 90 potential participants was compiled from Melbourne Online shopping directories such as www.melbourne.ecityguide.com.au, www.onlymelbourne.com.au and www.shopbot.com.au. The potential participants were invited by sending out invitation letter (Plain Language Statement – see Appendix E) through e-mail and facsimile. From the 90 potential participants, six could not be contacted by any means. 78 merchants in the list did not respond to the e-mails and faxes sent to them or chose not to participate and finally only six merchants accepted and agreed to participate. A detailed profile of the merchants is presented in the Appendix I.

Interviews conducted in this study seek to understand what people think about a particular issue or experience (Minichiello et al. 2008). For example, the interview questions (see Appendices A & B) may ask, ‘In online shopping, is a refund and
return policy essential for you?’ This is to allow the participants reflect and to share the experience they have encountered.

In the consumer interviews (see Appendix A), the first section of the interview inquiry consists of factual questions. The questions sought to understand merchant experience and background. It is simple statements of the information that called upon from prior knowledge (King 1994). These are questions that raise issues concerning matters of fact and they are also known as empirical questions. The second section of the interview inquiry consists of composite measurement questions that focus on more complex matters (Sapsford & Jupp 2006), such as opinions, personality traits and consumers’ awareness. These themes also applied to the merchant interview questions (see Appendix B). This is used to understand the perspective of trust in online purchasing and the merchant’s perspective and attentiveness to dissatisfaction/complaints.

The interview questions were constructed to ensure the interviews investigate what they are intended to investigate and therefore ensure consistency in what is asked and what the research addresses (Kvale 1996; King 1994; Gillham 2005). Furthermore, the interview questions used are not designed to deliberately or directly expose the role or issue of redress in B2C online purchasing. The redress factors were left for the interviewees to express and this is used to reduce bias in the data obtained. For many of the participants, this was the first time they had talked about these experiences so particular care was taken to ask questions that did not put words into the interviewees’ mouths (Strauss & Corbin 1998).

The interviews took place in Melbourne and were conducted face-to-face with participants, were flexible in its arrangement and aimed to elicit the most comprehensive discussion possible. The participants had a choice of selecting the location and time that was convenient for them. In the consumer interviews, each participant’s appointment was made through e-mail and took place at the University. In the merchant interviews, each of the six participants’ appointments was made through e-mail and telephone calls. Five out of the six interviews took place at the participants’ business premises, except one who preferred to be interviewed at the University.
All participants were asked for their consent to have the interview recorded. Participants were asked to read the consent letter carefully to understand their rights, privacy, anonymity and also the nature of the interview process. Participants were informed that they could contact the researcher at any time to know about the progress or to view the transcript. An example of the consent form is available in Appendix G. The majority of interviews lasted approximately 50 minutes. Once the interview was conducted, a transcript of the interview was written and sent to the participant interviewed in order for them to check the interview and provided changes if information was taken out of context.

**Interview data analysis**

Grounded theory is a method of ‘sense making’ analysis (Langley 1999). It is inductively derived from the study of the phenomenon it represents. That is, it is discovered, developed, and provisionally verified through systematic data collection and analysis of data pertaining to the phenomenon. The objective is that the researcher ‘does not begin with a theory, then prove it. Rather, the researcher begins with an area of study and what is relevant to that area is allowed to emerge’ (Strauss & Corbin 1990 p. 23). This study utilized this concept in the data analysis. This research begins with a focus on the availability of redress procedures in consumer online purchasing decisions to construct a theory that emerges from the analysis.

Strauss and Corbin (1998) define such analysis as an appropriate coding scheme (content coding) that is developed to rearrange the qualitative data into categories. This makes it possible to observe emerging patterns in the data. Coding and constant comparison was employed to make sense of and analyse the collected interview data. Here the comparison and contrasting of a variety of data sources began with an examination and interpretation of the transcripts and continued through the saturation of themes. The interview data analysis is shown in Fig 3.3 and a sample of the interview data analysis process is shown in Fig 3.4.

As a flexible method for sense making, grounded theory is used here, not in a strict set of sequential steps, but as a general constructionist approach to produce an understanding or explanation of the social phenomenon under study that emerged from the data (Charmaz 2005; Easterby-Smith, Thorpe & Jackson 2008).
Three coding stages that are generally accepted in grounded theory methods have been followed: open coding, axial coding, and selective coding (Strauss and Corbin 1990 & 1998). This is shown in Fig 3.3.

*Figure 3.3 Interview Data Analysis Based on Strauss and Corbin (1990 & 1998)*
3.3.2 Phase two: Coding and comparison

Three components are critical in this process: coding, categories and themes.

Coding

Firstly, the qualitative data analysis was accomplished with categorizing strategies - coding (Strauss & Corbin 1990 & 1998; Charmaz 2006). This involved a process of breaking down interview data into distinct units of meaning, which were labelled to generate concepts. In this coding process the researcher organized the diverse data that emerged from the interviews into ideas. This is known as opening up the data, reducing it into discrete parts, carefully and closely examining them, and then comparing them with other data in order to established similarities and differences. This is to uncover, name, and develop concepts, there is a need to open up the text and expose the thoughts, ideas, and meanings contained in the study (Corbin & Strauss 1998).

The coding procedure began with a full transcription of the interviews, after which the interview transcripts were analysed line-by-line in an attempt to identify key words, sentences or phrases regarding what influences consumer online purchasing decisions that the interviewees mentioned during the interview. Line-by-line analysis also prompts the researcher to remain open to the data, especially the participant’s words or statements. This can help to identify implicit concerns and forces research to look at the data again. This procedure allows the researcher to understand closely to what the interviewees were saying and how they were saying from the interview transcripts. This reduces the likelihood that researcher merely superimpose their preconceived notion on the data. As an analyst in the study, the researcher was attempting to comprehend how the interviewees interpreted certain events or incidents they had experienced in online purchasing. The development of coding systems is influenced as the researcher asks a set of questions of the data. For example, as this researcher coded the data from the interview transcripts, questions were constantly asked: ‘What are these data pertinent to? What do they indicate? What is this? Who are involved?’ These questions continued to arise throughout the coding process, with the only guide during the emergent analysis being the research question. There was no computer software, like Nvivo or ATLAS, involved in this analysis because software can be
used to assist but it cannot ‘replace the analytical thinking process underpinning interpretive research’ (Minichiello et al., 1995, p. 269).

When concepts became apparent, a code was assigned or a name given that represented the discrete incidents, concerns, issues, events, and acts from the analysis. In the coding process, conceptualizing was the first step in theory building and a concept was a labelled phenomenon. Each code was an abstract representation of an event or objects that were significant in the transcription of the interviews. In this analysis, the concept was to group similar events or happenings related in meaning under a higher order or more abstract concept name as categories. The ‘categories are concepts that stand for phenomenon’ (Strauss & Corbin 1998, p.101). The process is illustrated in Fig 3.3.

For example, referring to the abstract concept ‘Merchant with Positive Competency (Q2)’ that emerged from the interview transcript, as shown in Fig 3.4 (p.80) and Table 3.2 (p.76), there were six code names under this abstract concept. One of the code names, Peer Recommendation was the code assigned to label the similar issues raised by consumers 1, 6, 8, 9 and 14 from the interview transcripts. See the following with code printed in bold.

Feedback from other people, word of mouth (Peer Recommendation). Sometime they have their own feedback and I will read and see what the common problem is (Evaluate Review) (Consumer 1).

I will consider the feedback from previous buyers when judging the reputation of the seller (Buyer Feedback). Generally, I will only shop at the famous website or recommendation from friends who have made a purchase from the site or seller (Peer Recommendation)… (Consumer 6).

If it is not a company that I heard of I think customer feedback is kind of I am looking for (Peer Recommendation). Basically, if other peoples have the positive experience then I am likely to be more inclining to use that company (Satisfactory Transaction Feedback). If I can’t find any information at all or a brand new
start up and selling thing at 50% cheaper than the competitor I wouldn’t go near them...(Consumer 8).

Amazon.com, pretty reputable and so many people use them (Popular Reference) and if there is a problem then you hear about that through other people and they fix the problem pretty quickly because is all about their name. If you heard from other people they were bad then people will stop going there. It is a word of mouth that trusts the bigger places (Peer Recommendation). A site could be around for many years but how do I know it is reputable? (Consumer 9)

I think in trusting a reputable website is depends on the word of mouth and also from family members and friends (Peer Recommendation). I believe so that they also have a more establish R&R policy because the entire good website makes more money with larger customer base so they can afford to refund your money or product (Consumer 14).

The same procedures were also applied to the codes assigned to name - evaluate review, positive feedback, buyer feedback, satisfactory transaction feedback and popular reference. As the concepts from the data were developed (coded) through the open coding process then all these codes identified as similar in nature, or close in terms of meaning, were grouped together to form a more abstract concept ‘Merchant with Positive Competency (Q2)’ that represented the same issue or concern that emerged from the transcripts. This abstract concept ‘Merchant with Positive Competency (Q2)’ also known as category that it is to explain, what is going on and also to understand, with the ability to depict the problem, issues and concerns that are vital in the study. In brief, the codes attributed the ‘Merchant with Positive Competency’ reflect importance of peer recommendation, positive feedback and evaluate review, satisfactory transaction feedback and popular reference that influenced or concerned the consumers when purchasing online.

The sample of interview data analysis in Fig 3.4 showed a total of eight abstract concepts/categories were identified from the interview transcripts.
Table 3.2 Example of Coding Development of Interview Data

<table>
<thead>
<tr>
<th>Merchant with Positive Competency (Q2)</th>
<th>Code</th>
<th>Consumer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Merchant with Positive Competency</td>
<td>Peer recommendation</td>
<td>1, 6, 8, 9 &amp; 14</td>
</tr>
<tr>
<td></td>
<td>Evaluate review</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Positive feedback</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Buyer feedback,</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>Satisfactory transaction feedback</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>Popular reference</td>
<td>9</td>
</tr>
</tbody>
</table>

**Categories**

In this process, categories were analysed in term of their properties and dimensions to determine linkages and relationships between them. The aim was to develop a more precise and complete explanation of the phenomenon being examined. The purpose of this category process was to sort and organize large amounts of data that were fractured during the coding process and to reassemble the data (abstract concepts) in new ways to give more complete explanations about the phenomenon (Creswell 1998; Strauss & Corbin 1998). This process involved the grouping of a number of concepts that had been brought together through the process of constant comparison of data. For example, during this process, it was necessary here to create new categories or to merge others that related to the same idea. This activity naturally takes the researcher to where patterns and frameworks begin to appear, which enables the generalization and development of a core theme that links the data into a holistic explanation of the experience under review.

The approach taken by the researcher followed that outlined by Strauss and Corbin (1990; 1998), forming new composite categories by moving to a higher conceptual plane offered greater explanation and understanding. In this process, the data were reassembled back together in new ways after the coding process, as the researcher attempted to make connections between categories that formed the themes. The categories were determined by the abstract concept that emerged from the coding process. For example, the abstract concepts (competent & recommended merchant ‘Q1’, merchant with positive competency ‘Q2’, and
established positive reference’Q3’) created and identified in the coding process that were related to the same phenomenon or meaning were re-grouped again to form a higher level of abstraction to create a new category – ‘Credible Merchant’, as shown in Table 3.3 and Fig 3.4. The same procedures were undertaken to create category ‘Dependable Merchant’. For example, several abstract concepts (professional & reliable merchant ‘Q1’, successful & reputable merchant ‘Q1’ and highly dependable seller ‘Q1’) emerged in the coding procedures were put back together based on the similar ideas or connections to give a more precise explanation of the phenomenon.

Table 3.3 Example of Categories Development of Interview Data

<table>
<thead>
<tr>
<th>Category</th>
<th>Abstract Concept</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credible merchant</td>
<td>Competent &amp; recommended merchant (Q1)</td>
</tr>
<tr>
<td></td>
<td>Merchant with positive competency (Q2)</td>
</tr>
<tr>
<td></td>
<td>Established positive reference (Q3)</td>
</tr>
<tr>
<td>Dependable merchant</td>
<td>Professional &amp; reliable merchant (Q1)</td>
</tr>
<tr>
<td></td>
<td>Successful &amp; reputable merchant (Q1)</td>
</tr>
<tr>
<td></td>
<td>Highly dependable seller (Q1)</td>
</tr>
<tr>
<td>Reliable merchant</td>
<td>Well known &amp; trustworthy merchant (Q2)</td>
</tr>
<tr>
<td></td>
<td>Trustworthy purchase channel (Q3)</td>
</tr>
</tbody>
</table>

Themes

In the beginning of the coding process, the researcher was concerned with assigning codes and generating abstract concepts. In category process, abstract concepts were merged together based on the commonalities.

In themes development process the links between categories were re-evaluated, examined, refined and reintegrated by the researcher in order to identify their interrelationships (Strauss & Corbin 1998). Because categories were merely descriptions of the data (concepts), the categories were gradually subsumed into underlying core theme(s). For example, the categories (dependable merchant, reliable merchant, and credible merchant) created in the categories process were
linked together to identify an overarching or core theme – ‘merchant reputation’, as shown in Table 3.4 and Fig 3.4.

**Table 3.4 Example of Themes Development of Interview Data**

<table>
<thead>
<tr>
<th>Theme</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Merchant reputation</td>
<td>Credible merchant</td>
</tr>
<tr>
<td></td>
<td>Dependable merchant</td>
</tr>
<tr>
<td></td>
<td>Reliable merchant</td>
</tr>
</tbody>
</table>

Once core themes were identified in this study, the relationships/connections among the themes were defined and explored (Coleman & O’Connor 2007). These core themes acted as the hub for all other identified categories; connecting together all the strands in order to explain the behaviour under study. These core themes, which sum up a pattern of behaviour and the substance of what is going on in the data of this study. In which the researcher identified a “story line” and this story line was the final conceptualization of the core themes emerge. The analysis process was completed when relationships between the core themes produce an understanding or explanation of the social phenomena. Through this process the researcher began to see categories, themes and patterns emerged in the content that referred to the issue of the study.

**Constant comparative method**

Central to all approaches to grounded theory analysis is the constant comparative method (Strauss & Corbin 1990 & 1998; Corbin & Strauss 2008). The researcher constantly compared data with data, and data with concepts, looking for similarities and differences.

For example, in the coding process, the researcher constantly compared the phenomenon under consideration with others already labelled, in order to discover common characteristics between phenomenon, concepts, events and happenings, and also to identify variation. When common characteristics were discovered, the concept under consideration was added to the same category as the similar concepts previously labelled. In this way higher order categories/abstract concepts were constructed.
Constant comparison help the researcher to focus on abstract meaning and used to interrogate the data and developing theory are shaped by interactions among the researcher’s underlying views and assumptions, interactions between the researcher and participants, and interaction with the data and emerging ideas (Charmaz 2006).
**Figure 3.4 – Example of Interview Data Analysis Process.**

**Merchant Reputation**
- Dependable Merchant
- Reliable Merchant
- Credible Merchant

**Dependable Merchant**
- Professional & Reliable Merchant (Q1)
- Successful & Reputable Merchant (Q1)
- Highly Dependable Seller (Q1)

**Credible Merchant**
- Competent & Recommended Merchant (Q1)
- Merchant With Positive Competency (Q2)
- Established Positive Reference (Q3)

**Categories**

**Reliable Merchant**
- Well Known & Trustworthy Merchant (Q2)
- Trustworthy Purchase Channel (Q3)

**Trustworthy Purchase Channel (Q3)**
- A familiar Name - (Consumer 6)
- Well known identity – (Consumer 6)
- Familiar & Reputable Merchant - (Consumer 13)
- Merchant Reputation - (Consumer 15)
- Experience & Reliable - (Consumer 15)

**Established Positive Reference (Q3)**
- Peer Recommendation – (Consumer 2)
- Positive Feedback - (Consumer 11)

**Merchant With Positive Competency (Q2)**
- Peer Recommendation - (Consumer 1)
- Evaluate Review - (Consumer 1)
- Positive Feedback - (Consumer 2)
- Buyer Feedback - (Consumer 6)
- Peer Recommendation - (Consumer 6)
- Peer Recommendation - (Consumer 8)
- Satisfactory Transaction Feedback - (Consumer 8)
- Peer Recommendation - (Consumer 9)
- Popular Reference - (Consumer 9)
- Peer Recommendation - (Consumer 14)

**Well Known & Trustworthy Merchant (Q2)**
- Recognized Brand - (Consumer 6)
- Recognized Merchant - (Consumer 7)
- Merchant Identity - (Consumer 8)
- Recognized Brand - (Consumer 9)
- Brand Name - (Consumer 9)
- Unknown Merchant Insecure - (Consumer 11)
- Unknown Merchant is Doubtful - (Consumer 15)

**Successful & Reputable Merchant (Q1)**
- Positive Reputation - (Consumer 3)
- Merchant Identity - (Consumer 8)
- Well known Identity - (Consumer 9)
- A Familiar name - (Consumer 9)
- Recognized Image – (Consumer 4)
- Recognized Brand – (Consumer 1)

**Professional & Reliable Merchant (Q1)**
- Experienced Merchant - (Consumer 6)
- Merchant Competency - (Consumer 8)
- Professional Experience - (Consumer 4)
- Attestation Merchant Experience – (Consumer 5)

**Competent & Recommended Merchant (Q1)**
- Peer Recommendation - (Consumer 2)
- Peer recommendation - (Consumer 3)
- Positive Feedback - (Consumer 8)
- Peer Recommendation - (Consumer 8)
- Refer To Trustworthy Site - (Consumer 14)

**Highly Dependable Seller (Q1)**
- Reliable & Trustable Merchant – (Consumer 1)
- Trustworthy Merchant – (Consumer 1)
- Merchant Credibility - (Consumer 4)
- Reliable Merchant - (Consumer 2)
- High Credibility - (Consumer 8)
- Merchant Credibility - (Consumer 6)
- Trustworthy is Vital - (Consumer 12)

**Text/Interview Transcripts - e.g. Interview Questions 1, 2 & 3.**
3.3.3 Phase three: Focus Groups

Participants in Focus Groups were selected and then invited to participate by the researcher.

Participants invited to participate in this study had to fulfil the criteria for ‘Online Buying Experience & Background’ before they were selected for participation (Appendix C). Potential participants were then approached in person with an invitation letter (Plain Language Statement – see Appendix F) and invited to participate in the Focus Group. It may be argued that having a purposeful selected sample in the study results in participants attending the focus groups because they have strong opinions on the topic and are more likely to be interested, concerned and motivated to give voice about the topic than those who do not and may contain more experts than a broader sample does. However, one of the key criteria in this study was experience in online shopping and this had to be met to ensure a more complete understanding of the issues involved, especially redress.

Two Focus Groups were undertaken.

In the first Focus Group, 12 potential participants were approached in person and only four participants met the criteria and agreed to participate. Two participants were asked to introduce peers they felt might fit into the criteria and be interested in taking part. This brought in another two participants into the first Focus Group, making a total of six participants (see Appendix J).

In the second Focus Group, 15 potential participants were approached in person but only five participants met the criteria and agreed to participate. One participant identified his colleague who had the same background and experience. In Focus Group two, a total of six participants were invited to participate in the study. Background profile of the participants is attached in Appendix K.

Two Focus Group discussions consisting of online consumer participants were carried out separately. The first Focus Group was conducted on 7 November 2011 followed by the second Focus Group on 15 November 2011. Each of the Focus Group discussions lasted nearly 60 minutes and was conducted at the University. The session was recorded with the permission from all participants.
Confidentiality of their participation was reaffirmed verbally and by the signed consent form (see Appendix G).

One moderator and a researcher were involved in conducting the Focus Groups discussions. An experience moderator is the key to conducting a successful Focus Group (Stewart & Shamdasani 1990). The interpersonal skills of the Focus Group moderator can influence powerfully the process of interaction that takes place. For example, the moderator has to generate interest in and discussion about a particular topic. The moderator should ensure that dialogue occurs among the group members, rather than between them and the moderator. The moderator in this data collection played an active role to track, shape, guide and stimulates discussions and creates a friendly and relaxing environment for the discussion (Litosseliti 2003). In this research, the moderator of the Focus Groups was a senior faculty member at RMIT University who has considerable experience in conducting Focus Groups. This was essential to ensure the Focus Group was not influenced by the conclusions being drawn out of the research by the research, thus reducing researcher bias, and to ensure that all elements of participant expertise were drawn out.

This research followed the three principles suggested by Litosseliti (2003) for developing Focus Group questions. First, questions should be carefully developed, refined and sequenced in order to generate in-depth discussions. In order to do this questions were generated based on the findings emerged from the interviews. Second, questions should be clarified and specific to the research topics, and complemented by further probing. Third, it is appropriate to start with general, simple and unstructured questions before moving to more complexes, specific and controversial ones. Based on the findings from the interviews, eight questions were formulated to capture participants’ opinions and to identify similar experiences as well as differences. Each question was phrased in plain language as much as was possible to avoid any jargon or misleading questions. The Focus Group discussion questions are attached in Appendix C.

During the discussions, participants were asked to introduce themselves as a warm-up activity. Participants were informed that they were free to agree or disagree with others’ comments and were encouraged to openly express their
opinions. Based on the responses offered, the moderator sometimes used probing questions to obtain further information. The researcher, on the other hand, served only as an observer and noted the specific responses and themes that arose during the discussions.

**Focus Group data analysis**

Krueger (1998) claims that it is a mistake in assuming Focus Group should be analysed in the same way as the individual interviews. This is because Focus Group analysis always combines many different elements of qualitative research. In addition, the complexity of group interaction and the discussion is evolutionary and is based on comments and points of view. According to Krueger and Casey (2009), Focus Group analysis is largely guided by the purpose of the study.

The method of transcript-based analysis was used in this study to generate the primary source for data for analysis (Krueger 1994). Transcript-based analysis is a common method of analysis as it is presumed to best capture reality. Use of this transcription approach facilitated the most accurate, comprehensive, and rigorous data analysis process possible (Bloor et al., 2001; Krueger & Casey 2009).

First, the transcripts were carefully read a number of times for refamiliarization, and notated to understand the meaning and responses from conversations. This notation was done through initial analysis based on notes taken during the Focus Groups by the researcher. The initial analysis was done to note recurring perceptions, patterns and understandings expressed by the participants. When analysing the data, the frequency, extensiveness and intensity of comments and specificity of responses were taken into account. For example:

Consumer FG2-1, for instance, said, ‘The price…Well you look online and you going to shop. You measure the price and you want the best but you also don’t want to spend too much. So you look at the price difference’.

Consumer FG2-2 said, ‘Textbooks it is more than half of the price if I am going down to get it from the bookshop and from
Amazon is like 50% difference. Even if you pay for the postage it is still cheap.

The researcher captured and highlighted the significant phrases and quotes under a code titled: ‘the price’, ‘it was cheap’, ‘You measure the price’, ‘you look at the price difference’, ‘it is still cheap’, and ‘much cheaper’ etc, as shown in Table 3.5. All these are in line with Krueger and Casey’s (2009) suggestion that when analysing a Focus Group, the purpose is to capture broader reactions, contradictions, and transformations that appeared in the discussions to form the themes.

After the phrases and quotes were captured based the frequency, extensiveness and intensity of comments and specificity of responses then the researcher compared these phrases and quotes within one group and also among groups (Focus Groups 1 and 2) in order to assess if the themes that emerged from one group also emerged from other groups, to discern patterns and in an effort to draw out emerging themes – product price, that best described what situation led to the behaviour of price sensitivity. Each of the final themes that emerge is reflective of multiple participant voices, for example, the final theme ‘Product price’ that emerged from the Focus Group 1 and 2 discussions.
Table 3.5 Example of the Analysis of Focus Group

<table>
<thead>
<tr>
<th>Theme – Product Price</th>
<th>Focus Group</th>
<th>Consumer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Similarities, frequency, extensiveness and intensity of comments and specificity of responses.</td>
<td>FG1-4</td>
<td>Consumer</td>
</tr>
<tr>
<td>First, you paid then they will tell you what the hotel is…There is a website that operate mainly in the Unites States, where all of the offers are kind of only at the area and I stayed at a very nice place like Intercontinental on the goldmine in Chicago <strong>for USD 80 or 90 for a room that usually started for USD300 plus.</strong></td>
<td>1</td>
<td>FG1-1</td>
</tr>
<tr>
<td>It was a corner room overlooking the school next door <strong>and I didn’t care because it was cheap.</strong> The room was comfortable with a nice kitchen much more important to me than the view, and had a washing machine and a dryer…”</td>
<td>1</td>
<td>FG1-5</td>
</tr>
<tr>
<td><strong>Prices always the factor,</strong> don’t get me wrong and more than a driver than anything else. But is not why I shop online. It is a big factor like I buy Alpher Mier parts for 1998 car. I am giving the example that a clutch slave cylinder online, which is AUD130 and the only one that I can get in Australia, was AUD260.</td>
<td>2</td>
<td>FG2-3</td>
</tr>
<tr>
<td>I didn’t thought about this but an Irish dancing dress bag that I have to get it online from New Zealand…The reason that is only available here (New Zealand) because they all unique supposedly. But there is a huge choice obviously and <strong>it is much cheaper</strong> to buy them (New Zealand) they are really expensive here (Australia).</td>
<td>2</td>
<td>FG2-1</td>
</tr>
<tr>
<td><strong>The price</strong>…Well you look online and you going to shop. <strong>You measure the price</strong> and you want the best but you also don’t want to spend too much. <strong>So you look at the price difference.</strong></td>
<td>2</td>
<td>FG2-2</td>
</tr>
<tr>
<td>Textbooks it is <strong>more than half of the price</strong> if I am going down to get it from the bookshop and from Amazon is like 50% difference. <strong>Even if you pay for the postage it is still cheap.</strong></td>
<td>2</td>
<td>FG2-2</td>
</tr>
</tbody>
</table>

The themes that emerged from the analysis of the Focus Groups were compared with the interview findings themes to establish similarities and differences before drawing out conclusions. This procedure allows the researcher to further explore what was previously known from the interviews and then confirmed by findings.
from the Focus Group. This also allows the researcher to further explore the new findings that were not previously known or which emerged from the interviews. Importantly, by using Focus Group as an additional method of data collection and analysis to compare and confirm interview findings, the researcher hopes to increase the strength of the outcomes of the research.

3.4 Summary

A qualitative approach is used in this research to gather rich data in an attempt to understand how the availability of redress impacts on consumers’ decisions to purchase online. This study employs interviews and Focus Groups, to enable the researcher to explore what the participants think about a particular issue, notably redress, but also other issues affecting their decisions to purchase online; and capture both online consumer and seller experience, and describe the situation of online purchasing from the participants’ point of view. Being immersed in the participants’ viewpoint allows the researcher to learn and understand what is happening with redress in online purchasing and how the participants perceive or understand redress. By presenting evidence of the research methodology, data collection, and analysis, this study will ‘let the research findings speak for themselves (Corbin & Strauss 2008, p. 305).

The next chapter (Chapter 4) will establish the context of the research and tell the story from the perspective of the online consumers interviewed; especially important is their understanding of the role of redress in B2C online purchasing.
Chapter 4 Online Consumer Interviews

4.1 Introduction

This chapter reports and analyses the findings of interviews undertaken with online consumers who participated in this study. The objective of this chapter is to provide insight on how consumer participants reflected upon the availability of redress procedures on their decisions to purchase online and the importance role of redress in that process.

The chapter begins with the discussion of the themes that emerged from the interviews. Each theme that emerged in this study represents the consumers’ experiences, knowledge and perspectives about redress in online purchasing. Similarities and differences from the themes were compared with the literature. The chapter finishes with a summary to conclude with a discussion of the relationships among the themes to explain how the availability of redress influences the consumer purchasing decision online. The themes identified in the consumer interviews provided the research with a new understanding; other than the concern of redress, there are other essential issues that influenced consumer confidence and trust when making purchase online.

Each consumer participant in this report is identified as Consumers 1, 2, 3 etc. Detail on each consumer participant’s background is attached in Appendix H.

4.2 Risk free purchase transaction

Consumers believed that confidence to purchase related to risk free transactions promised by the merchants. This assurance should comprise an essential guarantee and assurance of compensation, satisfaction and value of purchase, and perceived experience and trustworthy merchant. Consumers felt confident to make a purchase when these guarantee and assurance initiatives were made clear prior to the transactions. Consumers claimed that these were essential because perceived risks always exist in online transactions; therefore, they needed to have some protection and assurance. Consumers acknowledged when making purchase online it was crucial for them to understand the available refund and return policy
because they are not prepared to take the risk if the assurance was unclear. Consumers claimed that online purchasing was already a borderless and complicated transaction together with the risks surrounded the transactions. Therefore, without prior guarantee and assurance initiatives, consumers will stay away from the risks is to avoid online purchasing completely. Some of these comments are reflected below. Consumer 7, 5 and 15 commented that:

- I like to try to understand the risk is minimised…to be at least in my mind 90% sure; certainly I understood where I was. No, I guess that is the answer that I am not going to buy (Consumer 7).

- Without proper protection for my purchase, this makes me feel insecure and that’s why I am not going to try…and that’s why if they don’t have the return and refund policy I wouldn’t try (Consumer 5).

- No, in doing my online shopping, if the seller offered no assurance or anything to assure my purchase is safe, then I am most likely to make no purchase because I need to be certain what protection I have (Consumer 15).

As consumers became familiar with the possible perceived risks such as no refund or vague return policy and procedures, they were cautious and would not commit to online purchasing unless adequate assurances were stipulated by merchants. Consumer 13 noted:

- If I go to a store to buy a present for someone and they say there is no exchange and refund, I will think twice. Do I really really want to buy this? Because if they don’t like it I can’t do anything about it…I need to have a fairly good idea if something goes wrong there’s always something else that I can do about it…You don’t want to buy from a company that doesn’t assure you. (Consumer 13).

Consumers believed that if an adequate purchase assurance was made available, such as assuring satisfaction and money back guarantee, then that was good
enough to make them feel secure and willing to purchase. Consumers found that
with prior purchase assurance they felt reassured even before making the
purchase. Given these adequate recompense actions, consumers saw an attractive
benefit because their loss was kept to a minimum.

Consumers believed that engaging in risk free purchase transactions can make a
significant difference in online purchasing satisfaction. This gives consumers the
confidence to rely on merchants because the purchase outcomes were assured, fair
and certain. Furthermore, in online purchasing it has never been easy to know
what is going to occur in the transactions or what consumers were getting from
the purchase because risks were always an issue. At least, with risk free purchase
transactions guarantee by the merchants, consumers displayed less concern
because the transactions were safe. Consumers appeared willingly to purchase
from the merchants even if it was more expensive. Any merchant who acted
unprofessionally or irresponsibly in assuring a risk free transaction for consumers
was unlikely to gain their trust. Both Consumer 4 and 11 stated:

I know that I can exchange the product if I am not satisfied… It is
just like shopping in Myer; you pay a little bit more and if you
don’t like it you just return it. You take no risk…because when
you buy something you may not like it or you may choose the
wrong product. You have to have these options, so my preference
will be to buy from the site that gives the option to return the
product (Consumer 4).

Yes because it improves the trust. I will pay AUD5 extra when I
know the product is going to be good and if I don’t like it I will
give it back and there is a sort of policy and purchase assurance
offer to the consumers. Like J.B. Hi-Fi will give you an instant
refund on the product within 30 days or exchange for anything
else. I go to J.B Hi-Fi from now on because I know they will look
after me. You don’t mind spending an extra AUD50 if you know
you are going to get the satisfaction (Consumer 11).
Consumers shared the same feelings of uncertainty and worried about the risks of online purchases, but they believed merchants who conducted competent smooth transactions and those who considered all of the possible risks ahead of time, were experienced and trustworthy, not simply revenue focused.

If assurance was offered it would make me think of it as more reliable and I’d be more confident shopping from the website. Yes, it normally does if it is clearly stated that if you don’t like it we will change it. You have more confidence with the purchase because you know you are not wasting money on it. You know you can trust them (Consumer 14).

…It shows that they are consumer focused. They value (me)...they care and they are offering me a safer, protected purchase environment. They properly structured their business and they know how to do proper trading. It’s just that they sound more trustworthy to me. That also tell me they know what they are doing (Consumer 12).

**Discussion**

Generally consumers interviewed in this research were mindful that online purchasing was not completely safe and that risks were always present. As a result, consumers have to assume minimum risks when purchasing online. This often weakens consumer purchasing confidence and trust in the merchants because financial loss might occur and product ordered possibly may not ever arrive. This is consistent with many prior studies that suggest mistakes do occur in online purchasing, dishonest merchants do exist and distances create uncertainty in the transactions (Kim & Kim 2005; Suh & Han 2003; Cheng et al. 2008). Thus consumers are likely to encounter higher risks when involved in online purchasing (Edwards & Wilson 2007a; Pavlou, Liang & Xue 2007). Such an environment often relates to the notion of a lack of physical proximity and face-to-face transactions, which has a significant impact on consumer confidence that online purchasing is safe (Fisher & Chu 2009).
This study shows that consumers want to be certain that at least a procedure of redress was made available to them. This is to avoid putting their online purchasing at risk and resulting in monetary loss with no compensation given. Consumers believed that an adequate assurance and guarantee offered through redress further demonstrated that merchants were committed to extend a safer and satisfactory online purchasing environment. Studies by McKnight, Choudhury and Kacmar (2002), Pavlou and Gefen (2004), and Kim, Steinfield and Lai (2007) suggest that consumers develop higher confidence in online purchasing when redress handling and assurance were made available to them.

Consumers were aware that to prevent risks from occurring in online purchasing was difficult, because it was not within their control. Therefore consumers have to be prepared to consider all the necessary precautions to minimize the impact if the transaction does not proceed as expected. The findings here also support previous research that claims consumers are more likely to trust merchants who are capable of providing immediate protection when purchasing transactions go wrong (Lacohee et al. 2006). Ha and Coghill (2008) claim consumers will continue to purchase online as long as the assurance presented in redress outweighs the risks associated in the transactions.

Consumers here were determined not to proceed with the transactions if merchants showed no commitment to offer redress procedures to protect consumer purchases because the risks were too high to deal with. Consumers were uncertain what would happen to their purchases and did not know what assurance was obtainable from merchants. These findings are consistent with the literature suggesting that perceived risks negatively influence consumer confidence and stop them from online purchasing (Featherman & Pavlou 2003; Heijden, Verhagen & Creemers 2003; San Martin & Camarero 2009). When redress procedures were not available and there was lack of protections offered, consumers perceived the risk and uncertainty was higher, supporting previous work by Chadwick (2001). Consumers in this research believed that merchants were accountable to offer at least a minimum redress support before the purchasing would happen. In the event that the transactions failed to be fulfilled then they believed that all these should be handled by the merchants and an
adequate compensation awarded. The study also supports existing research which argued that the availability of redress could help to restore consumer purchase satisfaction and experience (Rule & Friedberg 2005; Ok, Back & Shanklin 2006). Consumers in this study recognized this was part of the advantage to purchase from the merchants and it became one of the determining factors in their online purchasing decision-making.

There is a lack of discussion in existing research about merchant’s experience offering risk free purchasing successfully as a means to influence consumer confidence to purchase online. However, actions to assure risk free transactions by means of proper redress procedures further convinced consumers to accept that merchants were committed to redress procedures. The findings are consistent with Callies (2006) and Edwards (2007), which found that merchant’s actions in offering adequate complaint handling available helped to demonstrate their commitment and experience, which further enhanced consumer confidence (Chen & Dhillon 2003; Palvia 2009).

In summary, the finding from the interviews with consumer shows that they consistently perceived that online purchasing was subject to risks. These risks have caused these consumers to believe that their purchases were unprotected and vulnerable. As a result this has had a significant influence on their confidence in online purchasing. The availability of redress is seen here as needed to ensure the transactions is free from unwanted risks. In particular, the existence of redress addressed the need for assurance and guarantees to be made available to overcome any risks that occurred. The existence of redress procedures was needed, they claimed, not only to ensure trustworthiness but also to assure a satisfactory purchasing experience.

4.3 Perceived merchant’s accountability

Merchant’s accountability is a trait that is attributable a seller who is perceived as professional and responsible to deliver satisfactory purchase fulfillments. Consumers believed that purchasing satisfactions were guaranteed when merchants were committed and experienced in ensuring the promises were
delivered, and also where merchants had been responsive to consumer complaints and reliable in solving problems.

Consumers believed that a merchant is committed when he/she fulfilled his/her responsibility competently, and demonstrated their accountability in business conduct. This influences consumer confidence because merchants have delivered their promises to fulfill a satisfactory purchase or an effective complaint handling. Consumer 10 agreed that committed actions in online purchasing highlighted merchant’s accountability. She said:

   Complaint service will influence the decision in making a purchase online because it is showing a kind of confidence the sellers have on the products or services they are providing. It is sort of mark-up of their trust (Consumer 10).

Consumers considered committed merchants were trustworthy because they took their business and responsibility seriously, particularly in being accountable by offering satisfactory redress support to consumers when problems occurred. The confidence that arose from dealing with committed merchants also reassured consumers that their rights were protected when they purchase online.

   I think it would be good to see a seller who is committed to the consumers and also the products that they offered to you. It would make me feel that anything that I bought was safe and guaranteed (Consumer 9).

   Because I know that if I complain about something they will take it into consideration. I will feel a bit more important to them. As a customer I will feel that my issues are taken seriously by the company (Consumer 4).

   Yes, because from perception it feels like you are protected and there is course of action for you. They are responsible for it and they have to fix it for you (Consumer 3).

More importantly, committed merchants also influenced consumers self-assured they were engaging in a potentially successful transaction. Consumer 2 said:
I can tell you about my first online shopping experience, just after I paid the money from my account to the seller bank account. The first three days I was very worried, not knowing whether the seller would deliver my goods, and three days later the product arrived. After that I felt a bit more confident and the following two transactions were also the same, which gave me confidence (Consumer 2).

Consumer 2 related to his first online purchasing experience and suggested that a committed merchant promised a satisfactory purchase fulfillment. This should not happen only once; the fulfillments need to be accomplished every time when a purchase is placed, so that, over time, this positive experience builds a strong purchasing confidence among consumers.

Another element to establish accountability is to assess merchant’s professional experience and attitude. Consumers said the best way to ascertain this was through experience and to evaluate whether merchants had responded accordingly. For example, were merchants acting reliably and effectively in solving problems, responsive to complaints and not denying responsibility? Consumers claimed that the purchasing experience was encouraging because merchants treated consumer purchase interest with priority. Consumers were convinced that if they ever had a problem in the transactions that would give them the confidence to deal with the merchants. Consumer 14 and 3 commented that:

I ordered a product from the NBA official website and they shipped me a wrong product...as you can imagine, any website could also send you a wrong product... I emailed them and informed them that they sent me the wrong shoes and I shipped back the shoes and they refunded my money within a week. Other websites are not willing to accept the product back (Consumer 14).

That will encourage me because I knew that you were doing your best to resolve a certain thing and whatever the outcome that would encourage me to stick with you. At least you had the right
attitude as a seller. Again, that will encourage me because you were professional and responsible doing what you are doing (Consumer 3).

The merchant’s professional attitude can influence how a consumer distinguishes whether the purchase transaction was a trustworthy one. Referring to the experiences, consumers reported that during the transaction process, they actually witness the merchants’ actions and decisions, which reflects their attitude. For example, if merchants have acted professionally, such as providing a prompt response, being attentive to queries and effectively handled any complaint then there was no reason for distrust; they felt confident this online seller and the transaction could be trusted. Consumer 1 said:

A merchant’s professional attitude toward the consumer purchase certainly is essential…one big problem exercised by most merchants was the before and after sales attitude. In particular, after the transaction was paid then the merchants became very impatient and in no time at all the good attitude was missing (Consumer 1).

Consumers also mentioned that responsiveness further allow them to entrust the merchant commitment to delivering promises, and being honest and ethical to consumers. This is a precondition of purchase confidence that retained consumers purchase intention. Consumers were convinced when merchants would not compromise their responsibility to listen to consumers, to address mistakes, and were committed to the consumer and to their own accountability.

The more you hear from them probably the better it is going to be. If you are not hearing anything from them that leads you to feel less trustworthy about them, like why are they not talking back to you…because they have something to hide and avoid (you) returning the product (Consumer 9).

I know this person is there to do business for (a) long (time) - he is there to help the customer, not just make money. I will go back
to him because I know, if I make another mistake, he is going to help me (Consumer 11).

Consumers experiences reflect that when merchants take the extra effort to handle the problems. The actions demonstrate that the merchants were genuinely assuming their accountability to offering safe and genuine transactions. Consumer 8 noted:

In U.K. doing online grocery shopping, I was very skeptical to do this (online grocery shopping) the first time. But if anything is broken when it is delivered, you just tell the guy and they will instantly credit your account, they email from customer services to apologize and award you a 10-dollar voucher; they were fantastic. We were very skeptical to use that kind of service at first but when they start doing that, this is awesome and it is fantastic (Consumer 8).

Consumer 8 was convinced after experiencing what a responsible merchant can do for consumers. In particular, this merchant was keen to rectify the problem and follow up to ensure Consumer 8 was satisfied with the outcome. Consumer 3 also expressed a similar perspective. He believed that if a merchant was doing his/her best to help and if somehow a mistake happened in the transaction, Consumer 3 would not lose his trust easily because he recognized that the merchant’s effort in trying to find the answer, to solve the problem, to recompense, and more importantly to honor the purchase.

**Discussion**

Committed actions undertaken in responding to complaints and addressing mistakes not only promised to deliver a satisfactory purchase experience, but also demonstrated the need for merchants to be accountable in offering appropriate redress support available to consumers. Consumers here believed that this also helped to exemplify merchant competency and experience in doing business. The findings are consistent with Magnini et al. (2007) and Liao (2007), who found that the redress actions initiated by merchants further convinced consumers that their commitments as merchants are genuinely to support consumers. The findings here
were also consistent with the existing literature which argued that commitment was more closely associated with merchant trustworthiness in responding to consumer needs, keeping hold of their promises, fulfilling the transaction and assuring they had the consumers’ best interest in mind (Hess & Story 2005; Kingshott & Pecotich 2007). Therefore, uncertainty in the relationship was reduced, which further encouraged a relational bond that facilitated the establishment of trustworthy collaborations in the purchasing transaction (Sarkar et al. 1998; Kumar et al. 1995). Purchasing confidence, the interviewees here noted, further assured consumers that they were adequately protected because of the redress support and they had nothing to lose. More importantly, consumers could rely on the merchants to exercise their rights when problems occurred.

A merchant’s professional attitude was equally important to the consumer interviewees. The actions initiated in response to a problem and the adequacy and responsiveness of these in addressing consumer complaints through exercising the important role of redress, helped to demonstrate a merchant’s attitude. This was also an opportunity for the merchants to regain consumer confidence and retain their trust. The findings were consistent with studies by Bloemer et al. (2008) and DeWitt et al. (2008) that showed speed and accountability in response to a problem further helped to establish the reliability of the merchant. The findings in this study further underscore that, if merchants always took the initiative to demonstrate their efforts to recompense mistakes and to offer satisfactory solutions, they would convince consumers that online purchasing was potentially safe, involved minimum risk and merchants would not easily lose consumer trust. This finding is consistent with Xu and Yuan (2009), and Ha and Coghill (2008), who show that when a fair and effective redress policy is enacted, it is an assurance to the consumer and offers a safer purchasing environment.

The findings also contribute to the findings of other research that argues the availability of redress in e-business demonstrates the merchant’s accountability to protect consumer interests and to retain better customer relationships (Ratnasingam 2008; Tang 2007). The availability of redress actions and outcomes had positively influenced consumers to believe they were important to the merchants and their concerns were always treated with priority. The findings are
consistent with research which claims that redress could be seen as a commitment and a promise from merchants to assure that they cared for consumers ahead of their own self-interest (Chen & Dhillon 2003).

In summary, the analysis of the interviews in this study shows other than offering consumers the right compensations and protections in online purchasing, the availability of redress offered consumers the opportunity to assess a merchant’s accountability. Consumers believed there was no better way than through redress for merchants to demonstrate their professional accountability, and to show their concern, commitment and care for consumers in online purchasing. Consumers trusted merchants because they have fulfilled their responsibilities with respect to redress assurance; especially their committed actions and professional attitude in offering a satisfactory and safer online purchasing through redress support.

4.4 Perceived merchant reputation

A reputable merchant is a seller, or an online sales site, known for their trustworthy brand name and image. Consumers interviewed frequently cited positive peer recommendations and a well-recognized name, as part of the measures taken in order to purchase safely. The availability of redress was less important for a merchant with a good reputation. Noticeably, consumers were looking for a reputable merchant as the initial option when purchasing online. Reviews of the merchant reputation became the critical criteria, instead of buying from any unknown online sites.

To avoid any unpleasant encounters and to protect their own purchase interest, consumers relied on positive feedback from their peers as one form of assurance. Consumers interviewed mentioned very little about referring to social media, such as Facebook or Twitter, to search for feedback and the concern of social media did not emerge from the data as a major influence to determine merchant reputation. They explained that peer recommendations and feedback about the merchant’s reputation had significantly influenced their confidence to purchase online. In truth, consumers were searching for a sense of security that would give them the courage to trust the merchants and to ease their feeling of anxiety prior the decision to purchase online. Consumer 2 and 8 commented that:
I am concerned about the credibility and I am afraid of being cheated. If friends have told me the sites are safe then I will have the confidence (Consumer 2).

You can go into the chat room and plenty of forums where people discuss where they bought this and where they bought that. Go by the people experience; someone says, “I got great service” and someone says, “So did I” and that increases your trust level. You are more likely to trust the company if you see other people having a positive experience… (Consumer 8).

Consumers constantly initiated efforts to search for reputable merchants and to evaluate peer comments prior to committing to any transactions. Consumers claimed that assessing peer recommendations to evaluate the merchant’s reputation was completely straightforward and unbiased because information was easily accessible online. This accessibility had actually given consumers the advantage that they knew about the merchants.

Just from searching and asking around people who use that site and also what other people say about that site, you then can make a calculated risk, such as do I really need this product, is it worth buying and how much is that product…(Consumer 3).

I bought a Handy cam for AUD 1800 from U.S.A. and it was easy just to Google it to find out the reputable merchants because blogs and forums were accessible to give consumers the full reviews of the merchants. This Information will help me to find out what I am buying is right or wrong (Consumer 11).

Recommendations and feedback from their peers became the ultimate substitution of the merchant’s identity that reinforced their positive behavior and performance. Consumers talked at length that, if the purchase involved any unknown merchants, then peer recommendations would always be the first point of assessment. Generally, if other consumers had shared their satisfactory purchase feedback, consumers were likely to have the confidence to buy from those merchants. Without any reliable information, especially whether to buy from a
brand new start-up online site, consumers would not take the chance to make the purchase. Consumer 6 noted:

I will consider the feedback from previous buyers when judging the reputation of the seller. Generally, I will only shop at the well-known website or recommendation from friends who have made a purchase from the site or seller. I buy things not to return; I buy something because I want to use it and I like it. The most important thing is still the seller reputation and positive feedback from previous buyers. Even if the seller doesn’t have an excellent return and refund policy I will still choose it…. every time you buy online you will hope everything will be OK. Even if they have a good policy about refunds, it still wastes your time. Refund and return policy is not the main factor influencing my purchase online. I will rather go for a seller with a good reputation instead of a seller with a good refund policy but who is not reputable (Consumer 6).

Consumers acknowledged that it did make a difference if merchants were already well established. Consumer 11 believed that peer recommendations and past purchase experiences was the right type of information to consider when purchasing online. Consumer 11 was searching and evaluating a successful purchasing experience and he trusted a merchant because of the achievements. Similarly, Consumer 6 explained, ‘Buyer feedback was reliable proof because merchant reputation had been established based on past successful achievements’. Generally, feedback and recommendations were the authentic and convincing evidences consumers could ever have, it is a proof that merchant had demonstrated a reliable competency. Consumers believed that to become a popular reference from other consumers not just the big name or simply being recognized of whom they (merchants) were. Instead it was based on what merchants had done and succeeded in the past. Consumer 9 said:

Amazon.com is pretty reputable and so many people use them. If there is a problem then you hear about that through other people and they fix the problem pretty quick. If you heard from other
people they were bad then people will stop going there. It is a word of mouth that trusts the bigger places. A site could be around for many years but how do I know it is reputable? Because, it was through word of mouth (Consumer 9).

Consumer experiences support that peer feedback and recommendations signified evidence of a satisfactory purchase fulfillment and also proof of merchant credibility in online purchasing. In addition to that, consumers talked repeatedly about the experience buying from a merchant with a recognized name. Consumers agreed that there was a great option to choose whom to buy from and also a large number of trustworthy websites available that allowed consumers to decide on a safer online purchasing decision.

People will buy something from people they know; it is part of the human nature. I am willing to deal only with a person that I know (Consumer 2).

Consumers claimed that buying from a recognized name because they know who those merchants were, they know the stores, they were fully aware those merchants have a lot of reputation that gained them the credible identity. This gave consumers the courage to purchase online because merchants had built their identity over the years and this distinguished the merchant from unknown online sites. Consumer 9 also recalled the experience of shopping with a regular merchant not only had the advantage knowing them better but it was a right decision to avoid any unnecessary purchase risk. He said:

That is the main reason why I don’t go to the site that I am not familiar with. If you go to the site that you are not familiar you wouldn’t want to deal with them because you don’t know anything about them (Consumer 9).

Consumers continue to argue that any established and credible merchant was constantly maintaining the company good name and image. Because merchants take no risk not to honors the transaction or promises. Merchants with an established name treated consumers with priority and they valued every single business opportunity. Even if there was a problem the transactions it will better to
be handled by this type of merchant. In addition, consumers also talked about the feeling of being comfortable buying from a well-known merchant assuming the merchants are financially stable and unlikely to be closed down anytime.

…Because they have a reputation to defend and if a big company was robbing people then this could actually impact their business significantly (Consumer 4).

The business is unlikely to shut down in the next day because they have been around for a long time, whereas any unknown merchant could be formed today and go out of business next week (Consumer 7).

Sometimes you feel that the merchant will give you the best and the transaction was legitimate because the merchant was well established and had been very transparent in conducting the business (Consumer 1).

Consumer 5 added:

Yes, definitely, it is like you are buying from a brand. For example, buying from a brand such as Nike is better than buying from an unknown brand.

Likewise, Consumer 15 added:

A merchant with that credibility then you definitely know you can trust them because they will honor the transaction and they won’t cheat you’.

Consumer 15 also described that a credible merchant was a legitimate businesses that you can identify if to be compared with someone who run their online shop in the backyard and you don’t really know about them. Another discussion from Consumer 3, described that credible merchants were usually very well resources and organized. This well-known and reliable site had all the necessary information and details whenever requested by consumers.
Consumer 10 was another interviewee whose experience described the concern of buying from a widely recognized merchant became an even significant consideration in international purchases. He was concerned what purchase policy was made available to protect and to insure what he had already paid for. The similar concern was also mentioned when interviewed Consumer 7, to a same degree he was a cautious consumer who insisted only to purchase from a recognized local merchant given the option was available. Consumer 7 appear to be very sceptical to purchase internationally, particularly if merchant was nobody and certainly it was not worth taking the risk, Consumer 7 stated, ‘I will give it a lot more though before I hit the buy button. I probably wouldn’t if I couldn’t find something and I didn’t know about a lot of the company’.

Discussion

Peer recommendations and feedback were the types of inputs used by consumers to assess a merchant’s reputation that offered consumers a sense of confidence and trust in online purchasing. For example, consumers had spent their time and efforts carefully searching for peer references, especially those who had enjoyed a satisfactory purchasing experience or just any important source of information that verified the merchants’ track record. The objective was to take advantage of the available recommendations and feedback to make the right purchasing decision and to decide which reputable merchant they could trust. The findings, consistent with the studies by Keh and Xie (2009), Utz, Matzat and Snijders (2009), and Josang, Ismail and Boyd (2007), suggest that trust and reputation have an important interrelated relationship: reputation is regarded as one of the key solutions to the online trust problem and influenced consumer decisions to purchase online.

This study further confirmed that peer recommendations and feedback were important to verify the merchant’s identity and competency. This gave consumers a reliable way to identify merchant trustworthiness. The findings are consistent with existing literature, which showed that positive feedback was always an advantage in helping to substantiate a merchant’s identity as trustworthy (Benedicktus et al., 2010; Mcknight et al. 2002). The findings in this research show that peer feedback and recommendations were of more importance than the
availability of redress in influencing consumer’s confidence to purchase online. Consumers in this research were generally agreed that they were confident to go ahead with a purchase even without proper redress procedures to support. The analysis of the interviews in this study shows that when evaluating a reputable merchant, the existence of redress is diminishing because consumers had more confidence to rely on their peer purchasing feedback and recommendations that were obtained through word-of-mouth or someone that they knew or were familiar with. This research reported the opposite of the studies by Kau and Loh (2006), and Edwards and Wilson (2007a) who argue that redress helps to substantiate a merchant’s reputation and that redress is a strategic tool which is used to enhance reputation (Chang et al. 2010). This is because consumer confidence to purchase online was not always determined by the availability of redress procedures or how many redress options were offered. The research findings show that consumers had more confidence to purchase from a reputable merchant who can fulfil satisfactory purchases or who has successful track records.

Consumers were shown in this research to be confident to buy from a recognized name because they believed that the merchants were committed to assure their trustworthy status and image. They stated that they wanted to fulfil a safe and satisfactory purchase as the usual priority. As a result, consumers generally believed that merchants were unlikely to cause any damage to their own reputation by acting unethically or dishonouring the purchase transactions. These were regarded as short term gains at the expense of their customers, especially since merchants invested more on their reputation in the market. This commitment provided consumers with a sense of certainty, assurance and perceived lower risk in online purchasing. Because consumers can be assured there was no erratic perceived risk, particularly in international transactions, consumers interviewed here wanted to make sure their rights were adequately protected. The findings support the argument of previous research suggesting that reputation offered an incentive for merchants to maintain their promises and credibility (Resnick & Zeckhauser 2002). Alternatively, merchants who take the risk to act opportunistically were likely to receive endless unsatisfactory and disreputable feedback among consumers (Lewicki & Bunker 1995). Moreover, merchants were
aware that establishing/re-establishing a favourable reputation required a significant amount of time, effort and cost (Yacouel & Fleischer 2012, Gotsi & Wilson 2001).

There was little evidence in the interviews with consumers that shows that the availability of redress had any significant influence on merchant reputation. These interviews also show that having a satisfactory purchasing experience seemed to have little relationship to the availability of redress procedures offered by the merchants. A merchant was reputable not necessarily because of successful complaint handlings or adequate compensation offered. Whether the availability of redress has the important ability to influence how a consumer perceived merchant reputation was unconfirmed. To trust a reputable merchant who can satisfactorily fulfil online purchases is more convincing than to rely on a reputable merchant who can promise a satisfactory redress outcome.

In summary, the consumers interviewed in this research were well aware of the risks in purchasing from unknown merchants, who lacked the evidence to verify their reputation. Therefore merchant reputation founded on peer recommendations and feedback appeared to significantly assure consumers to have confidence and trust in such a merchant when purchasing online. Clearly, consumers believe others’ opinions and feedback about merchant reputation, to manage the perceived risk in online purchasing and protect against such threats.

This is because peer satisfactory purchasing experience was seen as a reliable evidence to suggest merchant’s reputable identity and to show that the merchant had successful track records. As such, consumers in this research were more confident to buy from merchants who can demonstrate satisfactory peer feedback from purchases than the promise stated in a redress policy or set of procedures the merchants can offer.

4.5 Product price and availability

Consumers repeatedly mentioned the importance of product price and availability when deciding who to buy from, local or international purchase preference and also their tolerance to the possible purchase risk. Consumers discussed what happened when the price offered was attractive. They claimed that this ultimate
purchase benefit could vitally influence their decisions to purchase online and they were prepared to take the risk. Consumers acknowledged that when the purchase price was low then it was certainly worth proceeding with the purchase because the margin gained from paying at the lowest price outweighed the risk. Their expression illustrated that price is the immediate savings that consumers gained for what they had paid for. Consumer 10 and 4 noted:

The ultimate final engagement is the price. The first engagement is the dollar value and it is not about anything. If the online price is higher than the physical store than I doubt anyone will buy (Consumer 10).

When you shop online you can get a very good price. Price is another factor and sometimes it is the only way that you can find what you are after (Consumer 4).

Consumers shared the experience that having an established refund and return policy available was great because it helped to improve confidence knowing what protection consumers were entitled to. All these might encourage consumers to spend more, but that was not the only reason that influenced consumers to purchase online. Consumers emphasized that online shopping was a risk-taking activity, that the products might arrived with a defect, damaged, wrong order or with long delays in shipping. Every consumer must be prepared to accept that, or else they could choose to stay away from buying online. Consumers explained that to buy online from any particular merchant not just because of the risk being lower, but because low product price was one of the priorities when purchasing online. He said:

The price and product availability will be the number one thing and that’s why I shopped online…something I would accept – that’s just how it is - shopping online involves some risk. If I want a guarantee of a perfect condition or transaction then I would have to go to the shop. I am willing to go online because it is cheaper and I can get exactly what I want. If I get the delivery
damaged that’s how it is in online shopping. I will accept it because of the pay-off of availability and price (Consumer 9).

Corresponding to the illustrations given, Consumer 14 shared a similar experience when attractive price was offered. This also causes Consumer 14 more acceptances to the risks and compensation from the merchants, and he was prepared to return for a repeat purchase despite a dissatisfied experience that he had encountered.

Product availability was another important influence that consumers repeatedly discussed throughout the interviews. Consumers shared the experiences on account of product availability that they were prepared to purchase online internationally and to face the perceived risks in this cross-border transactions. Consumers recalled the experience when they made purchase online internationally for the first time. Consumer 7, 8 and 9 stated:

…usually because the product was available, and my first purchase was from Amazon.com in the U.S. Obviously there wasn’t an online present in Australia at the time and as a consumer you were left with very limited purchase options to choose from (Consumer 7).

You were living in a place where not everything was available, therefore going online internationally is perfect for getting the entire thing that you can’t get locally (Consumer 8).

The availability of goods that we don’t get back in Australia and second is the price (Consumer 14).

Reflecting back to the interviews, when consumers decided to extend their online purchasing internationally primarily due to; (i) what options they had; and (ii) what benefit to be gained. Consumer 11 claimed that taking the big decision to buy online internationally mainly due to lack of product availability and to searching for a better price. Otherwise Consumer 11 would rather to keep his purchase decision locally. The similar experience was also mentioned in the
interview of Consumer 10, he claimed that buying online internationally because of the product was not easily found locally.

‘Recently I am searching for the car bumper internationally online because I couldn’t find it in Australia and it is cheaper buying internationally’ (Consumer 10).

The consumers’ viewpoints provided in his research suggested that the decision to purchase online internationally was to find what they were after and they couldn’t locate it anywhere else. Other time it was because where consumers could benefit from a better bargain in price.

Consumer 12 recalled an experience, saying that he often decided to buy goods online internationally because of product availability. Although attractive price was the primary influence but sometimes it was not always the case because availability can outweigh the price that a consumer is willingly to pay for. He said:

The last item that I bought - a DVD - was AUD 15 but the shipping was an extra AUD10, already two-thirds of the item itself. The DVD already cost me AUD 25 instead of AUD15, which is equivalent to going to the physical store and buying a DVD. But the DVD wasn’t really in Australia, so I have to physically go online because there is nowhere else I can get it, and that’s why I shop online…knowing there was a consequence because a return and refund policy was not offered. If I can’t find the item anywhere else and I have exhausted all avenues then probably I have to sit down and think about it. If I really want that object badly, then I would go ahead (Consumer 12).

Consumer 12 concluded his experience by saying that sometimes the decision to purchase can be subconsciously influenced by the fact of simply running out of purchase options and urgency of purchase. Consumer 3 also explained whether it was worth taking the risk not knowing whether the merchant offered the refund policy or not. Then the decision was based on, if that was the only site that had the product and no one else got it, then he would take the risk.
Discussion

Cheaper product price was shown here to be an attractive element that drew consumer attention and influenced their decision to purchase online because consumers can take advantage of immediate cost savings. This benefit had influenced consumers to accept that perceived risks always exist in online purchasing and the likelihood that their purchases might get compromised due to the risk. It is logical to assume that consumers who tend to use price as the primary factor in their search for products are more risk tolerant. This is because the margin gained from paying at the lowest prices outweighed the risk. However, the higher the product price, the higher the perceived purchase risk as the amount of financial loss is more serious. The benefit of low prices had influenced these consumers to pay show little attention to what protections or redress procedures were made available. Consumers believed redress was a common practice among merchants in online purchasing, which might give them some reassurance, but that was not the only reason that influenced consumers to purchase online. Unlike lower price offers or immediate cost savings, this appeared to be more beneficial. This is consistent with Rao and Lee (2007), whose study found that consumers were prepared to face the risks because it was hard to refuse the lower prices offered and it was seen as of greater value to consumers.

Product availability was also seen as an important factor that convinced consumers to purchase online and to extend their decisions to purchase internationally, especially to buy from unknown merchants with perceived higher risk. This is because, when consumers desire items not widely distributed (e.g., specialty goods), produced in limited quantities, or unavailable at brick-and-mortar, merchants with product availability will win over consumer decisions to purchase. This may eventually reduce consumer price sensitivity by distracting consumers from focusing their purchase decisions on price alone. Trust and confidence were no longer their main concern, and the consumers interviewed showed little interest in redress. Therefore, it can be summarized that redress in this case is not significant or a necessary factor in consumer purchasing online.

There are considerable similarities and differences between the findings in this research and what the prior research literature suggests. Overall, the findings
reflect previous studies regarding consumer purchasing online both because of
greater purchase options to choose from (Rotem & Salomon 2007) and also
because of cost savings from the lower prices paid (Ma & Ma 2012;
Balasubramanian, Konana & Menon 2003). However, the concern of perceived
risk contradicted what was found in the literature. Previous research shows that
perceived risk has been considered one of the important factors that discouraged
consumers from purchasing online (Doolin et al. 2005; Liao & Shi 2009; Kim,
Ferrin & Rao 2008). Contrary to the existing research, this study did not indicate
that perceived risks have weakened consumer confidence to purchase online or
have discouraged consumers to expand their decision into international
transactions. Moreover, consumers seemed to accept perceived risk when the
prices offered were attractive and/or the choices were limited. This is because
consumers make their decisions to purchase based on maximizing the net benefits
derived from buying product – that is, consumer perception of the net benefits
gained is the trade-off between what is given up and what is received in return.

Another difference that emerged in this study concerned the issue of trust. Studies
that trust was important and was needed in relational exchanges between
businesses and consumers, and had a significant influence on purchasing intention
(Gefen & Heart 2006; Palvia 2009). The consumers interviewed here showed little
concern for trust and were shown to be more concerned about (i) what purchase
options they had; and (ii) what benefit could be gained from the product prices.

In summary, consumers purchasing online can enjoy what the offline merchants
are unable to offer to them. In particular, consumers can enjoy the benefits of
immediate cost savings from the lower price paid and from fulfilment of their
immediate needs for the product. It is shown here that when the decision was
influenced by purchase price and product availability, then redress became a
secondary factor. Consumers showed little concern for what role redress could
offer or how the availability of redress could satisfy their primary objectives to
purchase online. Consumers claimed that redress was only useful enough to
enhance a sense of security and confidence but was not the primary influence on
their decision to purchase online.
4.6 Unsupportive recompense actions

Unsupportive recompense actions describe the difficulty and lack of support from merchants to assist consumers in seeking for redress. This further restrains consumers from communicating the problems to the merchants. Consumers interviewed quite often mentioned the difficulties they had encountered in this regard, citing, for example, inaccessibility, being unfamiliar with the right course of actions, inexperience and minimum complaint options, unwarranted cost and time, and unreliable handling procedures.

Consumers claimed that in many online purchasing cases, there was a lack of online support enabling complaints to be made and acted upon. Further, there was some evidence that when complaints were made, they were not acted upon. As a result, consumers were not optimistic with the outcomes. They felt that they had wasted their effort because merchants often showed little attention to the complaints received. Therefore, when the complaint was unresolved, consumers felt they were vulnerable and they had no rights in seeking redress or compensation. Consumer 10 noted:

Not too much that I can do. To be honest, I have being doing this (online shopping) a long time. There’s not too much that I can do...if there is no reply then there is no reply. It is a matter of fact, you are buying things online from a stranger who is thousands of miles away, not in this country, not covered by Australian law. That’s it, you take the risk (Consumer 10).

From a viewpoint of Consumer 10, making a complaint was an action that can be initiated but it was an unrewarding experience. Similarly, Consumer 8 and 3 commented that:

In the very first place, you would contact the seller. But if you don’t get anything from the seller or Credit Card Company, it is often difficult and there is no other means to communicate with these people. After that I would struggle because it is often difficult to know where this company is based...That’s why I tend
to shop at brick and mortar. It is a factual set up because at least you can go somewhere to fix the problem (Consumer 8).

If I ever encountered a purchase problem online, the first thing to do was to go through the online policy reference but this always a complicated procedure. I am aware how difficult it can be because a friend experienced when he was unhappy with a particular site and it took him a very long time to get the refund of another product (Consumer 3).

Unreliable complaint handling procedures was another discouraging aspect revealed in the interviews. Consumer 1 maintained that sometimes consumers were just too vulnerable in seeking for fairness through compensation. He argued, ‘When you don’t receive the product they (merchants) are in control. They decide whether they want to resolve your problem and it can take months’. Consumer 1 also stated that having a refund and returns policy available on the website made no differences to the complaint outcomes because it had never been easy to know what or whom to trust. Consumer 2 was also very distressed with the complaint encounters and he claimed that, ‘although after payment made, I still complain and contact them, but it is really up to them, how good is the website and how good they treat their customer’. The discretion rested in the hands of the merchant.

Given a situation in which redress support are inaccessible, the consumers, interviewed in this research, not only hesitated in seeking compensation but also in the decision to stop to purchase online. Generally, a complaint action was not seen as beneficial to them because it was too much of a hassle to deal with. If this happened in international purchasing, these consumers believed that they could face much more uncertain redress support and also complaint outcomes. Because these consumers believed that they were not in control, they were just helpless to pursue further. For example, a complicated and ambiguous international legislation was a challenging matter and consumers had no idea what law was available or who was legally responsible to protect their basic rights. Both Consumer 9 and 4 commented that:
If the circumstances involved an international transaction then this was beyond my knowledge because there was little support given as to who I can complain to... Internationally, if the seller not going to help me, I don’t think there is much I can do without much hassle. To call them and organize things will be trouble and time consuming (Consumer 9).

I don’t think they like to give you the money back. I think they would probably say, “Send back the product and we will give you another one”. I don’t think there is any way to put pressure on them, especially if you are buying from overseas, I am not aware of that (Consumer 4).

Consumers had limited access to complaint procedures or the availability of redress besides a standard refund and return policy. The consumers here noted that they were unaware of other alternative actions that could be taken. Consumers mentioned that this was a frustrating experience because it has never been easy to deal with the problems and to seek compensation. This is because it was not specifically stated what redress support activity was available that consumers could be obtained and to communicate the problems effectively to the merchants, or the procedure was not commonly known to them. Other than contacting merchants where consumers rarely received any positive response, few had been offered any effective solution to the problems. As a result, consumers were reluctant to extend their online purchasing internationally.

If I bought sporting goods and if they are damaged, I don’t know what I can do or how it would go... for international online shopping, I don’t know what I can do and what’s out there to protect me. If I buy from U.S or Europe, is there a service out there to protect me? (Consumer 14).

... complaint internationally could be very complicated and that’s part of the reason why I am not very confident of buying goods internationally because I don’t know how to deal with the complaint issues (Consumer 2).
I don’t do much international purchases. I try to avoid buying internationally because if something goes wrong that will be a major concern (Consumer 13).

The high cost and the lengthy time involved in obtaining redress was another concern repeatedly mentioned by consumers that had discouraged their intention to complain and to seek compensation. Consumer 11 claimed that he was willing to give up on making unfruitful complaint if the procedures involved too much hassle and inconvenience such as, ‘if too many emails, forget it’. Also, entering a litigation dispute was unjustifiable because consumers could end up spending more money and time due to lengthy and expensive procedures. Consumer 2 claimed that he was willing to make a small effort in seeking compensation from a merchant. However, Consumer 2 was aware the outcome was not always positive because he had to face slow and never-ending procedures. Sometimes Consumer 2 chose to give up on seeking redress after assessing the purchase was inexpensive. Consumer 3 and 4 also commented that:

If it is not worth complaining due to the hassle, cost and the benefit doesn’t weigh up, you will make a calculation. Is it worth it? What are you going to achieve by complaining? How big is the product? And at the end of the day you will feel, “I don’t need to complain” (Consumer 3).

…costs, every time you are in the situation you are not happy and you are after something to help release the pressure on you. You have to think about what’s the cost of that. Sometimes you open up a complaint, or even when you try to express your feelings, and it is costing you time and money (Consumer 4).

Consumers had learned a lot about complaint from their past purchasing experiences. Consumers claimed that in some cases it was cheaper and save time to buy a new one than after what had already badly damaged or lost. Taking the hassle of going through complicated and difficult complaint procedures were worthless, especially if a high opportunity cost involved. Consumer 8 said:
We never complain about anything because it is too much hassle and effort, and is going to take me weeks, e mails, phone calls and fill up so many forms. It just too difficult to fix… if I buy a Nokia E71 screen protector and when I get home N64 turn up and I spent USD 20, I will chuck it aside. Because having spent USD 20, it will cost me more than that in my time - not worth it (Consumer 8).

Consumer 8 said there had been a lack of responsiveness to complaints from the merchants, but consumers will never knew when the answer will arrive to give the right thing and to take away the wrong one. Besides, Consumer 8 was also quite alarmed about the poor compensation outcomes. Likewise, Consumer 1 claimed that engaging in a complaint procedure was a painful experience with too much to deal with. He was willing to give up complaining when it involved an insignificant purchase value and he was prepared to accept the financial loss. Consumer 1 noted:

I really hate dealing with these kinds of people and they will come with heaps of excuses and if you press them a bit they will just disappear. Even the policy presented online was a dishonest policy…you must understand that with their return policy there is always a trick. From what I know you must pay the shipping and I don’t want to incur that kind of shipping (Consumer 1).

As a result, consumers decided to keep their purchases to a certain limit in order to minimize their loss. More importantly, they have lost their confidence and trust to continue to purchase online.

**Discussion**

The interviewees in this research reported that merchant inattention to consumer efforts to initiate appropriate responses had left consumers feeling helpless when there was a problem, and an answer was urgently required. Consumers showed little confidence in existing redress procedures because there was little commitment from the merchants. As a result, consumers faced the disadvantage that they were unprotected and that complaint handling procedures were not ready
to support or to assist consumers. All these further concerned the interviewed consumers because they had limited experience in dealing with the problems alone and they were unfamiliar with the procedures of redress. Moreover, the procedures and options always can be very limited, complicated, inaccessible and time consuming, and were unlikely to offer any positive outcomes to consumers. These findings are consistent with existing research which shows that when consumers sought redress from merchants they typically found themselves involved in a highly unequal complaint situation with unfair resolutions (Xu & Yuan 2009). Online complaint options were limited and procedures involved were very complicated (McCollough, Berry & Yadav 2000; Edwards & Wilson 2007). Previous research has emphasized the existence of consumers who had decided not to seek redress because their actions were not obtaining the desired result (Donoghue & Klerk 2009; Grazioli & Jarvenpaa 2000) and they did not know where or how to complain and/or they were unconvinced about the outcomes (Huppertz 2007; Swire 2009). Furthermore, consumers have a perception about how unresponsive merchants were in treating the complaints received (Dietz 2006; Gregg & Scott 2006). It can be argued that, if redress were to be put into practice and made available to consumers, it would enhance consumer confidence and trust in online purchasing. Thus, to establish an ethical, fair and reliable online purchasing environment in which consumers can feel confident, the difficulties in seeking redress need to be resolved and merchants must commit to act responsibly to support consumers.

The consumers interviewed were aware of the troubles and complex complaint procedures that would be involved if they wanted to complain to the merchants or to pursue redress internationally. Hence, these consumers were often less willing to engage in international online purchasing because, if problems occurred, they perceived that there was probably no advantage to them as they believed that they were probably not going to benefit from the dispute outcomes. They also had little confidence to rely on the merchants for help. Furthermore, distance was seen as an obstacle and that when problems happened consumers were vulnerable with little control over the transactions. For example they noted that their consumer rights were often vague and they were unprotected because it was beyond what they could do and that they had little experience in dealing with this. Although
previous research did not specifically mention that consumers avoided engaging in international purchasing due to difficult complaint procedures, extant research suggests that difficult complaint procedures will cause consumer’s confidence to grow weaker (Cheng, Lam & Hsu 2006). An unsatisfactory experience often caused consumers to change their purchasing decision or even to exit online purchasing completely (Ok, Back & Shanklin 2006; Singh 1990). With limited redress support and options available, consumers were unprotected, hence, it was a major discouragement to continue with the purchase (Ha 2008).

Unjustifiable cost and time in seeking complaints, both locally and internationally, often caused the consumers interviewed here to give up on seeking redress actions locally and internationally. This happened when the complaint actions involved lengthy, slow and difficult procedures that required a huge effort and time from the consumers. The findings are consistent with Liu and Zhang (2007), who argued that, if to complain costs more than the benefits, consumers choose not to pursue this action because it is not cost effective. Also, this study supports the findings of previous research that emphasized that dissatisfied consumers are likely to complain if they have suffered significant loss (Garbarino & Maxwell 2009). Lii and Sy (2009) suggest that product price has a great influence over consumers before seeking redress. It also can be argued that when the problems occur in the transactions consumers expect an immediate response from the merchants because those who were complainers were impatient. Therefore, complaint procedures should be fast, uncomplicated, accessible and effective. If it is too complicated to deal with, consumers distrust the merchants and they have little sense of faith in their honesty or doubt that they had any intention to compensate for the problems.

4.7 Accessible and effective complaint handling

Accessible and effective complaint handling relates to the procedures that are convenient and can be easily reached by consumers. Such procedures should enable consumers to communicate their problems and to seek appropriate compensations. Consumers shared their experience concerning unsatisfactory purchases and transaction failures in online purchasing. They discussed reliable
and satisfactory dispute resolution, uncomplicated and easy recompense procedures, and merchant’s accountability in problem solving.

It is essential to have accessible and effective complaint support services and procedures that are effective in assisting consumers in those situations where problems or queries occurred. For example, consumers assumed complaint accessibility should not be a problem and they expected an established transaction policy. When there was a problem, consumers expected an adequate compensation to be awarded and the problems to be resolved effectively. For example, consumers believed that merchants should be ready to hold themselves accountable and be responsive to the complaints received. Consumer 7 said:

"Once, (I bought) downloadable software and they said they will send me a hard copy as well on disk, but the disk never arrived. I found the e-mail and I shot them an e-mail with the complaint. The company was quite good…couple of days later I received the response and posted another one and within a week I have the parcel in my hand (Consumer 7)."

Consumer 10 chose to purchase online from Amazon.com and eBay, ‘…because their fast and accessible refund and return policy was ready to serve customers and to rectify the problems immediately… and of course that gives me the confidence’.

Consumers claimed that if the loss involved was insignificant and satisfactory compensation was provided then they were confident and felt safe to repeat purchase. This is because consumers accepted that mistakes happen and sometimes common human errors were hard to avoid. Consumers made it clear that mistakes were not going to stop them from engaging in online purchasing, on the condition that merchants had acted responsively to the problems, and treated the mistakes as an opportunity for improvement. Below are some of the responses that indicate such attitude.

"…because organizations might have large numbers of orders and they can’t get every order correct, I will come back… if you sent me a faulty product and you can go through the whole process..."
and refund my money, yes, you got my trust and I will do business with you again (Consumer 12).

People make mistakes and you can’t expect them to be 100% perfect. If they try to resolve the situation to my satisfaction I will give them a second chance… The most important thing to me is not just online shopping. In any kind of service it is the accessible customer support post-purchase. If I buy a car and the car has a problem, I go back to them and they give me a good service and next time I will buy the same brand of car and probably from this same sales person (Consumer 1).

If you have shown your attitude and responsiveness to fix this problem it doesn’t only gain my trust and confidence, but this is a very trustworthy company. It makes mistakes but it can also improve them and do better and why couldn’t I trust them and use their services more…as long as you have shown your attitude, especially the way you deal with people and cope with the situation (Consumer 5).

Evidently, accessible and effective complaint handling had a great influence on consumers, for example, to reinstate consumer trust in merchants and to enhance confidence to purchase online. Consumers believed that if a merchant offered a satisfactory complaint procedure and adequately resolved the purchase problems then they were eager to walk through the same notion again.

Consumers also discussed at length the uncomplicated and transparent compensation procedure. Consumers had learned from their previous purchase experience that a transparent refund policy was easy to follow and to access. A transparent and clearly explained policy was also perceived as a well-established policy. Below are some of the responses from Consumer 10, 14 and 5.

…at least well-established and clearly spelled out policies….will give me confidence because they presenting what they are doing and what they will do if you are not happy and that is a kind of
trustworthiness and confidence because the terms and conditions are clear (Consumer 10).

Yes, it normally does if it is clearly stated that “if you don’t like it we will change it”. You will have more confidence with the purchase because you know it is worth paying for (Consumer 14).

That would be another thing. I would say, yes this will gain my confidence because I have already got a guarantee if something goes wrong. I know who to talk to and how long it will take to process my complaint. Exactly, I would say you are a very responsible seller and efficient enough to tackle the problem (Consumer 5).

Consumers agreed that if they ever came across a transparent policy this helped to enhance their confidence and trust, because consumers believed a trustworthy merchant was would establish a simple and accessible redress procedure to ensure a safe and satisfactory purchase. Consumers added that when the complaint procedures or support service was made available then that meant it would be honoured by the merchants. Therefore, frustrating experiences dealing with a complaint procedure, which was rather long, confusing and complicated to access, should be avoided.

If the item is lost, I think the return and refund policy should also encompass that. Like, if the item is lost or damaged, the seller should do the return and refund for you and that would establish trust for me because then I would be encouraged to buy from the seller (Consumer 15).

You were shopping from a site where there isn’t any of the information. Then you started to feel unsafe and perceived a great purchase risk. If the return policy is a big hassle then I don’t think I want to go there. However, if they make the return policy easy and plenty of useful information available then it will encourage me keep going there (Consumer 9).
Another viewpoint shared by consumers was that, at any-time, they should have access into a flexible or multi-channel complaint procedure. This would allow consumers to launch a complaint in whatever way best suits them. Consumer 7 noted:

...usually in consumer favor because consumers need to be looked after to some extend. At least it has to be a satisfactory outcome and not passing the complaint around through three different departments or a lot of throw back to the customer perhaps that is unnecessary (Consumer 7).

Consumer 6, also with a same view saying, it will help her to respond positively to an online purchase if there was a ‘...very clear and flexible policy that will fulfill the promise with no complicated terms and conditions, for example, I can get my full refund with no questions asked’.

A lack of responsive complaint handling was another concern raised by consumers interviewed. Consumers mentioned that when engaging a complaint they did not expect to have to wait and expected an answer to be offered immediately. Indeed they expected the response to be instantaneous. Furthermore, frustrated consumers were impatient and they wanted an immediate attention from merchants. According to consumers, sending an e-mail to complain was often not effective because no one was really reading or checking the e-mail. Clearly, an easily reached complaint handling procedures along with responsive actions certainly helps to reduce consumer anxiety. At least there should be a merchant available to response to the problems. Consumers related this experience as just as important as shopping on the street because in a physical store consumers had no problem to obtain an accessible and responsive answer from merchants.

You try to settle everything on the spot because leaving the consumers to spend the extra time to think and feel worried is very bad for the business. When something has happened, the longer you wait, the angrier you get (Consumer 1).
How can you fight back if no one responds to you? If there is a proper channel where you can complain then I am happy to buy things from you because I know there is someone talking to me (Consumer 11).

I will feel a bit more important to them, as a customer. I will feel that my issues are taken seriously by the company. If you are not happy with the product you can say that to the seller, you can express yourself (Consumer 4).

Referring to Consumer 5, whether her trust can be regained from the complaint outcomes depends solely on how effectively and accountably the problem was handled. She stated, ‘if you have spent too much time and also several unhappy communications to solve this problem, even finally this problem solved but that will cost negative impression’ Consumer 5 added that having seen or read the policy was insufficient because that did not prove anything until accessible complaint handling procedures and responsiveness were made available and evaluated.

Likewise, Consumer 3 recalls that at any time when he faced a problem, in spite of that, he was able to respond calmly and confidently because the merchant had been proactive in solving and following up his concern. Another view was also raised in the experience of Consumer 14, although to a lesser degree, he described that some irresponsible merchants being ignorance to their mistakes maintaining it was an unavoidable incident. Alternatively only a small number of merchants, who offered an accessible and effective complaint platform, were timely in responding to their own mistakes.

**Discussion**

Accessible and effective complaint handling positively influenced the potential and returning consumer confidence and showed that they perceived trust in merchants from two perspectives. Firstly, when a consumer experienced a satisfactory outcome from having redress procedures available and acting on them, there was an opportunity to demonstrate the merchant’s accountability and effectiveness in handling the problems. The responsive actions showed that
merchants did not just ignore the problems or deny their responsibility. The interviewees considered that this was the most fundamental redress support that needs to be offered. This study shows that consumers did not consider that the risk factors would hinder their purchasing confidence or stop their return to merchants. Instead they were concerned about receiving effective redress support in exchange for accepting that mistakes happened and minimum loss was involved.

Secondly, the interviewees noted that accessible and responsive complaint handling from having redress procedures allowed them to voice their dissatisfaction and to gain immediate attention from merchants. Accessible and responsive complaint handlings are part of the importance of the role of redress to reinstate consumer confidence and to encourage them to return to merchants, they claimed. The consumers here were shown to have more trust in immediate redress support offered rather than the verbal promises in the written policies. In particularly, responsiveness in solving problems and answering complaints helped to demonstrate the effectiveness of the complaint policy and procedures when implemented. These further convinced the consumers here that the merchants had treated their concerns seriously and with accountability. The findings are consistent with Donoghue & de Klerk (2009), Kim, Kim & Kim (2009) and Rothenberger et al. (2008), who found that it is important that merchants address complaints without any delay. The successful implementation of complaint measures will assist consumers to deal with the problems and to prevent consumers exiting the transactions (Liao 2007; Chiu et al. 2009). Alternatively, an irresponsive action leaving the problems unattended was likely to worsen consumer confidence and to escalate their perceived risks. The focus on accessible and responsive complaint handling had already been long supported by Day and London (1977) and Granbois et al. (1977), even before e-business. The existing research suggests that it is an important influence because consumers appear to complain mainly when they believe their efforts are not likely to be wasted.

Uncomplicated and transparent complaint procedures and policies offered the consumers a sense of confidence because they were aware of what protections were available and that their consumer rights were certain and clearly stipulated. This study shows that a clear and simple complaints procedure that is acted upon
is what the potential and returning consumers want from the merchant. At least consumers will have less concern and frustration, for example, not knowing what, where or how to seek redress. With these practices, consumers perceived merchants were responsible and prepared to fulfil their promises. As a result, these consumers were confident to retain an ongoing purchasing relationship with the merchant because they were convinced the merchants were trustworthy and professional in assisting consumers, especially when problems occurred in transactions. The findings are consistent with existing literature that argues the availability of a simple and easy to follow complaint procedures is one of the motivating factors consumers seek for redress (McCollough, Berry & Yadav 2000). A study by Donoghue and de Klerk (2009) also shows that uncomplicated complaint services are important. Svantesson and Clarke (2010) further suggest that merchants have the responsibility to offer transparent and unambiguous complaint policies to consumers. In addition, Pizzutti and Fernandes (2010) also claim that complaint procedural fairness should emphasize flexibility, accessibility and uncomplicated procedures. In addition, the perceptions of complaint efficacy influence consumers to believe that the effort to voice complaints will reclaim their initial purchase confidence (Susskind 2005).

In summary, an accessible and effective complaint handling procedures is redress procedure that the merchants need to offer. Consumers have the confidence to purchase from, or return to, a merchant for a repeat purchase and trust the merchant, for example, what the role of redress can do, instead of what the role of redress will do. As a result, there is a need to show what the existence of a redress policy and set of procedures can accomplish, especially when consumers were seeking assurance and protection for their own purchase interest. Alternatively, consumers were likely to lose their purchasing confidence and their trust in merchants if redress failed to fulfil its role as promised. Essentially, to deliver the promise of redress through an accessible and effective complaint handling system reflect the merchant’s truthfulness and responsibility in doing business from the consumer perspective.
4.8 Summary

This finding shows that consumers have the confidence to purchase online because of (i) the availability of accessible and effective complaint handling, and (ii) a guarantee of a risk-free purchasing transaction where merchants have demonstrated their accountability and trustworthiness in online purchasing. This research also confirms why past research has found: (iii) that uncomplicated complaint procedures are crucial to offer consumers a sense of confidence in getting refunds or replacements (Donoghue & de Klerk 2009; Kim, Kim & Kim 2009), (iv) that consumers have more confidence and trust in merchants if redress is available to protect the transactions from any perceived risk and loss (Pavlou & Gefen 2004; Kim, Steinfield & Lai 2007); and (v) that redress initiatives help to exemplify merchant’s commitment and they are always adhere to their accountability (Magnini et al. 2007; Liao 2007; Ngai et al. 2007; Bloemer et al. 2008).

This research also shows that consumers have more confidence and trust in a merchant’s reputation/reputable identity when choosing that online merchant to purchase from when the availability of redress policy and procedures are evident. Additionally, the research shows that consumer online purchasing decisions are also responsive to cheaper product prices and availability. These two factors were found to be the main influence on consumers to purchase online. This research also supports past research that (i) merchant reputation is a critical source that influences consumer confidence and trust to engage in online purchasing (Keh and Xie 2009; Lee, Ang & Dubelaar 2005); (ii) that peer feedback helps to promote merchant identity which increases business opportunity (Garbarino and Strahilevitz 2004 and Pavlou 2002.; (iii) that cheaper product price is always an important attribute in consumer decisions to purchase online and to enjoy immediate cost saving (Herrmann et al., 2007; Balasubramanian, Konana & Menon 2003); and (iv) that immediate accessibility to products and a huge selection of choices represents a strong influence on consumer benefits to purchasing online (Rotem & Salomon 2007; Brynjolfsson, Hu & Smith 2003).

This research, however, shows that the availability of redress had some indirect influence on consumers, especially when consumers have more confidence and
trust in merchant reputation supported by having good track records and positive peer recommendations. Reputation and recommendation were more important to the consumers interviewed than the availability of redress. They were more concerned about price and cost savings, and product range. The consumers interviewed not only showed little interest in redress, but any concerns about the trustworthiness of online merchants appeared to have little effect in their considerations in deciding to purchase online.

However, this research also shows that the availability of redress can have a significant influence on consumers, specifically, only when problems occur in transactions and when consumers demand immediate access into uncomplicated and responsive complaint handling. The consumers interviewed here also expected effective complaint outcomes from merchants, including adequate and fair compensation. A risk free purchasing transaction was crucial and the consumers here contended that there was a need to have availability of redress to assure and guarantee their online purchases were safe and unexpected losses were covered. Trustworthiness, commitment and experience in delivering satisfactory online purchasing fulfilment were seen as important only when the need arose. The data showed that consumers did not appear to deliberately consider the availability of redress prior to making a decision to purchase online. It is therefore argued here that redress does influence consumers in online purchasing, in this case trust in the merchant, only as an afterthought. When situations arose where redress was available to consumers, it became an important element in future purchasing online. The availability of redress appears then to have an indirect influence on the decision to purchase online. The original model (Fig 2.6, p. 60) needs then to be altered to show that the role of redress in online purchasing appears to be indirect rather than direct (Fig 4.1). The research shows that the key factors affecting consumers’ decision to purchase online are merchant reputation, merchant integrity, and product price and product availability (as highlighted in Fig 4.1). The other factors did not emerge as significant in the interviews with consumers. The model developed here will continue to be refined, altered and amended through the discussion and analysis in the next chapter (Chapter 5).
The next chapter (Chapter 5) will establish the context of the research and present the interviews of the online merchants’ viewpoints, experiences and understanding of online purchasing.
Chapter 5 Online Merchant Interviews

5.1 Introduction

This chapter reports and analyses the findings of interviews undertaken with merchants who sell goods online. This chapter reports insights on how merchant participants reflected upon the availability of redress procedures on the decisions of consumers to purchase online and the importance role of redress in that process. This chapter also reports the role of redress in relation to other factors that are important in influencing consumer online purchasing decisions.

The chapter begins with a discussion of the various themes that emerged from the interviews. Each theme represents issues embedded in the merchants’ experience and knowledge and describes their views about redress and its role in online purchasing. Similarities and differences between these opinions and those highlighted in the literature review are also discussed.

Each merchant participant in this report is identified as Merchant 1, 2, 3 etc. The organization names, brand names have also been changed to protect participant confidentiality. More details on each of the merchants background is attached in Appendix I.

5.2 Perceived merchant reputation

Merchants interviewed agree on the importance of having reputable characteristics, especially a trustworthy name and identity. Merchants believed this should apply to any online business because with a reputable business profile and identity merchants can convince consumers a safer and reliable online purchasing. Merchants interviewed claimed that reputable merchants always exercise their responsibility accordingly and abide by the obligation.

Merchant 1 claimed that any merchant who wanted to gain trust from consumers needed to establish a trustworthy identity. At least they needed legitimate profiles or contact details, peer references and also good track records. This is because when a consumer purchased online, she/he always perceived that risks existed and was concerned that in online purchasing there is no physical location or it is
difficult to identity. Therefore consumers had good reason to feel a lack of confidence to purchase from an unknown or disreputable merchant. Merchant 1 said:

An online environment was borderless and the activities were almost invisible. On the web you could be anybody and you could be anywhere. People need the confidence that you are who you say you are. At least you put a street address and phone number then people at least rings somebody or some confident that you are local which you can present yourself. I think that is important…they are so remote from the shops in the sense. They can’t touch and feel the products, they can’t see the people and they don’t know where it is located (Merchant 1).

Merchant 1 recalled that, ‘we often get people who call up just to make sure we are here and we say who we are’. This example shows that consumers were verifying merchant’s identity prior to purchase. Evidently, any merchant with an established business background is likely to reinforce their reputable identity with trustworthiness and credibility. Merchant 1’s online business has being around for 10 years with a successful track record and experience. The existing history and successful track records not only made the business well known to consumers but also gave her business more competitive advantage. She said:

I think it gives them more confidence to make a purchase because they know they have some recourse if things don’t go well. At least, with a reputable merchant, if they don’t get what they expected or it doesn’t show up, then I think they trust the site. It makes them feel like they can contact the merchant (Merchant 1).

Merchants believed it was essential to prove to consumers that the business was well established and well known to people. One of the ways is through physical presence because consumers want an actual contact that they had access to. Merchant 4 noted:
The physical address and not the P.O. Box are important as well. If they need to contact us, we have a photo of our showroom and there is a physical address for the business. We stipulate that we are retail showroom and we are not just a little warehouse (Merchant 4).

Merchants claimed that with a physical shopfront consumers could locate merchants and feel more confident about merchant identity. It was another ways to inform consumers that the business was established and well known. Merchant 6 said:

A company with a shopfront always seems to be more reputable and customers always trust this is an authentic seller or site because they have a shop in Melbourne or somewhere else…you are not dealing with a website which next week might be gone…no! We are here and if you have complaint you can come back to me (Merchant 6).

Merchants also acknowledged that to establish a good reputation they had to rely on consumer recommendations and feedback to promote merchant’s identity and background. Peer references were trusted by consumers and attracted their attention. This is because the recommendations and feedback provide evidence of an actual satisfactory purchase experience. Merchant 5 noted:

Peer recommendation and feedback played a critical role in influencing consumer trust because it was an actual satisfactory reference any consumer could access …they know others have purchased and been happy with the transactions...although this is not the best measure you can have, but I find it is effective. At least people were concerned about it and they actually read it and look at it (Merchant 5).

Merchants 6 claimed that brand awareness through peers’ recommendations was the key influence and an important success factor for the business. Therefore, it was important to generate high consumer awareness and feedback about the business. He said:
The more customer base that you have, the more famous you are and I think that will affect the others… if you can afford ads - so far we only use Google click - we can put our ads in a more established place on popular magazines. If we can put our ads on that kind of media, we could be seen as a more reputable and established company (Merchant 6).

Reputation also reflected merchant’s accountability. Merchants emphasized that any online businesses can have a reputable name. However, if a merchant contributes only a minimum time and effort to maintain and to fulfil their promises, then gradually consumers will leave and distrust merchant. As a result, any businesses that choose to start a business in online purchasing must fulfil their basic obligation whether it was offering a satisfactory purchase or helping consumers in solving problems. Merchant 3 noted:

When you read about people that have a problem on the web, the complaint is when they try to deal with the reseller that the reseller doesn’t want to know them, doesn’t want to deal with them. So I think the problem is that a lot of resellers online don’t actually speak with the customers. It is just a hassle because there are a lot of unscrupulous sellers, they are lazy and they give bad name to the online business (Merchant 3).

The merchants also commented that, increasingly, their counterparts had failed to comply with their responsibility and they were therefore causing damage to their potential online shopping with the result of getting a bad name and/or image. Merchant 5 said:

One of my suppliers told me that some other online stores won’t do anything to help the customers if there is something wrong with the products… if there is any problem with our product, we will still take it back but I am not going to ignore the customers or not going to help them (Merchant 5).

Merchants believed they have the obligation needed to be carried out to ensure consumer confidence and to maintain their business reputation.
acknowledged that there was a minimum regulation that they had to abide by. For example, if the product sold was faulty or did not fit the published description then they had to abide by the law to refund the money. They had to offer compensation. There was no exception or avoidance of any responsibility to consumers. This is because to fulfil the responsibility required that they respond to consumer complaints, and this also enhanced consumer confidence to purchase online. Merchants believed it was their required duty to comply and to further reinforce their good name. Merchant 2 said:

If you are Australian company, I believe, you are almost bound and have to have the return policy in that regard. So if you are advertising you are bound to be aware what the ads do to the confidence of the consumers and to maintain your own reputation. I think it definitely gives confidence and if I was shopping online definitely something that I will look out for (Merchant 2).

The merchants believed that any online merchant had an obligation to offer satisfactory purchasing transactions to consumers under any normal circumstances. Merchants 3 and 4 commented:

That’s just basically the consumer law. So as the retailer what are my responsibilities to my customer?...You bought something that is faulty and you come back the next day you are entitled to a refund...we always have to stick to four or five basic rules we work on and extend them to serve every single circumstance I guess (Merchant 4).

What is stated on our website we have to honour it and the products have to match it. That is our fault and not anyone else’s fault and then we have to refund the money (Merchant 3).

Whereas for consumers, they already assumed it was the merchant’s responsibility to listen or to offer compensation when problems happen. Otherwise merchants had to bear a bad name likely to influence consumer confidence and how they perceive merchant’s trustworthiness. Merchant 1 said: ‘Fulfilling this obligation in responding to consumer problems is more like a win-win situation. The initiated
actions will regain consumer purchase satisfaction and confidence, and my positive reputation among the consumers is maintained’.

**Discussion**

Merchants, aware that online purchasing is a borderless virtual world, agreed that it was difficult for consumers to determine who they were dealing with. In an online setting it may not be possible to distinguish high quality merchants from low quality ones based solely on their Web presence. Nor could consumers ascertain whether they were guaranteed to receive what they had purchased. A merchant’s reputable identity, they believed, can assure and convince consumers that these virtual sellers are not invisible. For example, recognizable and trustworthy business profiles provide the evidence that they have always been transparent regarding who they are, that they are contactable and they have a physical identity. This identity, these merchants believed, affords an opportunity for consumers to assess that these online sellers are real and present, that they are available to consumers who should therefore feel confident with their purchases. The merchants also believed that a reputable identity was not self-proclaimed. This, they said, should be based on recognition and consumer feedback and recommendation, especially from those who had experienced a satisfactory purchase to promote the merchant’s identity. This, they think, is because consumers were always concerned and influenced by their peers’ experience of purchase transactions. The experience of peers typically carries more weight as a source of information that can reduce uncertainty and help decide whether to trust the merchants.

The findings are consistent with Klang (2001) and Bhattacharya and Sen (2003), who argue that merchant identity is one of the determining factors used to assess the degree of trust consumers have in merchants. Mcknight et al. (2002), and Keh and Xie (2009) also claim that there is a significant relationship between reputation and merchant trustworthy identity. Utz Matzat and Snijders (2009), Koufaris and Hampton-Sosa (2004), and Garbarino and Strahilevitz (2004) indicate that positive feedback from consumers significantly distinguished the reputable identity of merchants. Feedback, they argue, has become trustworthy evidence for consumers to rely on.
The outcomes of the analysis of the merchants’ interviews are also generally consistent with the outcomes derived from the consumers’ interviews with regard to “perceived merchant reputation” (p 92 in Chapter 4). The interviews with the consumers show that those consumers had more trust in merchants with a reputable business identity because they knew who they were and knew their background. These characteristics of reputation were important to attract consumer attention, and to influence their confidence and trust in online purchasing. The consumers interviewed were confident because they could expect a safe and positive purchasing outcome.

The consumer interviews also showed that consumers relied on peer recommendations and past feedback to assess the reliability of a merchant’s identity and their reputation. To consumers, having some confirmation of reliability gives consumers a sense of security and assurance when purchasing online, instead of taking the risk to purchase from an unknown merchant with no certain credibility and with no guarantee the merchant will honor the transactions as promised. The merchants interviewed here accept that this is also the case from their perspective. They recognize that peer recommendations can be a powerful promotional tool for their reputation. This is because consumers rely on these recommendations regarding merchant reputation to decide how much they trust it. Merchants must always take that into account and strive for excellence in the market that will provide them with a good reputation.

The merchants noted that a reputable business identity was essential to attract online purchasing. They believed this came partly because they had a good track record in fulfilling their responsibility, for example, by assuring consumers have a reliable and satisfactory purchasing experience. The merchants here also contended that reputation was not to be influenced solely by the availability of the redress procedures or policy published, such as a returns and refunds policy, money back guarantee, satisfaction guarantee etc. Those were just common protocols every merchant used and they believed that it had no significant influence on a merchant’s reputation. Instead the merchants interviewed believed that it was responsible actions initiated by them that really reflected on who they were and promoted their identity and name. Therefore, these merchants noted that
they would not take the risk to damage their own reputation by failing to fulfill their responsibility to the consumers.

Although prior literature has not paid much attention to how merchant’s accountability had contributed to their reputation, only a few studies show that a merchant’s responsible actions in caring for consumer concerns will indirectly influence their reputation and affect consumer confidence to purchase (Runyan, Smith & Smith 2008; Huppertz 2003 & 2007). This is because merchant accountability in responding promptly to consumer concerns effectively handles the problems in the transaction and offers an opportunity to improve merchant reputation. The findings on ‘Perceived merchant’s accountability’ (p 86 in Chapter 4) that emerged from the consumer interviews has already emphasized that any merchant who had acted responsively with great accountability had a significant influence on consumer confidence and trust in the merchant and created in consumers a belief that the merchant was reliable and was experienced in doing business. The consumers said that when they were confident merchants were committed to doing their best to deliver a safe and satisfactory purchase, they were happy to shop online.

From the merchants’ perspective, a good reputation has a significant influence on their trustworthiness in conducting business with consumers and therefore on their business opportunities in online selling. The merchants believed that an established business identity with a good track record played an important role in representing the merchant’s reputation. The merchants also believed that a good reputation emerges from a responsible and professional conduct and when they meet their obligations and genuine commitments to offer satisfactory and trustworthy online transactions to consumers.

5.3 Ensuring purchase fulfilment

Merchants in the interviews mentioned that it was important to satisfy consumers by fulfilments. Consumer purchase was not always satisfied through the availability of redress procedures. They claimed merchants who ensure total purchase fulfilment are identified as sellers who offered consumers a satisfactory pre/post purchase experience.
Merchant 3 discussed his experience at length, citing the example that any merchant needed to be prepared to fulfil increasingly tough demands from consumers and be ready to meet these unanticipated expectations; for example, accepting and fulfilling unexpected requirements and orders, promptly responding to requests and addressing consumers concerns. From his experience, raising arguments with consumers was unfavourable to the business and should be avoided. He warned that to deliver the purchase promises was not something that a merchant could afford to miss. Merchant 3 said:

A customer bought mapping software for the GPS unit and rang me up and said he couldn’t find the activation code. I said to him “the code is on the book” and he said, “nope, it didn’t come with the book”. I know it came with the book but I just couldn’t argue with him and I sent him another copy (Merchant 3).

Merchants learned that when consumers encountered problems with their purchase, consumers often choose to reclaim their early purchase objectives. Thus merchants must prepare to meet these purchase objectives and to satisfy consumers’ expectations. Through experience, merchants were convinced when consumers made a purchase online they did not do it for fun but because they had a need for the products. Merchants 3 and 5 commented on this:

I think most of the people, if they order the product and they have a problem with the product, they want us to resolve the problem, not give the money back. It is very rare that people want their money back, but they might want a replacement and I will genuinely send the replacement without even arguing…so if I find that they said, “look we got a battery problem…it doesn’t last long”, and I will say “I will send you another battery (Merchant 3).

If it is faulty they will get a replacement. I can’t think of why would they want the compensation. But they don’t really ask for compensation (Merchant 5).
From a different perspective, merchants believed the decision to focus on redress as a reliable complaint handling procedure was required, but was not necessarily the first option. Merchants claimed it was a mistake to assume consumers who engaged in online purchasing always expected the purchase to go wrong. Realistically, consumers who decided to buy online generally thought quite positively about the purchase. Merchants interviewed mentioned that complaint handling was only part of the influence on the consumer purchase experience. Indeed, it was the merchants’ efforts and promises that successfully delivered satisfactory purchase fulfilments to consumers. Merchant 1 commented on this:

...(you’ve) got to be a little bit careful about promoting complaint handling because it is kind of negative quotation. So it is almost like, “we get a lot of complaints that we are handling well”, which is not what you want people to feel...everything goes really positively, we do our job well and everything happens as it is supposed to; you get what you ordered, it shows up on time, it will be what you expected (Merchant 1).

The merchants also related to their past experiences and suggested that in order to win consumers’ satisfaction in online purchasing they have to commit further than other off-line merchants do. Merchant 4 said:

You as the consumers have bought from us and the next day you received your goods and we get so many complements saying, “Well, I can’t believe it, I bought it yesterday and I got the goods today, and I will recommend to all my friends” (Merchant 4).

Merchant 2 constantly assessed different aspects of his business to ensure he was ready to offer consumers a satisfactory purchase experience. Merchant 2 was greatly concerned about consumer expectations and he suggested that merchants must try to understand what those expectations mean to consumers. He was confident that with outstanding fulfilments then it made no difference to purchase from an online site with only two employees or two hundred employees because consumers still experience the same benefit or even better. He said:
We sort of look at all the different aspects to increase confidence among our consumers…we are quite focused on the support. We try to get the order out the same day so that they receive it the next day. We try to go over and beyond our customer expectation in terms of receiving order and support. As a small business, not many people would hear about us through other channels. It is important to exceed people’s expectation (Merchant 2)

The merchants believed that satisfactory purchase fulfilment started prior to the order being placed. The purchase experience and confidence should emerge from the time when consumers were deciding where and from whom to buy. Merchants explained that, more often than not, consumers preferred to review the sites before making purchases. This could be the overall experience in finding the products and how well the descriptions were presented. As a result, merchants should take this opportunity to influence and to convince consumers that they were buying from a reliable site. If consumers were satisfied with these pre-purchase evaluations then they were likely to feel optimistic with the transactions. Merchants were advised to take this into consideration to learn how to better serve the consumers.

Guarantee and assurance of purchase transaction was another concern among merchants interviewed. The practice among merchants was to hold on to the promise and maintain transparency within purchase transactions. Merchants believed fulfilment not only concerned selling the right product. Merchants commented that any online business should be responsive and effective with what they do, should act fast on the issues and be competent enough to foresee problems ahead of time. For example, merchants claimed they strived to deliver the orders on time, delay was not an excuse. Merchants must deliver what they had already guaranteed and they must honour the purchase even it was considered a late delivery or past promised delivery time. Merchant 3 said:

Sometimes we get caught so we will email the customer straight away saying we are out of stock and it will be in two to three days or a week. They will say they are happy to wait or ask to have a
refund and we will give them the refund back. Because, for us, we want to give them a good experience (Merchant 3).

Merchants believed that when consumers learned about the post-purchase assurance, such as money back guarantee, free return shipping and satisfaction guarantee, this reassured consumers with a promise of purchase satisfaction. As a minimum, this allows consumers to know that, if the purchase goes wrong, at least they are guaranteed with other alternatives and monetary loss is kept to a minimum. Merchants agreed that having the policy to indicate the post-purchase assurance to the consumers was the right thing to do. Merchants also explained that the post-purchase assurance can appear in various forms, as long as the actions and promises guarantee consumers that their purchases were in good hands. Both Merchants 1 and 2 commented:

It is effective but I think today, where we are now with the online shopping, it is a standard (purchase assurance) you have to have it available (Merchant 1).

But foremost is to provide just a comfort in the back of their mind that they are not going to lose out as long as they can resolve or work out their issue within the 14 days. Their money’s still there and they can return the product (Merchant 2).

Merchants acknowledged that one way or another post-purchase assurance offered consumers with the potential to have better confidence knowing, regardless of what happened and the outcomes, there was an assurance to take care of their purchases. Merchant 4 said:

If you are a consumer buying a Sony notebook you will have a one year warranty, but if the unit dies in the first 14 days…(it) is not going to cost as a consumer to ship it back to me and we send you a replacement…we will dispatch you a reply paid and it’s not going to cost you anything…(Merchant 4).
Discussion

There was a common understanding among the merchants interviewed that to deliver a satisfactory purchasing experience was their primary business objective. Merchants did not want to take the chance of disappointing consumers and they claimed that they made every attempt to satisfy consumers’ initial purchasing expectations. This is because they believed that the consumers’ intentions to engage in online purchasing was to fulfil their needs and wants, especially if the products that the consumers purchased were not available offline or could not be obtained locally. If that was the case, when problems occurred in the transactions then financial compensation was never the right solution to satisfy the consumers. Merchants believed that an effective approach to retain their business standing and to reinstate consumer purchasing satisfaction was to deliver what consumers ordered and expected to receive. This finding from the merchants interviewed here is consistent with the findings from the analysis of the consumer interviews in “Product price and availability” (p 99 in Chapter 4). That analysis found that consumers purchased online often because merchants had what they wanted. Those consumers were satisfied because merchants were able to fulfil their immediate need for the particular products and not because of the available refund policy. Some existing research has found that consumers perceived that purchase transaction reliability was not satisfied if merchants failed to fulfil the purchases adequately (Ok, Back & Shanklin 2006; Vasalou, Hopfensitz & Pitt 2008). An unsatisfactory fulfilment causes merchants to lose their trustworthiness in the eyes of consumers and this means also lost business opportunities (Holloway, Wang & Parish 2005).

The merchants interviewed in this research advised that their peers, in order to deliver a satisfactory fulfilment in purchasing, had to consider various approaches that they often needed to exceed consumer expectations. For example, the merchants believed that consumers were confident to purchase from them because they believed they (the merchant) could deliver the products they as consumers wanted. These findings are consistent with the existing research which argues that consumer levels of trust were associated with merchant fulfilment to deliver a satisfactory purchase, responding to consumer needs and keeping their best interests in mind (Hess & Story 2005). Merchants also believed that constantly
meeting consumer purchasing expectations also helped to demonstrate their truthfulness in doing business, which further reinforced ongoing consumer purchasing intentions. Studies by Wang, Chen and Jiang (2009), Bhattacherjee (2002) and Farrell, Leung and Farrell (2002) also show that the merchant’s integrity to hold onto the promise to deliver the transaction, such as purchase fulfilment, is an important factor that influences consumer willingness to engage in online purchasing and maintain the relationship with a particular merchant.

To ensure a total purchase fulfilment was similar to offering a guarantee of purchase to consumers, the merchants believed that no matter what the circumstances, purchase transactions needed to be delivered as promised. Merchants believed that consumer purchase fulfilment was not always satisfied through the availability of redress procedures such as compensation, because this is not within consumer purchase expectations, other than to receive what they have ordered. Thus, redress has a lesser role in ensuring consumer a total purchase fulfilment. The findings are consistent with Runyan, Smith and Smith (2008), Kaplan and Nieschwietz (2003), and Chen and Dhillon (2003), who found that post-purchase assurance is positively associated with trust that enables consumers to have a sense of certainty about the transactions with merchants, and the confidence to rely on assurance for a successful purchase fulfilment. The influence of the redress in this finding is unlike prior literature, which suggests redress has an essential impact to assure a satisfactory purchase fulfilment (Del Río-Lanza et al. 2009; Ok, Back & Shanklin 2006). This contrasts with suggestions by Chang (2008) and Gursoy et al. (2007) that redress was the primary mechanism to guarantee satisfactory purchase fulfilment and to continue to support the consumer purchase experience.

This study shows there are different ways merchants can choose to deliver satisfactory fulfilments as long as the consumer purchase expectations can be assured and guaranteed. Although redress was the opportunity to recompense consumers when transactions failed, merchants believed that redress was not the ultimate focus to ensure a satisfactory purchase fulfilment. It was not always the most effective approach to promote a satisfactory fulfilment in online purchasing.
because consumers were concerned about the product that they expected to receive, rather than the redress procedures offered.

5.4 Accessible recompense practice

In this study, merchants interviewed believed that accessible recompense practice is part of the important role of redress that need to be followed when problems occur. This practice is defined as procedures that are convenient and can be easily accessed by consumers who wish to complain and to seek compensation. This included accessible contacts, and a simple refund and return policy.

Merchants believed that accessible communications through various channels were an essential complaint support to consumers and also to show the importance of the role of redress in handling complaints. For example, it was necessary to offer more than a single mode of communication, whether it was by phone contact, e-mail or just any approach that allowed consumers to communicate to the merchants such as facsimile, physical address, sms text, social media and online forum. Merchants claimed it was important to have an open attitude that consumers were welcome at any time to communicate if there was a problem. Because this was part of the business responsibility and redress support, it should be made easily accessible. Merchants reiterated that it was rather a bad idea when consumers, already disappointed with the purchase and merchants, were further frustrated with an inability to communicate the problems. Most likely consumers will never return to the merchants again because they felt vulnerable especially when problems occur and were unable to seek a simple redress. Both Merchants 2 and 4 noted:

You definitely need those contact options and you need to respond promptly, or message service, whatever. Otherwise when someone calls up and they can’t get through then…basically is like you were dealing with someone in the garage and that was not going to impress consumers ( Merchant 2).

…pretty straight forward, we get a lot of phone calls from the customers that they are having difficulty and they can give us a
call during business hours. Or they can send us an enquiry and we will respond to them within 24 hours (Merchant 4).

Merchant 5 believed that any merchant shouldn’t limit the type of complaints that he/she will choose to accept or to listen to. Merchants must allow consumers to communicate easily when problems occur. She said:

There should be easy access…phone and e-mail and not just the e-mail because a lot of businesses just have the e-mail complaint. Not everyone is that good at computer and it is frustrating because they want to deal with it now, not a week later when they e-mail people (Merchant 5).

Merchants 1 and 6 suggested that to make online business trustworthy, merchants must be prepared to offer a face-to-face conversation if that is what consumers wanted. Merchant 1 had her full business contact details on the homepage, such as physical address and Google map direction. She believed all that information adds up to make her online business trustworthy and convincing to consumers. Merchant 6 also followed the same practice. He believed that a physical address was crucial to act as a last point of communication, especially when problems occur. The study showed that merchants were aware the importance of the availability of redress, for example, accessible communications that allowed consumers to express their dissatisfaction. This also presented an opportunity for the merchants to demonstrate their responsibility and trustworthiness. Merchant 1 said: ‘I think it is as simple as having a channel through which the consumers can speak to you…you just have to give people the confidence that if they call or e-mail there will be response.’ While Merchant 6 commented: ‘It is for them to choose. If they are not satisfied with the return policy they can call us and discuss what the best solution we could offer is’.

A simple and flexible refund and return policy was another redress support that merchants discussed at length in the interviews. From the merchants’ viewpoints, to have the redress procedures ready was great but it would be better if the refund and return policy was flexible and ready to cope with any unexpected redress circumstances. Merchants believed that any online sellers must try to be effective
with their business operations. Because risks exist and mistakes can happen, and when consumers asked for an immediate refund then merchants had to be flexible enough to accommodate with the situation. Merchant 1 noted:

If they received something completely different to what they are expecting then we could obviously arrange an exchange for them and that is very simple. If something that is damaged in transit we can also arrange for an exchange (Merchant 1).

Merchant 5 claimed that a flexible refund policy offers to deal with the purchasing problems to not only allow consumers to benefit from the outcomes but were also it enables a win-win strategy for the business. She said:

We allowed them to change their mind… (if items) are not being opened and played with. We will take it back if they pay the shipping fee to me and I will send the replacement item at my cost back to them so we sort of shared it. I will pay both ways if it is faulty…if you want to encourage online shopping I think you need to work that is fair for both parties (Merchant 5).

Merchants interviewed affirmed that the return and refund policy should be simple and easy to understand. A very specific, detailed and complex policy and procedures will confuse consumers and most likely even the merchants might find it difficult to follow. Merchant 2 said:

… part of our online policy probably doesn’t go into every detail, but really just says the 14 days money back guarantee. So we would definitely make people aware if they are not. Basically what I am saying is maybe with just a paragraph saying that if your goods are faulty we will replace those (Merchant 2).

Merchants further illustrated that when a consumer purchased a product online, the goods must fit the product descriptions and it must perform exactly what it described. If the product purchased was faulty or did not fit the descriptions, then consumers would entitle to a refund. Merchants believe that a strict and rigid redress only caused merchants to lose business opportunities and was not going to
benefit anyone because it was an impractical recompense practice. Merchant 4 commented:

Basically, you bought a note taker and its purpose is to be a note taker and you bought that from my website and you received a toaster. There are some general rules we stick to as far as our return and refund policy (Merchant 4).

**Discussion**

Accessible recompense practice was essential, their opinion, for the merchants to demonstrate their accountability to communicate and to care for consumers in online purchasing. This recognition of accountability gave the merchants, they noted, the opportunity to respond to problems occurring, to regain their trustworthiness and to reinstate consumer purchase confidence. Alternatively, if they failed to exercise an accessible recompense practice, especially then, they believed, problems occurred then the outcome was likely to cause distrust and unsatisfactory purchase experience among consumers. The findings are consistent with the existing literature that argues consumers will have less confidence in the merchants if they perceived limited initiatives from the merchants to offer accessibility in making a complaint (McQuilken 2010; Granbois et al., 1977). Studies by Dietz (2006) and Gregg and Scott (2006) also show that inaccessible and difficult complaint procedures will reflect on merchants as irresponsible and untrustworthy. In addition, studies by Liao (2007) and Chiu, Chang, Cheng and Fang (2009) show that accessible complaint handling that facilitates consumers to seek redress, will also help merchants to retain consumer purchase confidence.

The findings from the merchants interviewed also highlighted that the redress procedures should be effective and simple enough to understand. For example, they believed that they should not impose any constraint or impediment on consumers when seeking compensation. It was important that merchants not take this issue lightly because it could be the last resource to regain business trustworthiness. Therefore, merchants must ensure consumers have sufficient help and support to seek redress, for example, to initiate a convenient and flexible approach that allowed consumer to communicate the problems or just to express their dissatisfaction. This is consistent with Svantesson and Clarke (2010) who
found that merchants have the obligation to offer accessible contacts for consumers instead of trying to avoid their responsibilities by imposing ambiguous complaint policies to confuse consumers. Other research has emphasized that it is important to offer complaint options that are flexible and involve simple procedures and policies that help consumers to communicate their problems to the merchants (Chiu, Chang, Cheng & Fang 2009; Kuo et al. 2011).

A flexible redress procedure and policy is, according to the merchants interviewed here, an advantage that allows them to respond to the problems and to pacify unhappy consumers immediately. It is essential to have this redress ready and available because a merchant cannot always anticipate what can happen in a transaction and when it will happen. Furthermore, they believed that a flexible redress procedure was a common practice expected by consumers. It was part of the responsibility that any merchant must undertake. It is a win-win situation, they stated, because it allows merchants to prove their dependability and commitment and at the same time to enhance consumer confidence. Offering complicated and confusing redress procedures was unlikely to benefit anyone in the transaction.

These findings support existing research regarding effective complaint processes, which claims merchants should focus on accessibility, flexibility and uncomplicated procedures (Pizzutti & Fernandes 2010; Rothenberger et al. 2008). The research also shows that complaint responsiveness helps to promote merchant responsibility and improves consumer satisfaction (Bloemer et al. 2008; DeWitt et al. 2008).

5.5 Attention to consumer complaint and dissatisfaction

A merchant who demonstrates attentiveness to consumer experience is considered for being responsive to consumer problems and unmet expectation. Merchants explained that any online businesses had to be attentive to consumer problems even if it was a minor one and must be responsive in handling the matter. Merchants claimed this was part of the support offered to consumers. Merchants also warned their peers not to leave problems unattended because all could be easily resolved if merchants had been attentive enough to the problems as they
occurred, they had listened to consumer complaints and they had redress available to the consumers. For example, merchants must try to pay attention to every single transaction. Only then was it possible to identify and effectively resolve the problems even before consumers raised their concerns. Merchants claimed that in order to avoid encountering angry and unhappy consumers it was necessary to resolve the problems beyond consumer expectations. They should, for instance, respond to consumer concerns promptly, offer adequate compensation to recompense consumer financial loss and constantly meeting consumer purchase expectations.

Merchants needed to be held fully accountable for the problems that consumers encountered and discover what went wrong with the transaction because some problems were too complicated for the consumers to deal with. In addition, merchants also believed that consumers often referred to the immediate redress actions available as the benchmark to distinguish merchant competency in online purchasing. Merchant 3 said:

Just talk to the customers. Don’t answer by e-mail. I think just talk to the people… if you don’t deal with the customers straight away then it will get worst and then you got no choice but to refund the money. But if you deal with them straight away then generally you can pick up the problems. And every customer is different, whether it is online or not online…you’ve just got to deal with the problem and deal with it straight away (Merchant 3).

Because risk always exists in online purchasing, therefore merchants needed to be proactive in offering immediate redress actions to consumers when problems arose. Merchant 5 noted:

If they don’t get something you sent with this tracking number, I will find out where it is and let them know… It is fine if that wasn’t in the parcel or if this wasn’t wrapped, we will fix it. They didn’t expect that. They expect it to be troublesome or difficult to solve with the seller. We’re not like that so they calm down quickly (Merchant 5).
Merchants also believed that in being responsive, this action was important for their future business opportunities. In particular, merchants had better business opportunities and encountered less unhappy consumers with complaints if they had a reputation for being responsive. Furthermore, responsive actions also helped to maintain a competitive strategy in online purchasing environment. Merchant 6 said:

I watch my inbox till 10 or 11 at night. This is to make sure I answer all my e-mails. I think when unhappy customers send e-mail they are angry and if you let them wait for another 24 hours that’s even worse…the more that you wait the more aggressive they become. If you reply to the email faster then it can be settled quite easy. I think the speed is number one so if you reply faster, it is always better. You get more sales and you don’t get too many aggressive customers (Merchant 6).

With offline shopping there was sufficient physical interactions between merchants and consumers and it was easy to gain the attention of the merchants to initiate redress support when problems occurred. However, in online purchasing consumers only had this virtual online address and the seller was located remotely or internationally. Merchants believed that this worried consumers. When something happened with their purchases, then who could consumers talk to or where could they seek help? Merchants claimed it was important to be sufficiently competent to offer attentive redress support that mimics the offline purchasing environment. Any carelessness and delay in handling the matters was intolerable. This is because the business was actually losing the last opportunity to convince consumers what they had promised. Merchant 4 and 1 noted:

You have to reinforce to the staff that it is unacceptable and if there is a complaint you have to deal with it quickly. At least the customers can walk away and say “I wasn’t happy with what I bought, but these guys dealt with me very quickly and efficiently,” and maybe one day he might come back and buy from us again…we don’t know (Merchant 4).
If it (purchase) doesn’t go well then that is where you have to respond very well. Then that’s fine because it is an opportunity to turn it around as well you can. You get the chance to talk to someone. You can kind of repair the situation and hopefully you get a good customer out of it (Merchant 1).

The merchants also claimed that it was necessary to acknowledge when there was a problem or when consumers initiated a complaint. This is because in order to maintain a contented purchasing experience, it was important for the merchants to fully assume the supportive role to develop trustworthy future relationships with consumers. Merchant 5 said:

I have a customer recently who had goods charged to her card. But she never ordered, not from us. She was just telling us about that. I told her how to get the money back. She said she would never buy or use them again. I suppose they’ve got fair reason to be concerned, but it doesn’t take much to relate to this concern about who they should use (Merchant 5).

Merchants believed whether it was prior or post online purchasing, that the availability of attentive redress support encouraged consumers to feel confidence with their purchase and to trust who they buy from. Furthermore, customer support and services were part of the online business activity. It was ongoing assistance and attention that needed to be initiated even prior to consumer purchases.

Merchants further added that delivering attentive redress support required further commitment to the business and it was an important obligation that needed to be fulfilled because it had a significant influence on the consumer. Merchants believed this should always be the frontline for their online businesses, at least to make consumers aware that there was redress assistance offered to them whenever they needed. Merchant 4 noted:

We get a lot of phone calls from customers trying to buy something online but having difficulty. We will actually go through and sign in as themselves, as the consumer, and complete
the order for them. Or they can send us an enquiry and we will respond to them within 24 hours…there are some consumers not happy with the ordering process but we like to try to turn them around (Merchant 4).

Merchant 1 also agreed that attentive redress support was a difficult task but it was necessary and needed to be made available and offered. She said:

Sometimes thing go missing. We have track and trace capability with our courier and with Australia Post. So we can follow up and find out where the items are, hopefully. If people just generally are dissatisfied with the quality we would talk to them about their feeling. Generally, they will ring our call centre and that is their first course of action. The team will get down to the bottom to the problem figure out where came from and if it was our fault…we do that really by having our customer service number up front and centre, and encourage people to ring wherever they need to (Merchant 1).

Discussion

The merchants believed that it was necessary to be proactive in addressing anticipated consumer complaints and to learn the problems directly from the consumer’s perspective. This prevented unwanted purchasing problems from occurring and avoided encountering consumers dissatisfied with the purchase experience. The findings are consistent with the existing research that showed proactive actions taken by merchants in responding to the transaction failures would significantly affect consumer purchasing confidence (Del Río-Lanza et al. 2009; Grewal et al. 2008), would reinstate trustworthy relationships (Gustafsson 2009; Bhandari et al. 2007), and conciliated consumer frustration and disappointment (Kau & Loh 2006; Dong et al. 2008). Studies by Yao et al. (2009) and Luo (2007) also show that attention to consumer complaint offered merchants a valuable insight to understand the cause of customer disappointment with the purchase experience.
Attentive to consumer complaint and dissatisfaction, the merchants believed helped to increase consumer confidence and further strengthen their trust in the buyer-seller relationship. Furthermore, offering an attentive redress support to consumer problems was not a one-off responsibility. It is a support they believe needed to be made available to consumers all through the online purchasing process. They added that they as merchants must take the initiative to inform consumers that they are ‘here’ to take care of problems and that they are aware of possible problematic situations. These findings are consistent with the existing research that showed the merchant’s attentive action and prompt response, together with adequate compensation available were believed to retain an ongoing buyer-seller purchasing relationship (Mollekopf et al. 2007; Verma & Nanda 2007). Studies by Cho and Fjermestad (2006) and Valenzuela et al. (2006) also shows that a trustworthy relationship involved responsive efforts to attentively handle, resolve and manage when the consumers needed help with a problem.

5.6 Low risk purchasing transactions

Low risk purchasing transaction is described as an online transaction where it is safe to make purchases and consumers are unlikely to encounter any problem or monetary loss. The merchants interviewed suggest that the availability of redress did not play a role in convincing consumers of low risk or secure online transaction.

Merchants acknowledged that in online purchasing consumers could not touch and feel the products, there was no face-to-face interaction with the merchants and it was possible they had limited information about the location. As a result, there is a need to take the extra measures to protect consumer interests and to safeguard consumers with the least purchase risk involved. Merchants affirmed that consumers have more confidence to purchase online if merchants were committed to offer the transaction with better security, for example, a secure payment gateway or order processes, where at least the monetary loss has been minimised. Merchant 2 said:

We on the website tell the customer what we are doing and this is to decrease fraudulent application. When they place the order we
obviously have the SSL certificate on the site and we tell the customer we have that, part of that also includes the site seal and when they go to pay by credit card…Offering payment options like…offering payment by telephone, bank deposit and cheque is showing that we are not deliberately getting people to only put down their credit card details (Merchant 2).

The merchants believed that it was important to be competent enough to assure that the purchasing transactions were free from online fraud. This is because risks that occurred in online payment methods and processes were high. They believed they needed to invest the time and effort to convince consumers it was safe to buy from them. Merchant 4 said:

As a retailer with Master Card and Visa Card, especially Visa, it is a risk. But we have systems and procedures; we have verification and internal systems in place to check and to make sure it is a legitimate order (Merchant 4).

Merchants were aware of the risks that occurred in online purchasing. They agreed they needed to take responsibility to offer essential protections and a secure online purchasing environment. Merchants believed one of the factors that convinced consumers to trust a merchant was through having and using secure payment systems and order processes to believe that the risk was minimized. The merchants also noted that inadequate infrastructure, such as a lack of security concerns often lead to lost sales.

**Discussion**

Merchants were aware that consumers assumed the greater risk to purchase online because it was difficult to predict the consequences of their online transactions behaviour and this left consumers in a vulnerable situation. As a result, merchants had to take full responsibility, especially to ensure consumers had a secure online purchasing environment. Merchants believed that the use of secure transaction systems also determined the level of perceived risk. They contended that secure payment systems and ordering processes offered the ultimate key of success, because it is always the first criteria that consumers would assess. For example,
what protection have consumers been offered and how likely is it that consumers would face risky purchase outcomes? Online payments are usually performed through a third party provider that processes such payments, leading to additional process steps during which the payment process can fail. Therefore, secure ordering and payment process has a positive influence on consumers, which reduced the perceived risk and maximized safety in online purchasing. In this study redress was not mentioned or regarded by the merchants as having an important role to assure a secure and low risk online purchasing. Merchants here show strong support for security measures. By contrast, the findings from the consumers interviewed show that at least the availability of redress is required to extend a safer and risk free transaction.

The findings reflect the arguments from various studies (Kim & Kim 2005; Fisher& Chu 2009) that online purchasing is a risk-taking transaction and it is one of the major factors that discouraged consumers from purchasing online (Liao & Shi 2009; Kim, Ferrin & Rao 2008). However, the focus on security measures to assure consumers a low risk purchase shows a different perspective than the existing literature. Studies by Horst et al. (2007) and Kim, Prabhakar and Park (2009), showed that trust could be used to mitigate the causes of risk and uncertainty in consumer purchases. This is because to reduce the influence of perceived risk in online purchasing the level of trust must improve to outweigh the risk (Teo & Liu 2007; Kim & Kim 2005). By contrast, studies by Kim, Steinfield and Lai (2007) and Lian and Lin (2008) showed that security had a positive influence on consumer intention to purchase online. Koufaris and Hampton-Sosa (2004) also demonstrated that security strongly influenced the initial trust in the merchant when purchasing online. A possible explanation is that consumers were more concerned about monetary loss, so they easily recognized and believed security was the key to protect and save them from unnecessary loss. From this discussion and from discussion by the consumers reported in Chapter 4, merchants and consumers did not have the same view of risk. Merchants saw risk related to security, consumers saw it as protection of their money, however the measures and approach taken to mitigate the concern are not the same.
5.7 Product price

Merchant 4 believed price had a significant influence on consumer’s decisions to purchase online. She reiterated that consumers always looked for the best price before they hit the checkout button on their online shopping cart. Speaking from experience, Merchant 4 expressed that she had seen all these. For example, whenever she intentionally changed the product prices to compete against her online competitors, immediately consumers’ purchase decisions just went along with the prices. The study showed that consumer decisions were influenced by how much money they can save from paying the lower price instead of how safe was the purchase? Merchant 4 noted:

Sometimes a consumer doesn’t care whether we have a physical shop, or that we have a person to speak to, they are purely price oriented (Merchant 4).

Merchant 4 believed that reputation or brand was no longer a significant issue or was more important than a low price offered, and as a result of that, price played a significant role in her business to influence consumer online purchasing decisions. Merchant 4 also had a very different opinion about the price in regard to redress procedures and policy. She argued that price is a much more important factor if it was compared with the availability of a refund and return policy or money back guarantee. It was not always the main influence on consumer purchase decisions, especially when consumers were so focused on lower prices. She said:

Especially for notebook, mobile, these devices…price, price, price. Reputable or trusted seller I don’t think matter anymore. You have your regular customers. Most people that are buying from our website, are not repeat customers. They are new customers and they are purely price oriented (Merchant 4).

Merchant 6 claimed that although by chance consumers were more likely to purchase from a reputable online seller, he was confident that consumer purchase decision still possibly could be influenced through lowering the product price to compete with their reputable competitors. Merchant 6 believed that somehow consumer purchase decisions remain on immediate cost savings. Lower prices
attracted consumers and they moved away from the competitors and started buying from the merchant with the best price offers. She noted that:

We make sure our prices are always lower in every product. Slowly we gain customers so those customers who only buy from competitors get a reason to try us. That’s how we win the market (Merchant 6).

Discussion

The merchants were confident consumers’ decisions to purchase online were influenced by how much they have to pay for the product. Product price has always been the important influence on consumer purchase decisions: where to buy from, whom to buy from and whether to continue or not, with the purchase. Thus merchants were using the price factor as an effective online business strategy to influence consumers purchase decisions and to win competitive advantage instead of the market being monopolized by one single seller. This price sensitivity has been mentioned in many studies (Chang 2009; Ma & Ma 2012; Fagerstrøm & Ghinea 2011). All other factors did not seem to be as important compared to the low price of the products. The concern of redress, merchant trustworthiness and reputable identity was not the main issue among consumers, because to purchase online is to benefit from an immediate cost savings by paying the lower price offered. This study also contradicts the earlier study by Reichheld and Schefter (2000 p.107) which argues that ‘price does not rule the Web; trust does’. As a result, price certainly gave merchants the competitive advantage in winning consumer purchase decisions.

The findings in this study support the studies from Chang (2009), Melian-Alzola and Padron-Robaina (2007), and Kim and Benbasat (2009) regarding price being the main influence that attracts consumers to take advantage of the benefits of purchasing online. Also, studies by Liu and Zhang (2007) and Ma and Ma (2012) suggest that the consumer’s decision in online purchasing is price sensitive and consumers are looking at how much they can save and try to avoid paying the extra cost.
The outcomes of the analysis of the merchants’ interviews are also generally consistent with the outcomes derived from the consumers’ interviews with regard to “Product price and availability” (p 99 in Chapter 4). Consumers interviewed shared the same view that cheaper price was an attractive influence that appeals to consumer attention and their decisions to purchase online.

5.8 Summary

The interviews with the merchants show that the availability of redress is not necessarily the main influence on either increasing business opportunities or promoting merchant trustworthiness with consumers in online purchasing. There are other factors that appear to be more important and more effective for merchants to exercise within their business strategy to influence consumer decisions to purchase online.

The analysis of the data from the merchants interviewed for this research shows that merchants believed that they needed a good reputation to convince consumers when purchasing online. This supports findings in previous studies by Bhattacherjee (2002), Hess and Story (2005) who showed that merchant integrity and trustworthiness were established through their success in responding to online transaction fulfilments and consumer needs.

Merchants believed that they had to ensure both satisfactory fulfilment of orders/purchases and to meet consumer expectations. This confirms previous research that suggest that delivering satisfactory fulfilment was important for merchants to demonstrate their trustworthiness and business experiences (Josang, Ismail & Boyd 2007) that further influences consumers trust (Resnick et al. 2000).

Merchants believed that they had an obligation to offer a safer online purchasing environment, especially through proper security measures. Horst et al. (2007) and Kim, Prabhakar and Park (2009) who argued that, due to the complex nature of e-business, trust was an effective role to offer a safer purchase transaction and to reduce the fear of uncertainty (Pavlou, Liang & Xue 2007).

It was part of the merchant’s responsibility to offer an accessible complaint support service that allowed consumers to communicate their concerns with
transactions. Also, the research highlighted the merchants’ belief that they needed to be attentive to consumer dissatisfaction and complaints and that these were important to further establish their trustworthiness and accountability in online purchasing. Previous research showed that easy-to-follow complaint handling procedures were significant (Kim, Kim & Kim 2009) because it was part of the merchant responsibility to demonstrate their commitment to consumers (Svantesson & Clarke 2010). Studies by Burton and Khammash (2010) and de Matos (2007) also found that merchant’s attentiveness in responding to purchase problems had a significant influence on preventing merchants from losing out on business opportunities and trustworthiness (Svari et al. 2010).

Low prices were found to be an effective business strategy that merchants used to influence consumers to engage in online purchasing. Consistent with previous research also showed that merchants were becoming aware that price was relatively more influential than quality, brand image or even reputation (Fagerstrøm & Ghinea 2011, Chang 2011). Therefore, merchants believed that consumers who responded to lower prices also had little concern regarding loyalty and trust (Reibstein 2002).

The availability of redress was shown in the interviews with merchants to have some indirect influence on merchant trustworthiness and accountability in online purchasing. Indirect was used here because none of the merchants interviewed stated that they believed that there was direct impact on trust or purchasing. They noted that redress was an association with other issues, such as trustworthiness and integrity. Good reputation gave merchants the advantage in convincing consumers to participate in online purchasing. The merchants noted that having both positive past track records and peer recommendations were more important to further promote a merchant’s reputation in online purchasing than was redress. The merchants considered that it was vital for them to meet both consumer purchasing objectives and to satisfy their expectations. A satisfactory purchase fulfilment was more influential, they stated, than redress, when consumers choose to purchase online. Merchants also argued that in order to convince consumers it was essential to have a safer online purchasing transaction. This could only be achieved through having proper security measures in both payment systems and in
order processing handling. Lastly, the merchants noted that they were confident that product price was a significant determining factor which increases business opportunity and influences consumers to decide to purchase online. Merchants were unconvinced that either redress or trust, or both, had any influential role on consumer online purchasing decisions.

However, from merchant perceptions offering redress enabled them to demonstrate their responsibilities to consumers and their trustworthiness in online purchasing. This allowed merchants to understand the cause of any problems and also gave them an opportunity to reinstate their trustworthiness and to build consumer’s confidence.

This chapter showed that the importance of redress only arose as a concern for merchants when problems occurred in the transactions and when this then, subsequently, affected merchant trustworthiness and responsibility in online purchasing. As a result, it could be argued that the role of redress had only an indirect influence on merchants in their facilitating online purchasing. For example, only when problems occurred in the transactions was redress then required to exemplify merchant trustworthiness and responsibility in dealing with the situations. Redress appeared then to influence confidence and trust, but only in an indirect manner.

Fig 5.1 illustrates the amended model originally developed in Chapter 2. In this model, the analysis of the online merchant interviews shows that both having low risk purchase transactions and ensuring purchase fulfilment are significant from their perspective, especially as they relate to trust. For completeness then, these two elements have been added in the model because, through analysis, the influence on consumer confidence and trust was highlighted by the merchants interviewed. The other factors such as consumer attitude, product availability, perceived convenience, enjoyment and pleasure, and service quality did not emerge as significant in the merchant interviews.
The merchant interviews show both some differences and similarities with the outcomes from the consumer perspective (Chapter 4).

- Firstly, merchants believed that there were various ways to deliver a satisfactory purchase fulfilment, as long as consumers purchase expectations could be assured and guarantee and guaranteed. However, redress action was not the primary approach used to satisfy consumers purchase objectives. Similarly, consumers interviewees also believed that the role of redress appeared to have indirect influence on the decisions to purchase online, especially only when situations arose.

- Secondly, merchants contended that secure payment systems and order processes measures were mechanism to offer consumers a low risk purchase transaction. From merchant perspective, redress did not appear to play an important role in minimizing the risks of online purchasing. However, from consumer perspective availability of redress provide some level of assurance in online purchasing.
In both consumer and merchant interviews, it was found that redress has an important influence over online purchasing but not in a direct way. However, issues which emerged from both consumer and merchant interview analysis which needed to be further confirmed. It was therefore decided that the findings be reviewed in a Focus Group to further explore the availability of redress procedures on the decisions of consumers to purchase online and the importance role of redress in that process. That further exploration is the focus of the next chapter.
Chapter 6 Online Consumer Focus Group Discussion

6.1 Introduction

This chapter reports and analyses the findings of discussions in two Focus Groups undertaken with online consumers. The Focus Groups are used in this research to explore the outcomes of the analysis of the interviews in more depth. Group dynamics and interaction employed in the Focus Groups help to generate both data and insights that would be less accessible without the interaction found in a group (Reed & Payton 1997). This not only helps to address the research question, but also helps to achieve an appropriately diverse range of perspectives (Morgan 1998) to follow up. The Focus Group analysis will also be used in a group context to both challenge and confirm the conclusions drawn from the one-on-one interviews.

Focus Group 1 had six participants, with three female participants – Consumers FG1-1, FG1-2, and FG1-3, and three male participants – Consumers FG1-4, FG1-5 and FG1-6. Focus Group 2 had six participants, with four female participants – Consumers FG2-1, FG2-2, FG2-3 and FG2-4, and two male participants – Consumers FG2-5 and FG2-6. Focus Group participants’ profiles and backgrounds attached in Appendices J and K.

The data collection in this research was conducted at two different points of time. The interviews were conducted in between October and November 2008 and Focus Groups were conducted in November 2011. There is a gap of three years in between these two data collections and the time difference may explain the changes in how consumers behave and respond in online purchasing, given the rapid changes in the experience and growth of e-business activities in general and online purchasing in particular. For example, data from the U.S (Perez 2012) shows a doubling of expenditure on online ads from USD 25 billion 2010 to USD 50 billion in 2012, and e-commerce sales are up more than 50% to USD 57 billion in Q3, 2012 from 2008 (Q3 USD 34 billion). This is clear indication of change and growth, coupled with dramatic growth in use of mobiles for online transactions, recording 33% annual growth. This study provides interesting
insights because there are both commonalities and differences between the consumer interviews and Focus Groups about the role of redress in online purchasing. This time gap also suggests that some of the influential themes that emerged in the Focus Groups appear to differ from the consumer interviews because the differences over three years are greater than the differences over one year. These are highlighted in the following discussion.

Five themes characterizing the consumer’s experience, knowledge and understanding regarding online purchasing were identified from the Focus Group discussions and are discussed below.

### 6.2 Responsive and effective complaint handling

This theme emerged across Focus Group 1 and Focus Group 2 discussions.

#### Focus Group 1

Problems encountered in online purchasing do not seem to necessarily discourage consumers such that they completely lose their confidence to purchase online. Consumers believed that merchants could regain their trust when a complaint was effectively handled. Consumer FG1-5 claimed that he had no problem returning to merchants after experiencing merchants were capable of effectively resolving problems. He said:

> That was this comic book merchant that I purchased the book from and they sent me the wrong one. I emailed them a notice and they sent me an extremely comity reply that also served to reassure me the correct one will be shipped at no cost and I can keep the wrong one. That made me feel very loyal to that vendor because I enjoyed both the humorous response and very self-replicating responsible because it’s a very small company and that make me sure will return to them for my future comic book need (Consumer FG1-5).
In further discussion, when Consumer FG1-6 was asked whether he would return to the same merchant again if he had encountered a problem with the purchase transaction. He replied confidently that he would use the merchant again. Consumer FG1-6 said:

I got the experience buying clothing from America…because the overseas shipping option is limited so it has to untraceable with the shipping time two to five weeks. I waited for eight weeks and I didn’t get the order. I sent them e-mail and they asked me, “did you check your end (Post office) and I said yes”. They refunded me full price and then two weeks later the parcel got to me…I contacted the merchant and apologized that the parcel arrived and they deducted the money from me. In fact before the parcel get to me, they already refunded my money in full plus AUD50 gift voucher for the next purchase... (Consumer FG1-6).

Consumers FG1-5 and FG1-6 suggested that merchants had handled the problems responsibly with adequate compensation and also demonstrated their accountability sufficiently to convince consumers of their good intent. This effective complaint handling experience helped to reinstate their online purchasing confidence and satisfaction.

In contrast FG1-2 felt that seeking redress from an online merchant was an unpleasant experience and often she would rather not pursue the action. Highlighting that issue, she recounted an unexpected response that had changed her perception regarding a particular merchant, saying;

I made a mistake booking a Jetstar flight. It was many many shades of wrong. The site keeps crashing and I finally went in but forgot to tick off the item that wants the extra insurance so they added that in the end. I just e-mailed them and they reversed it straight away. It wasn’t an issue and I got to say that shocked to me because I was expecting the typical Australian ‘you ticked it’ (Consumer FG1-2).
Consumer FG1-4 also agreed on this view. He elaborated that a responsive and effective complaint procedure initiated by a merchant can offer a positive influence on consumer confidence and trust. He related a recent personal experience:

That reminds me that I had a fantastic online redress experience which was very unusual. So you might know that some time ago there was this one-off show by the Cure at the Opera House and… I went to that website I was online when that e-mail announcement came in to me when the site was opened. They had the Cure and another event that was at the same time, on the same page and I clicked the wrong button and I bought 4 tickets for the shows that I don’t want to see...But I was sitting on the AUD400 tickets that I didn’t want and I don’t have intention to go there and I was pretty sure I couldn’t sell them online. I sent them (Ticket Master) e-mail straight away and said ‘it was a genuine error and so on and so on explained.’ They called me back and they actually reversed the purchase, which is against Sydney Opera House policy… (Consumer FG1-4).

Consumer FG1-3 also recounted a similar experience. Her youngest daughter mistakenly clicked on her iTunes and made a few purchases. She was shocked to receive two separate bills of AUD 79.99 and AUD 89.99, which she believed she did not authorise. She put in a complaint to Apple iTunes and had the payment refunded. She noted:

You know, when it comes to a multinational company like that, they are most likely not going to entertain this problem. But I was replied to within 24 hours with the message, “obviously we do not refund things like this and obviously is a one off and you are aware now of what can happens so we would advise not putting those apps on your phone and we have credited the amount back to the credit card, and please accept our apology”. Then another e-mail was sent during the following week saying, “we just want
to check the money been refunded and this complaint has been dealt with the way you like” (Consumer FG1-3).

The experiences reported from the consumers show that an effective complaint-handling can demonstrate a merchant’s responsiveness and accountability. In particular, when consumers have received immediate resolutions, this positive experience can help to set aside their belief that seeking redress was difficult. Consumers also mentioned that the experience they had encountered from Amazon.com was a great example that should have been followed by other merchants. The discussions show that an immediate redress response and action from the merchants was necessary. This was a recurring concern heard across consumers during the Focus Group discussions. Consumer FG1-5 noted: ‘Amazon policy is that if the shipper has failed to deliver then you can contact customer service and they will reship the entire orders at no cost’.

Consumer FG1-3 shared the same experience. If an order was missing or a problem occurred online, he said:

Amazon would have replied to that and say “I am really sorry and it has obviously gone missing and we will ship you a new one”. As opposed to other irresponsible merchant keep saying “…is still coming, is still coming…” and then you won’t talk to (merchant)... (Consumer FG1-3).

In responding to Consumer FG1-3’s statement, Consumer FG1-2 reiterated that Amazon.com was a reliable example. She said:

…with Amazon.com I have ordered all year round since 1995 and I have had no problem. If I have problems, it is straight away fixed...But they have been doing that forever...Even in those early days if things went wrong it was like that straight out to me (Consumer FG1-2).

The Focus Group consumers also suggested that if a merchant was not taking any initiative to address to their complaints or the problems were poorly compensated then consumers considered that merchant was untrustworthy and they will
discourage their peers buying from that merchant. Consumer FG1-2 recounted she had a bad purchasing experience with *cufthing.com* where she complained through several e-mails, but it was responded a week later and the matter was poorly handled. In another example, she made a purchase of 3 books through *bookdepository.co.uk*. However, the books never arrived and the merchant refused to compensate for her loss. She said:

Yes absolutely! I will tell people under no circumstances ever use them because they’re so bad…I would say the cufthing.com because their customer service was absolutely poor. I am sorry but I tell people never to use bookdepository.co.uk because I had nothing except bad experience with them. I never ever order from them again, ever (Consumer FG1-2).

Across all of the issues discussed above, consumers raised the concerns about the discouraging redress seeking experiences, for example, inaccessible, difficult and complicated complaint procedures were repeated by consumers across the Focus Group discussions. Consumers claimed that to initiate a complaint would cost them more time and money. Consumer FG1-3 said she did not believe that most of the merchants would actually respond to a problem that occurred or offer an adequate complaint support. Instead, she described going through difficult complaint procedures and knew that the outcome was likely to be unsuccessful. She decided not to take any complaint action and now avoids buying from the merchants in the future. She stated:

I just shut them down. I didn’t e mail them or go on and on about it, because I knew they will just keep saying the same thing, and that the redress was going to stop there and then, because they really didn’t do anything… (Consumer FG1-3).

Consumer FG1-4, who had experience in initiating redress action in several different situations, voiced another perspective. He believed that to seek compensation was a discouraging experience because the complaint procedures had never been made easy for the consumer or were to support the complainers. He noted:
Someone mentioned that eBay would be pretty good but my experiences aren’t so. The whole eBay redress experience is designed such that people don’t even think about complaining, especially if you are using PayPal. In PayPal the risk is already covered if it was more than AUD50 or AUD100 so the whole experience is designed such that you feel like there is no point redressing. Usually you get what you pay for and there is no point complaining... (Consumer FG1-4).

It was apparent that Consumer FG1-3 and FG1-4’s experience confirmed that consumers were likely to give up on redress and distrust merchants if their complaints were poorly handled. Consumer FG1-4 reiterated his decision to pursue redress was based on the importance of the purchase and value (i.e. price). He said:

It very much depends. I just had a few things that were damaged and so on. In the end I think about taking it back and then I don’t take it back and it sits there…even it is brick and mortar [shopfront], I don’t always take it back because there is always the additional of hassle going there…I am not sure whether there is a difference between online and offline. So it really depends on how much. The other thing that that I will weigh is, how important is it, to what extend do I think was I was stupid to buy it in the first place (Consumer FG1-4).

Focus Group 2

Consumers also learned about the difficulty in seeking an answer from merchants when problems with transactions, such as delayed in delivery, wrong product delivered, product defect, over-charged shipping fees and payment occurred. Sometimes consumers thought about seeking compensation but decided not to proceed as they felt that merchants were unlikely to respond. Consumer FG2-3 gave a recent example of such a situation where it involved an unimportant purchase:

If I went and bought wrong-sized clothes for the kids, I would go back. But if it was something like a cookery book, where I
actually haven’t bothered to flip through it or go through it, then I do consider that as my own responsibility and I don’t go back to seek a refund (Consumer FG2-3).

In response to that, Consumer FG2-2 appeared to agree with Consumer FG2-3’s statement. She said:

I think it depends on the value of the goods purchased. If it is a AUD100 dress that doesn’t fit me and I know someone else in my family will be able to inherit it, then I will just leave it like that (Consumer FG2-2).

Consumers FG2-1 and FG2-5 both shared the same experience and commented that sometimes it was not worth their time and money to complain and to seek compensation. This is because the redress procedures were too difficult and not assisting consumers to deal with the problems effectively. Both Consumer FG2-1 and FG2-5 commented that:

It’s just too hard sometimes because you don’t have the time to deal with it. If you need to return the books you have to pack it and post it. Whether they pay for the postage or not it doesn’t matter, but physically it is a lot to do. So is got to be worth it, really, because we haven’t got time for all that and this is why we go online (Consumer FG2-1).

Nope, because I have to pay for the postage and sometimes that can be 50% of the purchase price. I would say that was a stupid bargain… (Consumer FG2-5).

Overall, consumers’ responses provided the reasoning as to why they were prepared to give up on redress: the effort, time and cost involved to communicate the problems, or to seek compensations from the merchants, were greater than the loss incurred.

In relation to the discussions in both Focus Group 1 and 2, responsive and effective complaint handling was considered essential. What consumers had experienced when problems occurred clearly indicate that redress was required to
respond to problems and to compensate consumers for the loss incurred. More importantly, responses from consumers also showed that the availability of a responsive and effective complaint handling procedure is required to regain their trust and to retain an ongoing purchasing relationship with the merchants.

**Discussion**

The Focus Group discussion showed that when problems occurred in online purchasing, merchants still had the opportunity to regain consumer trust by bringing about suitable redress and hence concluding a satisfactory purchase transaction. This is because consumers were unlikely to completely withdraw from online purchasing when merchants showed commitment and demonstrated their accountability to address the problems through appropriate redress procedures. Therefore, apologies from the merchants did not necessarily increase liability or cause a negative image of their business, but may in fact help to mitigate damage caused to consumer trust and purchasing confidence. On the other hand, merchants who failed to immediately respond were likely to face a negative consequence regarding their trustworthiness and reputation. More importantly, this was likely to result in additional dissatisfaction beyond the original complaint.

It is difficult for consumer to assess the quality of product before they purchase online. Consumers could assess the merchant based on the responsiveness in dealing with complaints. The Focus Group discussion also showed that consumers did not trust the current complaint handling procedures and they did not feel confident about getting redress support from the merchants. The findings are consistent with the existing literature that argues dissatisfied consumers after the purchase were reluctant to seek redress from the merchants that they perceived had complex online complaint procedures. They assumed these merchants were unlikely to extent their support to consumers (Chang & Chin 2011; Wirtz & Kum 2004). As a result, consumers showed little confidence that the complaint outcomes would sufficiently compensate their unsatisfactory purchasing experiences. This is because there was no benefit gained and it was impractical to waste unnecessary effort, time and cost, especially when it involved an inexpensive purchase. This may further erode consumer satisfaction, trust and confidence, and may result in consumers exiting the online purchase process and
switching to competitors. Several previous studies have shown that consumers were inclined to complain when benefits rose and cost declined (Cho et al. 2002), when anticipated effort to complain was low (Huppertz 2003), product was important and price was expensive (Richins 1985; Becker et al., 1999).

The Focus Group discussion also showed that responsive complaint handling procedures and outcomes were both important to counter consumer belief that seeking redress was difficult and merchants were irresponsible. Consistent with the findings, many studies also show that accessible communication channels, together with uncomplicated and convenient complaint procedures, were essential to consumers (Kim, Kim & Kim 2009; Kuo et al., 2011; Callies 2006). A study by Voorhees and Brady (2005) also discusses that consumers are likely to behave positively in seeking help from the merchants when they perceive complaint responsiveness to be high.

Moreover, frustrated consumers were impatient and they expected an immediate answer and compensation without delay from the merchants. It was found that, as long as merchants were prepared to offer an immediate response to the problems, then this action was sufficient to give consumers a positive complaint experience that also reinstated their online purchasing confidence and trust. The findings support the study by Zaugg (2007) who argues that online consumers have less patience with delayed responses to their complaints and they expect a responsive and well-informed reply from the merchants. Moreover, in a post-failure situation, consumers appeared to be more emotional than they were in offline transactions (Casado-Diaz et al., 2007). Therefore, effective and responsive complaint handling in a post-failure situation would significantly reflect the responsibility and efficiency of the merchants and would have the most influence on consumer satisfaction and confidence (Orsingher et al., 2010; Lee & Park 2010).

In summary, this study shows that responsive and effective complaint handling procedures were important to the consumers, especially when problems occurred at the point of online purchasing. This also implies that it is important to introduce the role of redress through offering flexible, responsive and uncomplicated complaint handling procedures. This study also shows that this approach was a win-win strategy for the consumers and merchants. Consumers were confident and trusted
the merchants, not only because the availability of redress procedures were effectively introduced or problems were resolved responsibly, but also in the way merchants had competently demonstrated their accountability and concern for consumers.

6.3 Perceived merchant reputation

In both Focus Group 1 and Focus Group 2 discussions, merchant reputation in online purchasing has emerged as a strong factor. The discussions emphasize peer recommendation and feedback from those who had experienced satisfactory purchases from the merchants.

Focus Group 1

Consumer FG1-2 identified it as one of the main influences on her confidence to purchase online. She believed it was safer and more reliable to purchase from a merchant who had established the reputation. She noted:

Yes, I think reputation is important and I am more likely to go to a site because someone recommended to me than just crushing around finding the site and learning the terms and conditions…I am referring to personal and I am a bit of old school that way…The latest one I found on Asos.com, I found it because a friend here in RMIT doing fashion said “this is where we buy stuff at the moment…have a look”. So that is much more powerful to me than just having to look around (Consumer FG1-2).

Consumer FG1-4 had made several book recommendations to his friends about where, and from whom, to buy in online purchasing. He claimed that price was always one of the reasons he referred the merchant to his peers. He stated:

One time I recommended basically because of doing a very good price and no shipping fees, bookdepository.co.uk in UK, at half the price of the books in Australia, including shipping. I
recommended and I bought probably a thousand dollars-worth of books from there (Consumer FG1-4).

The Focus Group discussion further suggested that peer recommendations had an important influence on consumer decisions to purchase online and their intention to promote a merchant’s good reputation. Consumer FG1-6 recounted a satisfactory purchase experience where he bought several T-Shirts from an American online site johnnycupcakes.com. The merchant was well-known due to the uniqueness of the products, reliable purchasing fulfilments and a successful business profile. After he experienced a few satisfactory purchases from johnnycupcakes.com, Consumer FG1-6 recommended johnnycupcakes.com to Consumer FG1-2.

Following the recommendation, Consumer FG1-2 made a few purchases from johnnycupcakes.com ‘Yes, Johnnycupcakes. I now purchase the T-Shirts from Johnnycupcakes as recommended by [Consumer FG1-6].’ With the positive purchase experiences, Consumer FG1-2 further introduced johnnycupcakes.com to Consumer FG1-3. She said: ‘She told me [FG1-2] when you got one of the great t-shirts something like that and then somebody else wrote on the site, ‘oh my god, I love Johnnycupcakes.com. They are amazing…”

When consumers were asked about their concern regarding the availability of redress in this example, it was apparent that Consumer FG1-3 showed little attention in the issue and it was not part of her concern. Consumer FG1-6 commented because the purchase involved a small value and he had experienced a numerous satisfactory purchases from the merchant, therefore, he has little concern in redress.

Consumer FG1-2 illustrated a contrasting viewpoint:

I did read it (terms & conditions) the first time. I have a looked at it and they would accept return of goods so that is my main redress issue. It is not necessarily that I want them to do a million things…I always take the risk when buying clothes because I am a larger person and I know it is not necessary going to fit me, so I
take the risk the large will fit me and if doesn’t, then I will pass it on to someone (Consumer FG1-2).

The Focus Group discussion also revealed that, when purchasing from a merchant with good reputation, at least they had better assurance. The availability of redress was not always the major concern. This was conditional of them having had a positive purchasing experience from the merchant and it involved a well-known brand. Alternatively, if it was a first time purchase from the merchant then at least some uncomplicated redress policy was expected. Consumer FG1-2 noted:

Amazon.com is where I go to and if it is a new vendor that I haven’t use before then I tend to go to the FAQ or the terms and conditions to see what their return and refund policy is? For example, I just ordered from asos.com UK clothing and that probably what I am most dubious about buying online, so I always double check to make sure they offer a return with no questions asked…not that you have that in the Australian stores. If they say ‘yes’ then I will purchase from them. If they don’t have anything about that then I won’t purchase from them (Consumer FG1-2).

Consumer FG1-1 reiterated that he only trusted a few reputable merchants. He had no worries whether redress was made available to support online purchasing because he had experienced satisfactory purchases from the merchant. He noted:

I don’t think I ever take a look (redress policy). I bought from Amazon, eBay...eBay is really good. Dealstraight.com you may not heard of this company. It’s a big warehouse of stuff. They always seek customer feedback after the purchase delivered… (Consumer FG1-1).

**Focus Group 2**

The Focus Group discussion suggested that in deciding who to buy from or which merchants were most reputable, it was better to rely on how others valued their purchase experiences with the merchants. Consumers believed that they also
benefited from a cheaper purchase price and quality product when they relied on peer recommendations and feedback to buy from a reputable merchant. Otherwise their peers would not have recommended the merchants. Consumer FG2-3 said:

I only buy online when somebody tells me. Like, “why don’t you try that online?” And that’s how I get there. So I go to every website based on reputation and recommendation from someone else. I don’t look and discover… I always work on the assumption that, if somebody told me that I should go online to buy something, it is because it is going to be cheaper and the quality is good. So the last thing that I bought was something else that I didn’t even look for in the shop... It never crossed my mind to get those or to buy it till someone told me, “why don’t you go online to get those?” I didn’t think about the price because they weren’t expensive…may be. I don’t know whether it would be cheaper if I bought it on the shop. It was that somebody recommended it and it seems like a good way to get it… (Consumer FG2-3).

Likewise, Consumer FG2-5 also argued that redress was impractical because it had never been easy to seek redress. He challenged that redress procedures offered through a merchant was not necessarily a practical way to gain his confidence and trust, if it was to be compared with a reputable business identity. He stated:

In terms of a confidence-builder, the reputation as listed on their eBay thing gives me more comfort than the text about the compensation stuff. Let’s go back to this jacket… the fabric that you are picking up from the photographs; say you’re picking colours, textures and all those sorts of stuff off the little photos, so you are not completely sure that it is real goods. And you get all these other options in term of sizing like that and you are going to measure yourself. So actually you’ve got to get it all right. But reading the stuff (redress policy) …you know that you can send it back - all that sort of stuff is marvellous - but you’ve got no real expectation you are able to do much about it (Consumer FG2-5).
Discussion

Consumers maintained that the merchant reputation has an influence on their confidence to purchase online, especially if their peers recommended the merchant. The discussions emphasized that consumer trusted peer references were reliable and a genuine experience to assure a safe and satisfactory purchase from a reputable merchant. Recognizing the purchase risk that was induced by uncertainty in fulfilment quality as well as separation in distance associated with online purchasing transactions, the possible risk could be mitigated through the feedback from their peers. In addition, consumers also believed that buying from a reputable merchant meant the product price and quality were satisfactorily guaranteed, compared with an unknown merchant.

During the Focus Group discussion, merchant reputation was regarded as more influential than the redress procedures available. Consumers had no high expectation on the availability of redress because they did not believe it was necessary, for example, when buying from merchants that already had good track records and when it involved inexpensive purchases that were likely to cause insignificant loss. Furthermore, consumers were aware that to seek redress was difficult and there was no benefit in relying on redress. Thus, instead of worrying about the detail of what redress procedure was available, consumers were more concerned whether they could trust the merchants to deliver their purchases satisfactorily.

Similar to what was found in the Focus Group discussion, consumers interviewed also suggested that a good reputation to be more important than redress procedures available. They believed that a merchant’s reputation was an unbiased pre-purchase influence. At least it was safer to purchase from a reputable merchant who already established the identity and credibility than the availability of redress. As a result, consumers were likely to trust a merchant with a good reputation than a merchant with a poor or no reputation.

To further confirm the importance of merchant reputation that emerged from Focus Group discussions, the reviewed literature provides some evidence to strengthen the findings. The study by Lee, Ang and Dubelaar (2005) has established that trustworthiness leads to a good reputation, which is particularly
important in online purchasing due to inherent uncertainty associated with online transactions. For example, good merchant reputation helps to convince a consumer’s decision process by serving as a signal of quality, especially when they make judgements on merchant performance and the product and services (Keh & Xie 2009). Previous literature also sought to maintain that recommendations and evaluation from peers can be seen as a key element to promote merchant reputation (Qu, Zhang & Li 2008; Josang, Ismail & Boyd 2006) and increasingly influences consumer confidence to purchase online (Lee & Ma 2012; Garbarino & Strahilevitz 2004). Several studies also show that merchant reputation is composed of elements like beliefs and trustworthiness, which in turn reduce consumers’ general perceptions of risk (Pavlou & Gefen 2004; Ba & Pavlou 2002, Pavlou & Gefen 2005).

In summary, merchant reputation has been deemed important as it cannot be easily created or traded within a short time. However, its importance is even more critical in online purchasing as consumers have fewer ways, compared with traditional physical stores, to examine the products or to evaluate the merchant before purchase. A traditional physical store can at least convey store image by location and storefront. Without such indications, online consumers have to rely more on merchant reputation. As a result, consumers showed more concern regarding their peers’ experience with merchants than the availability of redress, especially the merchants’ past success and their ongoing performance. In this regard, merchants need to pay particular attention to creating reputation and converting reputation to be one of the key influences on consumer confidence and trust to purchase online.

### 6.4 Product price and availability

The findings from the Focus Group discussions show that redress did not seem to have any influence on consumer online purchasing decisions, when lower price was offered and when unlimited product selection was available.

**Focus Group 1**

Purchase price had a great influence on consumer decisions to purchase online, especially when they can benefit immediate cost savings from the low price offered. Consumers appeared to be more risk tolerant and they were prepared to
take on a purchase consequence when the prices were very low. For example, Consumer FG1-4 related a recent experience on online hotel booking. He said:

First, you paid then they will tell you what the hotel is…There is a website that operate mainly in the Unites States, where all of the offers are kind of only at the area and I stayed at a very nice place like Intercontinental on the goldmine in Chicago for USD80 or 90 for a room that usually started for USD300 plus. They have renovated the place and were absolutely a fantastic hotel with art décor and one of the most pleasant places that I have stayed there (Consumer FG1-4).

Consumer FG1-4 shared another experience what he believed consumers get what they paid for. He noted:

One thing that I want to add on the bookdepository.co.uk that on couple of occasions I got books that look a little damaged and the wrapping may be not good as other prices but the price was so good that I thought was you know they have to save somewhere (Consumer FG1-4).

From the experiences reported by Consumer FG1-4, consumers were prepared to accept all the outcomes of the purchase because it involved a low purchase price. Consumer FG1-1 related a similar experience. Because the hotel price offered was really cheap, he showed little concern when there was a minor issue with the view. He noted:

It was a corner room overlooking the school next door and I didn’t care because it was cheap. The room was comfortable with a nice kitchen much more important to me than the view, and had a washing machine and a dryer…(Consumer FG1-1).

Consumers shared the same viewpoints that a low purchase price had a significant influence on their decisions to purchase online. However, the concerns about the influence of redress on consumer purchasing decision do not
appear in detail during the discussion. Consumer FG1-5 reinforced the concern of redress can be of least influence in this situation. He said:

I don’t think it (redress) is necessary to be visible when presenting the overall experience to the first time buyer. When I go online to purchase from the merchant, the first thing that interests me: first the product; and second how fast to get it and how expensive is it going to be. Finally - that is way at the end of the list - what my redress options are. I don’t judge a vendor based on their redress policy (Consumer FG1-5).

Focus Group 2

Consumers agreed that product availability had a significant influence on their decisions about where to buy and whom to buy from. Consumer FG2-2 related a personal experience about buying shoes online internationally because to purchase locally was not the best option. She said:

Basically if I go to David Jones (department store) mostly for the Italian shoes, but the range that they brought into Australia starts from 36 and I got this small foot so sometimes it can go to 34 ½, which Australia doesn’t bring in. Even when I talked to the sales assistants at David Jones or Myer (Department store), they told me to buy online because there is no way they are going to bring anything smaller…Another thing is Chanel Handbag. Australia only brings in probably 30% of the season and they got limited colours… So if you want that particular colour then you have to buy online (Consumer FG2-2).

As shown in the responses reported, product availability allows consumers to uncover more buying options from different merchants and the opportunity to look for a better bargain. In responding to Consumer FG2-2’s experience, Consumer FG2-4 claimed that to purchase online was the only possible way to get what she wanted and to have an immediate access to the desired products. She noted:
I had the reverse with shoes and that’s what I am going to say because they have all the small sizes and I need a bigger size. So I actually have to buy a man’s version and again the option was to go online and get them…wanting to get what I want. If I want something that I can’t get in the store I will pay what I have to pay online to a certain degree… If you were wearing size 6 to 14 you are fine. I can’t find fat clothes and it doesn’t have it so I would go online and I can find all sorts of fat clothes and all sorts of styles. So it is the convenience and the product availability...

(Consumer FG2-4).

Consumer FG2-4’s experience illustrated that to purchase online was not because she knew or trusted the merchant. Instead it was because the merchant had what she wanted. Consumer FG2-5 also shared his viewpoint in the discussion. He reiterated that to purchase online not only allowed him to uncover a vast selection of products but also to enjoy better prices offered from various merchants. He encouraged consumers to take advantage of this benefit that allowed them to enjoy a huge cost saving. He said:

Price is always the factor - don’t get me wrong - and more than a driver than anything else, but is not why I shop online. It is a big factor like I buy Alpher Mier parts for 1998 car. I am giving the example of a clutch slave cylinder online, which is AUD130 and the only one that I can get in Australia, was AUD260 (Consumer FG2-5).

I went past the shops and they have a pair of AUD400 dollar shoes on the window and I thought that was outrageous... So I thought I’ve got to be able to do better than that. I went down to David Jones and have a look at it and they have a pair of shoes in there from Lord (Brand of the shoes) and I didn’t like those one. So I went up to McClare (shop) a further and tried them all on…I took the size back and I bought it online. I couldn’t get it in Australia apart from five times the price. So I bought the Lord
shoes handmade online from England for AUD100 landed in Australia... (Consumer FG2-5).

It was noticeable that the purchasing options had the advantage to offer consumers with low price. For example, Consumer FG2-3 explained that her decision to purchase online internationally was due to product availability. She said:

I didn’t think about this, but an Irish dancing dress bag…I have to get it online from New Zealand. The reason that is only available here (NZ) is because they are all unique, supposedly. But there is a huge choice obviously and it is much cheaper to buy them (in New Zealand) - they are really expensive here (Australia)… (Consumer FG2-3).

In another situation when the purchase options were incredibly limited and product was scarce, consumers reportedly paid a higher purchase price just to satisfy their immediate need for the product. As a Star Wars fan and a collector, Consumer FG2-6 illustrated a contrasting point of view. He noted:

Star War memorabilia...There was this Lightsaber used by Luke Sky Walker and you couldn’t get it anywhere. So there was online for a price about AUD500 I think. I knew that because you couldn’t get it in Australia. That’s why I had to have it (Consumer FG2-6).

Apart from enjoying access to a larger product range, consumers in this study agreed that immediate cost savings due to cheaper purchase price was also an important consideration. This cost saving benefit reflected why consumers were price-conscious in deciding where to purchase. As consumers commented online their purchasing decision was responsive to low price offers. Both Consumer FG2-1 and FG2-2 commented that:

You measure the price and you want the best but you also don’t want to spend too much. So you look at the price difference (Consumer FG2-1).
Textbooks are more than half of the price, if I am going down to get it from the bookshop, but from Amazon.com it is like 50% difference. Even if you pay for the postage it is still cheap (Consumer FG2-2).

The discussions further suggested that access to a large range of product allowed consumer to enjoy the convenience of shopping online because of unlimited purchase options, to choose and to find what he/she likes the most. Consumer FG2-5 said:

In online they (merchants) don’t put in that what you would like. So the bottom line of this is you can see the world resource is in front of you and you can identify what exactly that you want and get that, not what David Jones thought what you might like to have this season (Consumer FG2-5).

Consumer FG2-1 also talked briefly that she purchased a mobile phone online because it was about convenience. She claimed the price was very much similar to what a physical shop offered, except to purchase online was much easier and she could do it from home. Consumers FG2-4, who also preferred to do shopping in their own time and place, agreed with Consumer FG2-1’s statement. Consumer FG2-4 said:

Absolutely, my local shopping centre is Chadstone shopping centre. I hate the place so I will avoid and if I can sit at my desk or sit at home to do my shopping online and done. I don’t have to go anywhere…I can do it at my leisure (Consumer FG2-4).

Discussion

Both the Focus Groups discussion and the consumer interviews discussion on ‘product price and availability’ (p 99 in Chapter 4) supported that lower product price and access to a large range of product were the essential influence on consumer decisions to purchase online. This then confirms that over time price and the availability of products remain the key influences on the decision of consumers to purchase online.
Product price is one of the incentives that have a significant influence on the consumer decision at the point of online purchasing. Therefore the benefits gained from low prices were greater than perceived risks and consumers were willing to proceed with the purchase. Consumers rely more on price in making a quality judgement, for example, based on their past purchase experiences consumers considered there was a trade-off between the price paid and the quality of the product received. The findings from the interviews also show that price sensitive consumers were attracted by an instant cost savings. The findings were consistent with the existing studies that suggest consumers take advantage of online purchasing because they enjoyed immediate cost savings from the lower purchase price offered (Close & Kukar-Kinney 2010; Chevalier & Goolsbee 2003; Reibstein 2002). Zhou, Dai and Zhang (2007) argue that online consumers are price oriented, concerned with buying products at the lowest price.

Therefore, if the price was low then any perceived risk and absence of redress were not a major concern to the consumers. Under low price, one is less likely to carefully read the redress policy or to have less concern with the perceived risk because it is of lower personal relevance (i.e. insignificant loss), hence, the availability of redress had a lesser or limited influence on consumers’ trust and confidence. In addition, redress was a complicated procedure and consumers were not optimistic about how redress could help to improve purchase confidence or trust in merchants. As well, redress was inadequate to have any influence on product price. Concerning perceived risk, a prior study from Dowling and Staelin (1994) has shown that price was closely related to perceived risk, which refers to consumers’ perception of the uncertainty of purchasing a product and service. In other words, the lower the price a consumer has to pay for a product, the lower risk a consumer is likely to perceive from the purchase (Ba & Pavlou 2002).

Product availability was also raised by consumers interviewed. Consumers decided to buy online because the products were not available locally and the purchase options were limited. Purchasing online increases consumer bargaining power because purchase options from various merchants are often accompanied by competitive prices. On the contrary, the Focus Group discussion also showed that if purchase options were limited and the product was urgently needed, then
consumers were prepared to pay a higher price and they showed little interest in purchase confidence, trust and even redress. It can be argued that this happens due to the circumstances such as time pressure and consumer’s particular need that makes the consumer less price sensitive. If a consumer is not subjected to time pressure, not seeking time saving, a rational response would be to do more searches in order to get a cheaper price.

Consistent with the findings, studies by Rotem and Salomon (2007), Levin, Levin and Heath (2003), and Brynjolfsson, Hu and Smith (2003) show that online purchasing offered consumers a large number of selections that allowed them to choose from whom to buy. Prior research has shown that a wide product selection could be associated with greater satisfaction because it increases the probability of a perfect match between consumer’s preference and available alternatives (Lancaster 1990). Therefore one of the motivations to purchase online included the importance of an online store’s increased availability of a wide range of products (Ganesh et al. 2010; Forsythe et al. 2006).

In summary, this study shows that when the price is low it has a positive impact on the likelihood of purchase, and, when the price is high it has a negative impact on the likelihood of purchase. It can be argued that price sensitive consumers may be the least loyal and they had little interest in redress. This is because the consumers who come for the low prices are just as likely to go to another site the next time around if it happens to offer low prices, regardless of the availability of redress. While some earlier research concluded that consumers were more concerned about redress and perceived risks than benefits, the current findings suggest that the availability of redress and risk concerns are diminishing with increased online purchasing benefits, such as product price and availability becoming increasingly important.

6.5 Shipping cost and delivery time

In Focus Group 2 discussion, consumers were more concerned with the shipping issue in online purchasing than the subject of redress, particularly shipping cost and delivery time frame.
Focus Group 2

Consumers related that shipping cost and delivery time both had a great influence on their decisions to purchase online. The responses suggested that the decisions to purchase online often involved the trade-off between the cost of shipping and how fast the purchase can be delivered. Consumer FG2-1 said:

I agree shipping and how fast I am going to get it and how much I am going to pay for is a big thing. I just bought some stuff before from the States. [Consumer FG2-2] and I split the shipping cost because it may be USD 50 or USD 60, something like that. We have saved the big amount on the purchase to divide the shipping by two. USD60 that’s not so bad and it came from the States within 3 days…. So that is the thing that I look at - how much is it going to cost me and how long is going to take me (Consumer FG2-1).

Consumer FG2-5 shared his experience that sometimes the decision to purchase, or not to purchase, had strong ties with these two concerns (shipping cost & time). He said:

Yes, sometimes that’s absolutely amazing. I would like some of the Galactic car posters…But it was like AUD80 for 4 weeks or 6 weeks of shipping and I think that is absolutely nuts. When I knew that I was travelling to U.S and I know which hotel that I am staying at and I am going to ship that to the hotel (Consumer FG2-5).

More importantly, merchants who had failed to fulfil the shipping promises made, would, as a consequence, likely cause a serious influence on the consumer purchase experience. Consumer FG2-1 noted:

I have used them (cufthing.com) for couple of years, had no problem with them…normally I was having those experiences where I paid the ridiculous USD40 pair for cufflinks to be shipped and get to me within two days, so I had no problem with
that. This last order that I placed two weeks before the birthday, thinking heaps of time, and they didn’t arrive. I email, and email, and email and another week passed and finally someone emails me back and said it was due in two weeks. That’s five weeks since I ordered them and you charged me nearly USD50 to send it. That’s absurd… (Consumer FG2-1).

Consumers were aware that in a brick and mortar store, a product can be taken from the store immediately after a purchase, hence, shipping and handling fees was not an issue. However, when purchased online, a product can easily take weeks to be delivered, unless consumers were willing to pay extra shipping fees in order to expedite the delivery. Alternatively, consumers can opt to purchase directly from any physical store, especially if the product was urgently needed. Consumer FG2-4 said:

It depends on the item. Recently I bought a mixer from Amazon.com and I know I am not going to make a cake in the next three weeks and I will buy from them and it is about 60% cheaper than I would get it from Myer. But if I want to get a laptop or computer, I would go into the store and buy it (Consumer FG2-4).

As well Consumer FG2-3 discussed when she decided not to buy online because she needed the product immediately and online purchase was not a viable option. She said:

I don’t plan well and I don’t know when the kids are going to grow and then suddenly I notice them and I know none of their clothes fit so I have to get clothes…I always go out (buy from physical store) but I would buy them online if I could plan better. If I knew when they are going to grow and if I actually have some attention detail I can see their clothes don’t fit (Consumer FG2-3).
Discussion

Shipping cost and delivery time is one of the issues that did not emerge in the initial interviews with consumers because it was not raised by the interviewees. Similarly the consumers in Focus Group 1 did not raise it. It can be argued that the types of products or services purchased by the consumers in Focus Group 1 were mostly digital products and e-services that can be delivered online, for example music, eBooks, e-tickets, games, hotel booking etc. Therefore the shipping fees and delivery time were not part of the concern when purchasing online.

Shipping cost and delivery time were interrelated and both had an important influence on consumer decisions to purchase online. The discussion showed that it was a critical decision to take into account how much a consumer was prepared to pay for the shipping when purchasing online. One of the main objectives to purchase online was to enjoy cost savings by paying a cheaper price. As a result, consumers may decide to withdraw from purchasing online, especially if seeing excessive shipping fees increase the total cost of the order. This is because when the shipping fees are high, consumers tend to believe that shipping fees are used as a means to increase merchant profit margin rather than simply as the cost of the shipping the products to the consumers. As a result, consumers were reluctant to believe that having products shipped to them is a service worth paying for.

Shipping fees, like promotions, are an element of price. However, many merchants usually specify their own rules on shipping fees. Consumers may see shipping fees as a great rip-off by merchants. For example, merchants may list a low base price of the product but increase the shipping fee so the store’s product may look attractive in the price comparison sites. Sensitivity to shipping charges had a direct influence on consumers’ satisfaction, perceived value, and purchase decisions.

Conversely, if free shipping was offered then consumers were less likely to abandon their shopping carts and discontinue the purchase process. Free shipping is a prime factor to increase consumers’ acceptance and to motivate them to buy from the online merchants. This is because the perceived benefits associated with free shipping influenced their decisions to continue with the purchase. For example, Amazon.com and eBay have been practising a free shipping policy in
Unites States with a minimum order amount. Even *Wal-Mart.com* and *barnesandnoble.com* decided to offer free or flat shipping as their competitive strategies to attract and retain those consumers who are sensitive to shipping fees (Kukar-Kinney & Close 2010; Close & Kukar-Kinney 2010). This promotional shipping rate may encourage consumers to purchase without the worry of having to pay excessive shipping fees. In addition, to better compete with other online merchants, pricing for shipping has become an important strategy for an online merchant to differentiate himself/herself from the others (Yao & Zhang 2012).

In the online purchasing environment, consumers can rely on peer recommendations or search and compare the shipping cost for the same or related products. After taking into account the total cost of the online order, including the shipping fees, if they exceed the costs associated with buying from a traditional store, the consumer may decide to purchase from an offline store so any unnecessary shipping and handling fees can be avoided. The findings in the Focus Group discussion are consistent with the studies by Smith and Brynjolfsson (2001), Lewis et al. (2006), PayPal (2008) and Mulpuru et al., (2010), which found that consumer online purchasing decisions are responsive not only to the product prices. Consumers are also sensitive to shipping charges and it is one of the main reasons consumers abandon their online shopping cart and decided not to continue with the purchase (Lueker 2003; Magill 2005).

Focus Group discussions also showed that consumers prompted to take advantage of a cheaper price could save shipping costs, but there is a trade-off because the delivery time might be longer than usual. If consumers are subject to time constraint, the speed of delivery is a real concern. Consumers often experience low satisfaction because of poor fulfilment of on-time delivery. For those who are time sensitive or need the product immediately then a more feasible decision was to buy offline. However, the trade-offs also depend on the types and urgency of products consumers purchase. For example, waiting for a delivery of books ordered may have less impact on consumers’ decision and concern, but waiting for a delivery of a personal computer or a Smartphone may greatly affect consumers. Therefore the types of products should result in different values on product delivery time.
Consistent with the findings, a study by Koyuncu and Bhattacharya (2004) shows that a delay or late delivery is one of the reasons that discourages consumers from online purchase. A longer delivery time not only causes dissatisfaction from the products consumers have purchased, but also creates concern among consumers because they worry about whether they will get what they want (Liu & Wei 2003). Besides late delivery, consumers also have to cope with some inconvenience in wasting time and effort to make a rearrangement for the delivery so they will not miss the package (Hsiao 2009). The expenses of both money and time relevant to consumers’ online purchasing activities, will have a major impact or change in their purchasing mode choices, because consumers value delivery time when deciding to purchase online (Farag et al. 2007).

This study shows that the availability of redress was not discussed or raised in the Focus Group discussions because consumers were more concerned about the shipping fees as a price component that increased the total purchase cost but did not necessarily add to the core value of the product. Shipping fees were more essential in winning consumers than the availability of redress. Moreover, in online purchasing, consumers do not deal directly with the merchant and to have immediate possession of the product purchased online was difficult. Therefore, this lack of physical access and also the time lag between purchase and product delivery caused consumers sensitive to merchant trustworthiness, increased uncertainty and frustration, and stopped consumers from purchasing online.

### 6.6 Enjoyable purchasing experience

Consumers in Focus Group 2 had the view that online purchasing was an enjoyable experience and fun. They enjoyed the fun and excitement where they usually do not received it from offline merchants.

**Focus Group 2**

Consumers discussed the joys of online purchasing that had successfully attracted their attention and subsequently influenced their decisions to purchase online. Both Consumer FG2-4 and FG2-6 commented that:
…For example there is a site that I used to call dealstraight.com.au and I usually buy things for my dogs. I have a numbers of dogs. They like to rip their blanket off on a daily basis so I constantly buy more bedding for them. And you got ‘oh look at that’ and now they send me e-mail every day the 40 top deals of the day. I diligently will look at them and thinking I don’t need this but I am going to look at it anyway. They know how to suck you in (Consumer FG2-4).

There’s several websites like bargainoftheday.com.au or less.com.au that midnight to midday have got new products and it’s only available for one day…when at the stage of run out the sign flashes…going, going. Oh God! Do I really need it? But it doesn’t look really important. If other people are buying it so it must be running out so I got to have it. This worked me out a few times. Now I can’t and I just don’t go to those websites. It still comes through the e-mails but I have to resist it, don’t open! Don’t open! (Consumer FG2-6).

Consumers believed that online purchasing was an entertaining experience and that was how they were influenced to buy what they sometimes considered as an unnecessary purchase. Consumer FG2-4 noted:

…and that’s what it does to get people to buy. I know there is a site called deepfun.com and you see all the stuff like 5 seconds to go and … you like ‘oh someone else is bidding…and you were thinking do you want to put in a bid and get them’…no…no. So it is crazy (Consumer FG2-4).

Consumer FG2-5 mentioned about offline shopping was not his preference. He preferred to go online shopping, especially on eBay because he enjoyed the excitement. Consumer FG2-5’s experience suggested that it was more than the product or the price that he was really satisfied with. It was the process and outcome of the purchase that consumers enjoyed. He said:
I stayed up at night late to watch the end of the auction for something to see whether I want it or not. When is getting closer and 30 seconds to go…is like a horse racing you were like ‘Yes’ if you won the bid. You couldn’t pay for that price (fun and excitement) and it was fantastic (Consumer FG2-5).

However, the perspectives from Consumer FG2-5 do not appear to reflect a general agreement from Consumer FG2-3. She found that doing online purchasing, especially through eBay was time consuming and certainly it never had been her first choice. She noted:

…I say something like “I think I like that and I don’t know if I got it”. I hate that idea of an auction and I like when I am going to buy something, the price is nice, I go in and I get it. There is something about the auction that is exciting, but not for me. I don’t like shopping so that having to watch and then try…. I do not see the point. …I recognized to spend 3 hours and this is an extraordinary amount of time for me to buy one item. And just what was the point? (Consumer FG2-3).

Following the analysis of the viewpoints collected from the Focus Group participants, the responses suggested that sometimes consumers purchase decisions were overwhelmed by the online shopping excitement and fun. Consequently, consumers were paying more than what was offered offline because to win the bid and to own the product was the satisfaction. Consumer FG2-3, FG2-1 and FG2-3 shared the same viewpoints and commented that:

That’s when the price that I reckon is interesting. That’s your trumpette that somebody bought that they could have bought at K-Mart for a cheaper price than they actually got it online. But the price got rolled up in the bidding and suddenly the bid’s just gone up…more expensive than brand new (Consumer FG2-3).

Ya, because eBay is the auction and is a game that makes you excited…I sold some stuff on eBay for more than what I bought them for. They just get convenience…people on eBay they don’t
go out shopping so they don’t know about the price in the shop and they just assume this is the cheaper. I have seen toys for the kids on eBay that was more expensive than K-Mart or Big-W. I know because I have been around the shops…They just caught in the game of bidding (Consumer FG2-1).

I saw that this item that I put on watch that you could get from David Jones or Myer. At that time when the auction was on it actually stated the recommended retail price is like AUD25. At the end of the auction someone bid it up to AUD150 plus AUD10 postage. I don’t know what the person was thinking (Consumer FG2-2).

Those examples explained that consumers paid for a higher price because instinctively they were influenced by the excitement, not necessarily because of a cheaper price offered.

**Discussion**

The enjoyable purchasing experience was another issue highlighted in Focus Group 2 discussion that did not emerge in the interviews with consumers because it was not included in the interview questions as there had been previously raised as an issue in past research, and because the interviewees did not raise it when they discussed the reasons what influenced their decisions to shop online. Similarly, it was also not raised by the consumers in Focus Group 1. It can be argued that the fun and entertaining purchasing experience had more influence on consumers in Focus Group 2, who purchased mostly physical products, for example, books, toys, electronic appliances, clothes, pet accessories, cycling gears etc.

Consumers were attracted to purchase online because they enjoyed the personal emotional, fun and entertaining online purchasing experience and process. This enjoyment was linked to consumer attitude and behavioural intention towards online shopping (Ahn et al., 2007). Therefore, the successes of online purchasing also depend in part on the successful provision of a more entertaining purchasing experience that exerted an important influence on consumer attitude and decision to purchase. The more often consumers returned to an online merchant, the more
enjoyable the purchasing experience tended to be for those consumers. In the analysis of enjoyable purchasing experience, the availability of redress and merchant trustworthiness showed little influence on consumer online purchasing decisions. This is because merchants had successfully captured consumer purchase interest and satisfaction through the buying process and not through redress procedures. The perceived entertaining experience is considered one of the key factors in increasing an ongoing purchasing relationship toward the merchants. Consistent with the studies by Jayawardhena and Wright (2009), and Arnold and Reynolds (2003) they show that hedonic motivation is related to as a form of entertainment, excitement and fun, which affects consumers’ attitudes toward online purchasing. Prior literature also confirms that entertainment was a further component that allowed consumers to feel the experience of enjoyment, and would consequently convince consumers that the overall online purchasing experience was more satisfactory (Kim & Eastin 2011; Luo 2002; Wolfinbarger & Filly 2001).

The Focus Group discussion also showed that consumers often engage in impulse purchasing, with relatively rapid decision-making and little reflective thinking, which resulted in unnecessary spending. This happened because the excitement and fun in online purchasing were hard for consumers to resist. It increased online purchase intensity and the likelihood of consumers buying experiential products. They were actually paying for the entertaining and exciting online purchasing processes. Consistent with this study, Lim and Hong (2004), and Lee et al., (2009) argue that hedonic shopping motives influence consumers to make an unintended, unreflective, and immediate purchase in online shopping, known as impulse buying (Jones et al., 2003). For example, consumers who engaged in online auctions were not necessary price sensitive. Consumers used online auction to find rare and unique products that were not available offline or locally. As a result, when the bidding duration got longer and continued, consumers’ desire to win the auction was stronger and this has resulted in over-bidding for the auction products. Referring to excitement in online auction, studies by Standifird et al., (2005), and Peters and Bodkin (2007) also show that engaging in purchasing through online auction increases the enjoyment experience by offering and stimulating consumers with the thrill of bidding, and intensifies the desire of beating competitors and the excitement of winning. This high level of intrinsic enjoyment experienced by
consumers may reflect a loss of their sense of purchase objective, distorted while online, and also a loss of concern about redress.

In summary, online purchasing more than just discovering new products, also offers pleasure and impulse buying. In fact, online purchasing has gained importance as an entertaining shopping medium that enables the consumers to enjoy the whole new transaction process. Moreover, the concern of the availability of redress, online purchasing confidence and trustworthiness were not mentioned in this study. Therefore, the enjoyment and emotional response can be considered important influences in retaining the existing consumers and the attraction of new or potential consumers.

6.7 Summary

The Focus Groups confirmed that consumer decisions to purchase online were influenced by factors other than the availability of redress. These factors are merchant reputation, product price and availability, enjoyable purchasing experience, and shipping cost and delivery time.

The Focus Group discussions also confirmed that consumers consider merchant reputation as more important than the availability of redress when purchasing online because reputation is built on trustworthy behaviour. Reputation carries more weight than the redress referrals. At least a merchant with a good reputation will be reluctant to damage their image by pursuing opportunistic behaviours. Previous research showed that reputation had an important role in online purchasing (Resnick & Zeckhauser 2002; Koufaris & Hampton-Sosa 2004), especially to convince consumers whom to trust when purchasing online (Resnick et al. 2000). It is a source of information that helps to reduce uncertainty in consumer decisions to purchase online.

The Focus Group discussions also confirmed that low product price and greater product availability had a strong influence on consumers’ decisions to engage in online purchasing. When the benefits gained from lower prices and access to a broader selection of products outweighs the risk, consumers are not only shown to be more risk tolerant, but consumers also exhibit little concern about redress. A
study by Change (2009) has shown that price was an influential factor in drawing consumers to purchase online. For example, low prices had attracted the most price sensitive consumers (Reibstein 2002). Previous research also showed that consumers saw online purchasing sources as a convenient way to purchase because they could access more products with a greater range of selections (Levin, Levin & Heath 2003).

Shipping cost and delivery time frame were issues uncovered the Focus Groups discussions. Previous research has highlighted that shipping fees are often hidden in the product price (Otim & Grover 2006). Both shipping cost and delivery time frame were shown to have significantly influenced consumer decisions in online purchasing. A study by Dinlersoz and Li (2006) showed that shipping fees were among the important strategies that influence consumer decision to purchase online. This is because the overall cost of the final order may discourage or stop consumers from purchasing. A study by Schaupp and Bélanger (2005) showed that online consumers were impatient about long delivery times. Therefore, to satisfy consumers in a competitive online purchasing environment, prompt delivery was important (Liu et al., 2008). A delivery delay not only caused dissatisfaction, but also created uncertainty about the product because there was a distance between a consumer and merchant (Campbell & Walker 2010) and consumers cannot touch or examine the products before purchase. The Focus Group findings show that consumers were twice as sensitive to how much they could save from shipping and on-time delivery compared with the availability of redress.

Another issue, which emerged in the Focus Groups data, was that consumers were excited to purchase online because they were attracted to the interactivity and fun in the online purchasing experience. This supported findings in previous studies by Chiu, Chang, Cheng, and Fang (2009) and Kim, Fiore and Lee (2007) who showed that enjoyment was an important determinant of consumers’ purchase and repurchase intention in online shopping. This is because consumers expected to find more fun and excitement in online purchasing than they do when purchasing in offline environments (Childers et al. 2002). This high level of excitement and intrinsic enjoyment produced positive attitudes, which in turn influenced consumers to lose sight of the importance of the availability of redress.
Finally, the Focus Groups findings confirmed that responsive and effective complaint handling had a significant influence on consumer confidence and trust in merchants. Previous research also showed that difficulty in seeking redress had caused consumers to distrust merchants and lose confidence to purchase online (Kuo et al. 2011; Crie 2003), as consumers perceived they had little protection and the purchase risks were high. Studies by Black and Kelley (2009) and Gustafsson (2009) showed that effective and responsive complaint handling enhanced consumers’ purchasing confidence and could reinstate merchant trustworthiness for consumers in the online purchasing decision.

The Focus Groups confirmed that the availability of redress had some influence on consumers when purchasing online, albeit apparently indirectly, through trust. Consumers had more confidence to purchase from merchants with an established reputation, which was supported by positive feedback and recommendations from peers. In this case, consumers showed little concern about the availability of redress because it offered no assurance of their purchasing satisfaction and they were therefore unlikely to buy from the merchants if there was no trust. Likewise, the consumer participants in the Focus Groups also confirmed that accessibility to more buying options and cheaper product prices had more influence on them engaging in online purchasing. Confidence and trust in merchants were shown to be more influential than the availability of redress.

The Focus Groups further confirmed that the important role of redress only arose for consumers when problems occurred in the transaction. Therefore the availability of redress had only an indirect influence on consumer confidence and trust when purchasing online. Likewise, analysis reported in consumer interviews showed that redress did influence trust in merchants, only as an afterthought. When situations arose where redress was significant, it became an important element in future purchasing online. Redress appeared to have an indirect influence on the decision to purchase online. Analysis of the merchant interviews also showed that redress only arose as an issue for merchants, when problems occurred in transactions and when this then subsequently affected merchant trustworthiness and responsibility. In that case, redress was needed to pacify
consumers or to respond to the problems. It is argued then that redress had only an indirect influence on merchants in their facilitating online purchasing.

In summary, the Focus Groups confirmed that, product price and product availability directly influenced consumer decisions to purchase online. This also confirmed that, merchant reputation had an indirect influence on consumer decisions to purchase online. Although shopping convenience was mentioned in the study but this only occurs when it was associated with product availability. The Focus Groups data added the direct influence of shipping cost and delivery time, and of enjoyable online purchasing experiences (highlighted in Fig 6.1).

Based on the relations among the five key themes which emerged from the Focus Group discussions are then defined and explored. Together with the analysis reported in consumer interviews showed that redress did influence trust in merchants, only as an afterthought and analysis of the merchant interviews also showed that redress only arose as an issue for merchants, when problems occurred in transactions. This Focus Groups data analysis further confirmed that redress had only an indirect influence on consumer confidence and trust, which then affected their decision to purchase online. The data analysis also confirmed that merchant reputation and merchant integrity had a direct influence on consumer confidence and trust in online purchasing. The analysis confirmed that there was an indirect influence of trust on product price, product availability, shipping cost and delivery time, and enjoyable online purchasing that influenced consumer decisions to purchase online (see Fig 6.1). The more influential factors identified in the Focus Groups are highlighted in red.
The next chapter will discuss the research outcomes in the context of the theoretical and practical contributions of these results, and potential directions for future research.
Chapter 7 Conclusion

7.1 Introduction

This research explored how the availability of redress procedures influences consumer decisions to purchase online. This particular topic has been of some research interest in conventional (offline) business activities and it has been widely accepted that redress is an important influence on consumer trust in that environment (Yuksel, Kilinc & Yuksel 2006). However, in the online environment the research is less still lacking. The aim of this research was to investigate how the availability of redress was perceived as an influence on the decision to purchase online from the perspectives of both online consumers and online merchants. The essential research question asked here was:

_How does the availability of redress procedures influence consumer’s decision to purchase in B2C e-business?_

This chapter summarises the outcome of this study, indicates its contributions, explains its limitation and proposes potential future studies following this research.

7.2 Research outcomes

The availability of redress appears to be not as significant as previously thought or as in a conventional (offline) business environment. Though it has an indirect influence in the purchasing decision, other factors seem to have more important roles in the purchasing decision and to have a more direct influence on consumers in their decisions to purchase online (see Fig 7.1). The model in Fig 7.1 is a representation of the research outcomes derived from the data analysis in this research. It provides a summary which differentiates the direct and indirect influences of the decision to purchase online and shows the indirect influence of redress.
Figure 7.1 – Influence of Redress on Consumer Decisions when Purchasing Online

The model in Fig 7.1 shows the availability of redress has more impact on consumer confidence and trust than on the decision itself to purchase online; especially, if and only if, one of the three circumstances is required by consumers: accessible & effective complaint handling, risk free purchase transaction or merchant’s accountability. This also demonstrates that the influence of the availability of redress is indirect in its impact on merchant reputation and integrity.

Price and product availability seem to be more important direct influences on consumers’ decisions to purchase online, while shipping costs, delivery time and the enjoyment of shopping online have a lesser weight yet still directly influence consumer online purchase decisions rather than redress. Three factors - merchant reputation, the role of risk and ensuring purchase fulfilment - were shown to directly influence consumer confidence and trust then impact the consumer’s decision to purchase online, rather than the decision itself. The availability of redress was shown to have an impact only in three circumstances.
7.2.1 Purchasing circumstances when redress matters

This research concludes that the availability of redress can and does indirectly influence consumer confidence and trust in B2C online purchasing and therefore impacts on their decision to purchase, if and only if, one of three circumstances happens:

1. When problems occur in the online purchasing process and subsequently consumers required immediate access to an effective complaint handling procedure. In this situation, if redress was not available, or consumers had to face complicated procedures, inaccessible merchants or a lack of support from the merchants, consumers were likely to lose confidence and trust in online merchants. They would exit the transactions and not return for future purchases because redress had failed them. However, this research also shows that these situations were less likely to be an issue when lower prices were part of the consumer decision. The consumers in this research stated that often the value of goods was rarely high enough to force the issue of compensation or redress of funds. This suggests that the availability of redress becomes an issue only when the consumer actually wants accessible and immediate complaint handling procedures to seek compensation. In the three years between the first set of interviews with consumers and the Focus Groups of consumers in this research, attitudes were shown to be changing. There was less emphasis on redress, except if a price was high. It can be suggested that because online purchasing is growing and consumers have more buying power they are selecting the best price offered. There are more choices available online and price comparisons are easier. However when prices for goods are high, especially for certain types of more luxury goods, then consumers want protection against faulty goods or where good delivered does not match the descriptions advertised.

2. When risk is perceived to be present in the purchasing process consumers require a protection from financial loss; the availability of redress was needed when there was an identified need on the part of merchants to offer assurance and guarantee to consumers that their purchase transaction is risk-free and they are well protected. Consumers displayed less concern when the purchase
outcomes were assured, fair and certain. However, this context does not seem to apply across all cases as it tends to be tempered by product price, availability and fast delivery at a reasonable fee. This is because consumers who were sensitive to lower product prices, and wanted products that were only available online or could be delivered quickly, tended to be less risk averse. As risk always exists in online purchasing, consumers were cautious and would not commit to online purchasing only when high price was an issue. They regularly assessed what protections were made available to them. This is consistent with previous study, which indicates that online purchasing always involves risks that consumers are always concerned about (Fisher & Chu 2009; Kim & Kim 2005). Similarly, this finding is also consistent with other studies by Liao and Shi (2009), Kim, Ferrin and Rao (2008), Featherman and Pavlou (2003), and San Martin and Camarero (2009) who found that perceived risk negatively influences consumer confidence to purchase online.

Other research has also shown that consumers see that the availability of redress is a reliable assurance in online purchasing to compensate and/or assist consumers to exercises their rights when online transaction failures occur (Commission of the European Community 2008; Tang 2007; Shalhoub 2006).

3. When redress initiatives are offered it allows consumers to assess the merchant’s accountability, such as displaying their responsibility, genuine attitude and professional experience in offering a safer and satisfactory online purchasing fulfilment. Consumers appear to have more confidence and trust when merchants initiated their extra effort and commitment to listen and respond when problems occur. However, the accountability needed to be preceded by adequate redress procedures. The availability of redress helps to convince consumers that merchants are not denying their accountability to deal with complaints (Magnini et al. 2007; Liao 2007; Bloemer et al. 2008; DeWitt et al. 2008), fulfil transactions and assure consumer best interests (Hess & Story 2005; Kingshott & Pecotich 2007). This study shows that whilst this was a perceived issue by consumers generally, real in purchase transactions only became an issue when the value of the good purchased was high.
7.2.2 Factors influencing consumer’s confidence and trust

The study also showed that the availability of redress indirectly impacted both merchant reputation and their integrity, but both reputation and integrity of merchants had a direct impact on trust. It also found that low risk purchasing transactions and the assurance of purchase fulfilment had a direct influence on trust as part of the role of trust as a key influence on the decision to purchase online.

Merchant reputation supported by peer recommendations and feedback appears to wield a significant influence on consumers’ purchasing confidence and trust. As such consumers in this research were more confident in buying from merchants with a good track record than what the availability of a satisfactory redress strategy could offer. Other studies show that reputation is regarded as one of the important supports to trust and influences consumer purchasing decisions (Keh & Xie 2009; Utz, Matzat & Snijders 2009; Josang, Ismail & Boyd 2007). This research supports this argument showing that merchant reputation directly influences trust rather than directly influences the decision to purchase online. Other studies by Kau and Loh 2006, and Edwards and Wilson (2007a) argue that redress helps to substantiate merchant reputation and redress is a strategic tool to enhance business reputation (Chang et al., 2009). Again this was partially found to be the case in this study. The real effect of redress on merchant reputation was found to be very much related to trust.

Other issues also emerged related to the risk of problematic transactions. Merchants believed that a low risk purchase transaction could only be achieved through proper security measures, particularly with reference to secure payments and order processes. Merchants were certain that effective security measures were the right approach for retaining consumer confidence and trust. From the merchants’ perspective, certain form of security is needed to protect consumers therefore ensuring the attractiveness of online purchasing. Such attitude has also been supported in the literature. Kim, Ferrin and Rao (2008) and Chang and Chen (2009) show that in general security concerns have a strong influence on consumers’ trust that this then affects their intention to purchase online (Kim, Steinfield & Lai 2007; Lian & Lin 2008). Tsai and Yeh (2010), and Lee (2009)
also support a view that security measures have some direct influence on consumer’s perceived risk in online environment. As indicated by consumers interviewed in this study however, a secure and low risk purchase is not necessary due to sophisticated security payment methods and order processes. Instead consumers tend to see the availability of redress was more important and had a stronger influence on their trust and confidence.

Merchants believed that meeting consumers’ initial online purchase expectations and delivering satisfactory fulfilment was a compulsory task that any merchant must accomplish and they must be able to give consumers what they want, when they want it, and how they want it. This research showed that the availability of redress was mostly, but not always an effective way for merchants to ensure satisfactory purchase fulfilment when things were not as expected. Sometimes other factors like the enjoyment of shopping online or getting access to a variety of new products were more important for the consumer. Wang, Chen and Jiang (2009) show that having a satisfactory purchase experience had a significant impact on consumer confidence to engage in online purchasing. This is consistent with the finding of Oliver (2010) who suggests that consumer satisfaction is influenced by the perception of having a satisfying fulfilment in the purchasing transaction experience.

7.2.3 Factors influencing consumer’s decision to purchase

This study found that product price, product availability, shippings costs and delivery time, and having fun and an enjoyable purchasing experience directly influenced the consumers decisions to purchase online in the same way that trust does. It found that consumer’s decisions to purchase were essentially influenced by the immediate total cost savings. Consumers showed little concern about the availability of redress and tolerate potential risks associated with the purchase. This showed that the consumer decision to purchase online was mainly to benefit from the lower price, and disregard any potential risk in the purchasing endeavour. This is consistent with previous studies by Rotem and Salomon (2007), and Chang (2009), who suggest that prices are not only the first, but also one of the final determinants in the decision-making to purchase online.
Similarly, when purchasing options (product availability) are limited and products are needed immediately, consumers are prepared to take risks and source the product from an unknown and remote international online merchant. In this case, the availability of redress procedures was insignificant to them, especially if there was only one site offering the product. The consumers in this research noted that their major concern was getting access to a large range of products. They believed that this increased availability of product choice and increased the probability that their needs would be met and satisfied. A study by Brynjolfsson, Hu and Smith (2003; 2010) has shown that the availability and a large range of products represents a positive influence on consumer to purchase online, in particular, for products that they could not easily locate or purchase through physical stores.

This research also revealed that both perceived expensive shipping costs and long delivery times had significantly influenced consumer to continue with, or to withdraw from, an online purchasing process. This is consistent with previous studies. Koukova et al., (2011), Dinlersoz and Li (2006), Brynjolfsson (2001), PayPal (2008), Mulpuru et al., (2010), and Wonham (2011) also reported that online consumers were sensitive to shipping charges and one of the main reasons consumers abandon their online shopping carts. Long delivery times or delays discourage consumers from purchasing online (Koyuncu & Bhattacharya 2004; Liu et al. 2008; Hantula & Bryant 2005; Hsiao 2009).

Enjoyable online purchasing experiences appear to have positively influenced consumers’ purchase intentions. Rather than real satisfaction with the product or price, for some consumers, on some occasions, it was the buying process and outcome that they enjoyed. Consumers in reality were paying for the excitement, not always because the purchase was necessary. To shop online was considered a form of entertainment, excitement and fun, and this is a further component of online shopping (Kim, Kim & Park 2010; Childers et al. 2002; Luo 2002; Wolfinbarger & Filly 2001; Reynolds 2003). Lim and Hong (2004), Kim, Fiore and Lee (2007), and Lee et al., (2009) suggest that excitement and fun influence consumers to make an unintended, unreflective, and impulse purchase in the online environment. The excitement also caused consumers to lose their concern of the important of the availability of redress.
This study found that for some consumers there was a high tolerance for bad or slightly damaged goods when their value is relatively low. However, there was a clear concern that redress needed to be available for high value goods. For some consumers, there seem to be an understanding that online purchasing is a fun and social experience, trying something new, and willingness to accept risks that purchases might not be fulfilled to the extent they expected.

### 7.3 Contribution of the research

This research has contributed to the body of knowledge by building an understanding of how the availability of redress procedures influences consumer decisions to purchase in online environment. It addresses the lack of an explicit theory and understanding of redress in current B2C e-business research community and business practice.

From a practical standpoint, this research identified a number of circumstances potentially important as influences of redress, which are: accessible and effective complaint handling, risk free purchase transaction and merchant’s accountability, and the relative impact of each on consumer trust and their decisions to purchase online. Such understanding may allow online merchants to better incorporate the availability of redress into their business strategies by focusing on the three circumstances identified in this study. More specifically, regarding the perceptions of consumers about redress, online merchants should pay particular attention to them to understand how to use this redress as a last resort or an opportunity to investigate problems that occurred. Merchants can thus develop a better understanding about consumer satisfaction and relationships, can help to retain consumer trust and can also enhance their business reputation and integrity.
7.4 Limitations

Limitations of this particular study include the following:

- The interpretive methodology used in this study aims to produce findings that provide in-depth insights and understanding into a particular phenomenon. This study is therefore not a basis for generalizable explanations. Participants were self-selected from the population and were not a random sample; findings are not generalizable to all online consumers and merchants. The researcher coded the data and interpreted the findings according to his own background, understanding, knowledge, and experience. Although there was sufficient evidence from different groups of participants (consumers and merchants) and literature that supported and confirmed the findings, they are nevertheless subject to the researcher’s bias, beliefs or assumptions. Other researchers wanting to replicate this study may generate different outcomes. The objective of interpretive methodology used in this study is not to generalise to populations but to generate theory, which can be tested, by positivist researchers in future studies, or provide confirmatory evidence of existing theory (Fig 7.2).

- The small sample size and the self-selected nature of participants means that the findings are not generalizable to represent overall online consumers and merchants. Additionally, a larger and more diverse sample size may uncover additional themes and provide a more in-depth understanding for future research.

- The environment for the research was mainly in an academic (university) setting for the consumer’s side. While in many aspects, this environment is conducive toward online shopping environment, it needs to be recognised that they represent a specific segment of online consumers in terms of product and frequency of purchased.

- The majority of the participants in the online consumer interviews were university students. Student samples, classified as a group of non-workers, may show behaviour patterns that are different from those working groups/adults situated in a mandatory environment. The use of university
students may be criticised as one of the methodological drawbacks. This is because the effects of the respondents’ education tended to be homogeneous as they were all university students. Some may argue that students fundamentally differ from the rest of the population. However, university students are characterised as potential adopters in the use of Internet and they are the major group to engage in online shopping (Ma & Ma 2012; Zimmer, Arsal, Al-Marzouq & Grover 2010). Hence, the use of university students as studying samples should be more accurately reflected to the target population than general online shoppers.

- General bias in analysis may occur in participants’ recounting their experiences, concerns, and understanding of redress in online purchasing. Often these experiences were selective and details or confidentiality may be (deliberately or unintentionally) altered and deleted. Also, in some cases, interviewees may be tempted to give the socially desirable response rather than describe or explain what they really think and do as pointed out by Peterson & Kerin (1981). The recollection of the selection and implementation process, described in Chapters 3, is the researcher’s narrative of the events that occurred in this process. It is the researcher’s interpretation of the story as told by the participants interviewed. In a hermeneutical approach this asks the researcher to engage in a process of self-reflection. Therefore, the subjective role that the researcher had in the analysis of data must be addressed to highlight that bias rather than make assumptions that it did not affect the study. It is important to emphasize that it is not possible to completely eliminate one’s biases, or set them aside (Strauss & Corbin 1998).

### 7.5 Future research

This study has enabled us to better understand the important role of redress in online purchasing. While we know the circumstances of when redress is needed and the factors that influence the consumer’s decision to purchase and their relationship to these circumstances, more questions have arisen which require further research and investigations. These include:
A set of hypotheses can be developed (see Fig 7.2) to test the relationships between the factors that emerged from this research to further assess the results. Using surveys sent out to a large number of online consumers and merchants will allow a greater number of participants to be involved thus may increase the generalizability of the results.

Figure 7.2 Structured Model

Differences between the international contexts remind us about potential cultural differences. The differences that exist in terms of culture, attitude, ethnicity and nation have not been discussed here. All these might impact on the role of redress on consumer confidence and trust in online purchasing. Previous research discussed in Chapter 2, has not addressed this fuller and this research indicates that there is probably a relationship. For this reason, applying identified research constructs into further within country and a cross-country analysis, as comparative study may be useful. For example, whether earlier findings remain consistent for online purchasing in Asia.

This research showed that the influence of redress was treated differently in the same context from two different perspectives, online consumer and online merchant. Future research needs to explore the reasons why. The results are
anticipated to enrich the existing knowledge and understanding of the importance of redress between consumers and merchants in online purchasing.

- Finally, a different study with online consumer participants drawn from more diverse backgrounds, and/or those with less online purchase experience may be useful as a different generation and age group of consumers are coming to the online market. It would also benefit future research to include groups of online consumers with different purchasing power, and distinctions between expensive and inexpensive purchase transactions. Such studies will address how these responses and interpretations differently affect the important role of redress in online purchasing.

### 7.6 Conclusion

Instead of relying on the research that was limited and unconfirmed, and unproven empirical model. This research successfully developed a theory that has conceptualized the influence of redress on consumer confidence and trust, which then affects consumer decisions to purchase online. The theory was developed through personal interviews of those online consumers and merchants who participated in this research, who have experienced redress, were influenced by redress, demanded redress, believed in redress or who chose to disregard redress, and further confirmed by Focus Groups to incrementally conceptualized consumer perspective related to the influence of redress. This theory can help to shift the attention of researchers and practitioners from the adoption of redress to further explore accessible and effective complaint handling systems, risk-free purchase transactions and merchant’s accountability, and their influence on consumer confidence and trust in online purchasing.

There were variations in the factors that offered different explanations and understanding of the indirect influence of redress on consumers and the role of redress in online purchasing. However, the indirect influence of redress was clearly played out through three central circumstances.

1. When problems occur in online purchasing process and subsequently consumers require an immediate access to a complaint handling system;
2. When risk is perceived to be present in the purchasing process then the availability of redress policy and/or procedures is required by consumers to guarantee that they are well protected from financial loss; and

3. When redress initiatives are offered that allow consumers to assess the merchant’s accountability in offering satisfactory online purchasing fulfilment

In conclusion, consumers whose confidence and trust was influenced by redress were those who had a heightened awareness that they demanded redress because: firstly, problems had to be resolved; or secondly, they required support in their online purchasing decision-making. As suggested earlier, if most purchases were fulfilled satisfactorily, then consumers were likely to have no concern about redress. Redress would then have a less influential role in consumer trust and online purchasing.

The research findings drawn from the different research approaches (Interviews and Focus Groups) used in this study provide a holistic and explicit model of redress that will enable the research community and practitioners to further explore the phenomenon. They will also obtain a deeper understanding of the influence and role of redress in online purchasing in the future.
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Appendix A - Consumer Interview Questions

Online Buying Experience & Background

1. How long have you been buying product online?
2. How regularly do you shop online?
3. On average, how much do you spend per transaction?
4. What types of product do you purchase online?
5. How much would you estimate you have spent on online shopping in the past 12 months?
6. How many transactions have you made over the past 12 months?
7. When was the last online purchase you made?
8. Which online merchant (site) you purchase from regularly, local merchant (site) or international merchant (site)?
9. How did you pay for your product purchased online?

Perspective and Behaviour in Online Transactions.

1. When shopping online, would you have more trust buying from a reputable merchant?
2. What is the most important factor in trusting a reputable merchant?
3. What is the most important factor influencing your online purchase locally and internationally?
4. Are you familiar with what action could be taken if you are dissatisfied or encounter a problem with the transaction with the online purchase?
5. If a merchant (site) has a good refund and return policy, will you make more purchases from the site?
6. Generally, refund and return policies vary among merchant (site) and have complicated terms and conditions. Do you still go ahead and purchase from an online merchant even if you do not understand it fully?
7. If you come across a well established return and refund policy does it give you confidence to purchase from this merchant (site)?
8. Will you purchase from a merchant (site) if it did not have a refund and return policy?

9. If every online shopping merchant (site) focus on consumerism (i.e. you get what you bought or you get your money back and a proper channel to complain), would you shop more from the online merchant (site)?

10. Do you have any concerns with the current online payment methods?

**Awareness and Responsiveness in Online Transaction Failures.**

1. How many times have you encountered a problem when making purchase online (product didn’t arrived, merchant policies not honoured…etc)? What did you do regarding this problem?

2. Will you please give a brief description of any particular reason if you choose not to complain when you are dissatisfied with the transaction/product?

3. What types of dissatisfaction/complaint services are commonly known to you in online shopping?

4. Do you think dissatisfaction/complaint service from merchant (site) could influence your online shopping intention?

5. Would a satisfactory complaint service win your trust in online shopping?

6. Will you buy again from the same online merchant (site) if dissatisfaction/complaint service was effectively provided?

7. Dissatisfaction/complaint service has a direct control on the level of trust that will further influence your intention/decision in making a purchase online. What is your opinion?

8. Based on your (If you have a) positive experience with the dissatisfaction/complaint service, how likely are you to buy from the merchant (site) again? Would you recommend this merchant (site) to a friend?
9. If you are concern about perceived risks when making a purchase online. What types of dissatisfaction/complaint service do you expect from businesses in order that you could respond positively to online transactions?

10. Based on your online shopping experience, what extent of control do you have in online shopping?

11. What types of protections do you think are needed in payment methods that will further enhance your trust?
Appendix B - Merchant Interview Questions

Merchant Experience and Background.

1. How long have you been operating this online business?

2. What are the main products that you sell?

3. Where do you sell the products? Locally or worldwide?

4. On average, how many transactions do you have in a week?

Perspective of Trust in Online Transactions.

1. Do you believe that consumers purchase more from a trusted and reputable merchant?

2. What in your opinion is the most important factor influencing consumer trust in online business?

3. If consumers are dissatisfied or encounter a problem with the online purchase. What actions or procedures are available to consumers?

4. Do you think an effective return and refund policy will encourage consumers to make more purchases from your site?

5. A return and refund policy is an opportunity to compensate dissatisfied consumers and with the trust. Do you agree?

6. Do you consider refund and return policy is a type of complaint service?

7. Do you have any concern with the current online payment methods?

Perspective and Attentiveness to Dissatisfaction/Complaint.

1. What types of complaints or compensations do you commonly encounter from consumers?

2. Will you please give a brief description of any particular reason if complaint services (i.e. return & refund policy) failed to resolve the problem?
3. Do you think complaint services could influence consumer purchase intention?

4. Do you find complaint services will make a significant contribution to online business trust?

5. In your point of view, how do you describe complaint services that are sufficient to enhance consumer trust?

6. Do you think a positive strategy for consumer complaints is essential in online business?

7. When setting down the complaint services (i.e. return & refund policy). How do you determine it is an appropriate or it will serve the objectives?

8. Complaint services (i.e. return & refund policy) is an opportunity to gather consumer feedback and develop strategies/policies to re-establish trust. Do you agree?

9. Consumers are always concerned about perceived risks in making an online purchase. If a proper complaint services are being offered do you think it is a guarantee that consumers will respond positively?

10. What types of complaint services are essential in online business in order to enhance consumer trust?
Appendix C - Focus Group Questions

Online Buying Experience & Background

1. Do you shop online?

2. How long have you been shopping online?

3. How frequently do you shop online? i.e. once a week, once a month or 2 to 3 times a week/ a month etc…

4. On average, how much do you spend on each purchase?

5. What types of products or service do you purchase online?

6. How much would you estimate to have spent on online shopping in the past 12 months?

7. How many purchases have you made over the past 12 months?

8. When was the last online purchase you made?

9. Which online merchants (site) do you purchase from frequently, local merchant (site) or international merchant (site)?

Focus Group Questions

1. Consumers constantly perceived risks exist in online shopping and protections were always limited. What do you see from the merchants’ efforts to initiate redress can assure you a risk free online shopping? How will this enhance trustworthiness and confidence to purchase?

2. Do you see that offering redress support help to establish merchant professional accountability and commitment in online shopping? How will this influence consumer purchase confidence and trust in merchant?

3. Merchant’s reputation founded on positive customer recommendations and feedback significantly overwhelm consumer confidence to purchase. This positive reputation is more important than what redress can offers. What do you think?
4. Attractive (cheap) prices and product availability can overwhelm consumer purchase decision and to disregard the role of redress offered. What do you think?

5. Have you ever thought about complaining or seeking compensation from the merchants but decided not to complaint as you felt that the merchant would not do anything about it. Tell us about it.

6. What role should the merchants have in addressing consumer concern about unsupportive complaint actions?

7. What does accessible and efficient complaint-handling mean to you?

8. An accessible and efficient complaint handling is what redress need to have, especially to regain consumer trust and to retain their purchase confidence with the merchants. What do you think about that?
Appendix D – Plain Language Statement (Interview - Consumer) 2008

INVITATION TO PARTICIPATE IN A RESEARCH PROJECT
PROJECT INFORMATION STATEMENT

Project Title:
The Role of Redress in Consumer Online Purchasing

Investigator:
Mr. Chin Eang Ong

Supervisors:
Professor Mohini Singh (Former). Email: mohini.singh@rmit.edu.au. Phone: +613 9925 1355
Dr. Pradip Sarkar. Email: pradipta.sarkar@rmit.edu.au. Phone: +613 99251580

Dear Participant,

You are invited to participate in a research project being conducted by RMIT University. This information sheet describes the project in ‘plain English’. Please read this sheet carefully and be confident that you understand its contents before deciding whether to participate. If you have any questions about the project, please ask one of the investigators.

Who is involved in this research project? Why is it being conducted?
Person that is involved in this research is Chin Eang’ Ong, a PhD Research student who is the investigator of this study which is being conducted as a requirement for his PhD degree through RMIT University. Chin Eang’ Ong is the interviewer who will be conducting the interview in this study.

This project has been approved by the RMIT Human Research Ethics Committee. The study is being conducted to investigate whether redress (i.e. compensation/return & refund policy) is an essential element that will enhance consumer trust in conducting purchase in B2C e-business environment.

Why have you been approached?
You have been identified to meet the characteristics and criteria of an online consumer. Also, you are 18 years old and above with online purchasing capability.

What is the project about? What are the questions being addressed?
The intent of this research is to provide consumers, businesses and practitioners with an understanding of redress supporting trust in B2C e-business. Therefore, it seeks to determine:

- What types of redress are needed in B2C e-business?
- How does the role of redress impact on consumer trust in B2C e-business?
- Is the relationship(s) between the role of redress and consumer trust building and retention in e-business important?
- What are the benefits e-businesses could gain from redress in the B2C arena?
- Will consumers who are concerned about perceived risks susceptible to redress and respond positively to e-business transactions?
If I agree to participate, what will I be required to do?
You will be invited to take part in an interview that will take approximately 40 minutes. The interview will be held either at the School of Business IT & Logistics, RMIT University, or at an alternative venue of your choice. Your interview response will be digitally recorded (audio recording) for data analysis purposes if you agree. However, you may request for the audio recording interview to be terminated at any stage during the interview.

What are the risks or disadvantages associated with participation?
There are no perceived risks. If you are unduly concerned about your responses to any of the questionnaire items or if you find participation in the project distressing, you may choose to withdraw.

What are the benefits associated with participation?
Sharing the findings with you will give you an understanding of what redress in B2C e-business is. Your participation in this project will enable me to complete this very important and unexplored area of trust in B2C e-business.

What will happen to the information I provide?
Information will be kept confidential and the data will be archived in a locked cabinet in the investigator's office in the School of Business IT & Logistics, RMIT University, for a period of 5 years upon completion of the project before being destroyed in a secure manner (all information will be shredded prior to disposal). Your anonymity will be respected at all times if you wish to remain anonymous. Any information that you provide can be disclosed only if (1) it is to protect you or others from harm, (2) a court order is produced, or (3) you provide the researchers with written permission".

The recording of the interviewees will be accessed for transcription and analysis by Chin Eang’ Ong. The results of the data collected will be analysed for PhDs’ thesis, and for the publication of papers in academic journals and presentation at conferences.

What are my rights as a participant?
As a participant you have the following rights:

The right to withdraw your participation at any time, without prejudice. The right to have any unprocessed data withdrawn and destroyed, provided it can be reliably identified, and provided that so doing does not increase the risk for the participant. The right to have any questions answered at any time.

Whom should I contact if I have any questions?
If you have any questions regarding this research please contact:

Investigators:

Yours Sincerely

Mr. Chin Eang’ Ong (PhD Candidate)
Address: RMIT University,
School of Business IT and Logistics
Building 80, Level 9, 445 Swanston Street,
Melbourne, 3001, Vic, Australia
E mail: chineang.ong@rmit.edu.au
Phone: + 613 99251629

Any complaints about your participation in this project may be directed to the Secretary, Portfolio Human Research Ethics Sub Committee, Business Portfolio, RMIT, GPO Box 2476V, Melbourne, 3001. The telephone number is (03) 9925 5594. Email address rdu@rmit.edu.au. Details of the complaints procedure are available from the above address or http://www.rmit.edu.au/council/hrec
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Why have you been approached?
You have been identified to meet the characteristics and criteria of an online business (i.e. e-merchant). For example, your virtual storefront listed with the Melbourne Online Shopping directories, www.shopsafe.com.au, and shopbot.com.au your virtual storefront is competent to execute online transactions (i.e. selling products and accepting payments).

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If I agree to participate, what will I be required to do?
You will be invited to take part in an interview that will take approximately 40 minutes. The interview will be held at either your place of business, if this would be preferable. Your interview response will be digitally recorded (Audio recording) for data analysis purposes if you agree. However, you may request for the audio recording interview to be terminated at any stage during the interview.

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Professor Caroline Chan. Email: caroline.chan@rmit.edu.au. Phone: +61 3 9925 5808
Dr.Pradip Sarkar. Email: pradipta.sarkar@rmit.edu.au. Phone: +613 99251580

Dear Participant,

You are invited to participate in a research project being conducted by RMIT University. This information sheet describes the project in ‘plain English’. Please read this sheet carefully and be confident that you understand its contents before deciding whether to participate. If you have any questions about the project, please ask one of the investigators.

Who is involved in this research project? Why is it being conducted?
Person that is involved in this research is Chin Eang’ Ong, a PhD Research student who is the investigator of this study which is being conducted as a requirement for his PhD degree through RMIT University. Chin Eang’ Ong is the interviewer who will be conducting the interview in this study.

This project has been approved by the RMIT Human Research Ethics Committee. The study is being conducted to investigate whether redress (i.e. compensation/return& refund policy) is an essential element that will enhance consumer trust in conducting purchase in B2C e-business environment.

Why have you been approached?
You have been identified to meet the characteristics and criteria of an online consumer. Also, you are 18 years old and above with online purchasing capability.

What is the project about? What are the questions being addressed?
The intent of this research is to provide consumers, businesses and practitioners with an understanding of redress supporting trust in B2C e-business. Therefore, it seeks to determine:

• To understand (i) the influence of redress on consumer trust and confidence to purchase in B2C e-business transaction and (ii) the importance of the role of redress in that process.

If I agree to participate, what will I be required to do?
You will be invited to take part in a focus group discussion that will take approximately 60 minutes. The focus group will be held RMIT University. Your interview response will be digitally recorded
What are the risks or disadvantages associated with participation?
There are no perceived risks. If you are unduly concerned about your responses to any of the questionnaire items or if you find participation in the project distressing, you may choose to withdraw.

What are the benefits associated with participation?
Sharing the findings with you will give you an understanding of what redress in B2C e-business is. Your participation in this project will enable me to complete this very important and unexplored area of trust in B2C e-business.

What will happen to the information I provide?
Information will be kept confidential and the data will be archived in a locked cabinet in the investigator's office in the Business IT & Logistics, RMIT University, for a period of 5 years upon completion of the project before being destroyed in a secure manner (all information will be shredded prior to disposal). Your anonymity will be respected at all times if you wish to remain anonymous. Any information that you provide can be disclosed only if (1) it is to protect you or others from harm, (2) a court order is produced, or (3) you provide the researchers with written permission.

The recording of the interviewees will be accessed for transcription and analysis by Chin Eang' Ong. The results of the data collected will be analysed for PhDs' thesis, and for the publication of papers in academic journals and presentation at conferences.

What are my rights as a participant?
As a participant you have the following rights:

The right to withdraw your participation at any time, without prejudice. The right to have any unprocessed data withdrawn and destroyed, provided it can be reliably identified, and provided that so doing does not increase the risk for the participant. The right to have any questions answered at any time.

Whom should I contact if I have any questions?
If you have any questions regarding this research please contact:

Investigators:

Yours Sincerely

Mr. Chin Eang’ Ong (PhD Candidate)
Address: RMIT University,
School of Business IT and Logistics
Building 80, Level 9, 445 Swanston Street,
Melbourne, 3001, Vic, Australia
E mail: chineang.ong@rmit.edu.au
Phone: + 613 99251629

Any complaints about your participation in this project may be directed to the Secretary, Portfolio Human Research Ethics Sub Committee, Business Portfolio, RMIT, GPO Box 2476V, Melbourne, 3001. The telephone number is (03) 9925 5594 or email address rdu@rmit.edu.au. Details of the complaints procedure are available from the above address or http://ww.rmit.edu.au/council/hrec
Appendix G – Consent Form

RMIT HUMAN RESEARCH ETHICS COMMITTEE

Prescribed Consent Form for Persons Participating in Research Projects Involving Interviews, Questionnaires, Focus Groups or Disclosure of Personal Information

PORTFOLIO OF
SCHOOL/CENTRE OF

Business Portfolio

School of Business IT & Logistics

Name of Participant:

The Role of Redress in Consumer Online Purchasing

Project Title:

Name(s) of Investigators: Chin Eang’ Ong

Phone: 9925 1629

1. I have received a statement explaining the interview/questionnaire involved in this project.

2. I consent to participate in the above project, the particulars of which - including details of the interviews or questionnaires - have been explained to me.

3. I authorise the investigator or his or her assistant to interview me or administer a questionnaire.

4. I give my permission to be audio taped: Yes No

5. I give my permission for my name or identity to be used: Yes No

6. I acknowledge that:

(a) Having read the Plain Language Statement, I agree to the general purpose, methods and demands of the study.

(b) I have been informed that I am free to withdraw from the project at any time and to withdraw any unprocessed data previously supplied.

(c) The project is for the purpose of research and/or teaching. It may not be of direct benefit to me.

(d) The privacy of the information I provide will be safeguarded. However should information of a private nature need to be disclosed for moral, clinical or legal reasons, I will be given an opportunity to negotiate the terms of this disclosure. If I participate in a focus group I understand that whilst all participants will be asked to keep the conversation confidential, the researcher cannot guarantee that other participants will do this.

(e) The security of the research data is assured during and after completion of the study. The data collected during the study may be published, and a report of the project outcomes will be provided to (researcher to specify). Any information which may be used to identify me will not be used unless I have given my permission (see point 5).

Participant’s Consent

Name: _______________________________________ Date: ________________

(Participant)

Name: _______________________________________ Date: ________________

(Witness to signature)

Where participant is under 18 years of age:

I consent to the participation of _______________________________________ in the above project.

Signature: (1) _______________________________________ Date: ________________

(2) _______________________________________ Date: ________________

(Signatures of parents or guardians)

Name: _______________________________________ Date: ________________
(Witness to signature)

Participants should be given a photocopy of this consent form after it has been signed. Any complaints about your participation in this project may be directed to the Executive Officer, RMIT Human Research Ethics Committee, Research & Innovation, RMIT, GPO Box 2476V, Melbourne, 3001. Details of the complaints procedure are available at: http://www.rmit.edu.au/rd/hrec_complaints
<table>
<thead>
<tr>
<th>Consumer</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sex</td>
<td>Male</td>
<td>Male</td>
<td>Male</td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>Age</td>
<td>25-30</td>
<td>25-30</td>
<td>35-40</td>
<td>25-30</td>
<td>25-30</td>
</tr>
<tr>
<td>Years of experience shopping online</td>
<td>10</td>
<td>6</td>
<td>8</td>
<td>6</td>
<td>10</td>
</tr>
<tr>
<td>Regularly shopping online</td>
<td>Once every two weeks</td>
<td>Every two months</td>
<td>Once a month</td>
<td>Whenever there is need, festival season &amp; holiday</td>
<td>Weekly or twice a week</td>
</tr>
<tr>
<td>Average spend per transaction</td>
<td>AUD50</td>
<td>AUD100</td>
<td>Over AUD50</td>
<td>AUD50–250</td>
<td>AUD 20-30 (Australia purchase) AUD30–40 (International purchase)</td>
</tr>
<tr>
<td>Types of product purchase</td>
<td>Electronics, CD, DVD &amp; Clothes</td>
<td>Electronic and clothes</td>
<td>DVD, Action figures, book, software</td>
<td>Books, CD &amp; DVD</td>
<td>Clothes, skin care &amp; PC accessories</td>
</tr>
<tr>
<td>Total spent online shopping past 12 months</td>
<td>AUD2000</td>
<td>AUD400</td>
<td>AUD300</td>
<td>AUD300–350</td>
<td>USD300-400</td>
</tr>
<tr>
<td>Total transactions made past 12 months</td>
<td>40</td>
<td>3 to 4</td>
<td>3 to 4</td>
<td>4</td>
<td>20</td>
</tr>
<tr>
<td>Last online purchase made</td>
<td>October 2008</td>
<td>3 months ago</td>
<td>A month ago</td>
<td>3 months ago</td>
<td>A month ago</td>
</tr>
<tr>
<td>Purchase made locally/internationally</td>
<td>Local</td>
<td>Local</td>
<td>Local and International</td>
<td>International</td>
<td>Local &amp; International</td>
</tr>
<tr>
<td>Payment method</td>
<td>PayPal &amp; credit card</td>
<td>PayPal &amp; bank transfer</td>
<td>PayPal &amp; credit card</td>
<td>Debit Card</td>
<td>PayPal</td>
</tr>
<tr>
<td></td>
<td>6</td>
<td>7</td>
<td>8</td>
<td>9</td>
<td>10</td>
</tr>
<tr>
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<td>------------</td>
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<td>-----------------</td>
</tr>
<tr>
<td><strong>Sex</strong></td>
<td>Female</td>
<td>Male</td>
<td>Male</td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td><strong>Age</strong></td>
<td>25-30</td>
<td>40-45</td>
<td>25-30</td>
<td>25-30</td>
<td>25-30</td>
</tr>
<tr>
<td><strong>Years of experience shopping online</strong></td>
<td>5</td>
<td>11</td>
<td>9</td>
<td>7</td>
<td>12</td>
</tr>
<tr>
<td><strong>Regularly shopping online</strong></td>
<td>Twice a month</td>
<td>6</td>
<td>Weekly</td>
<td>Once every two months</td>
<td>Once in every two months</td>
</tr>
<tr>
<td><strong>Average spend per transaction</strong></td>
<td>AUD20 -30</td>
<td>AUD100</td>
<td>AUD100</td>
<td>AUD 40 (most expensive purchased AUD340)</td>
<td>AUD20 – 30</td>
</tr>
<tr>
<td><strong>Types of product purchase</strong></td>
<td>Clothes, books &amp; shoes</td>
<td>Laptops (once) and books</td>
<td>Grocery, books, software, airline ticket</td>
<td>Varies product CD, DVD</td>
<td>Books &amp; digital devices</td>
</tr>
<tr>
<td><strong>Total spent online shopping past 12 months</strong></td>
<td>AUD300</td>
<td>AUD400-600</td>
<td>AUD5000 (Including flight ticket)</td>
<td>AUD450</td>
<td>AUD200</td>
</tr>
<tr>
<td><strong>Total transactions made past 12 months</strong></td>
<td>15-20</td>
<td>6</td>
<td>30</td>
<td>5-6</td>
<td>6</td>
</tr>
<tr>
<td><strong>Last online purchase made</strong></td>
<td>4 months ago</td>
<td>2 to 3 months ago</td>
<td>A day ago</td>
<td>Last week</td>
<td>2 months ago</td>
</tr>
<tr>
<td><strong>Purchase made locally/internationally</strong></td>
<td>Local &amp; International</td>
<td>Local &amp; International</td>
<td>Local (cheap shipping cost)</td>
<td>Local &amp; International</td>
<td>Local (internal shipping costly)</td>
</tr>
<tr>
<td><strong>Payment method</strong></td>
<td>Bank Transfer</td>
<td>Credit Card</td>
<td>PayPal &amp; Credit card</td>
<td>Credit card</td>
<td>PayPal &amp; Credit card</td>
</tr>
<tr>
<td>Consumer</td>
<td>11</td>
<td>12</td>
<td>13</td>
<td>14</td>
<td>15</td>
</tr>
<tr>
<td>----------</td>
<td>----</td>
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<td>----</td>
<td>----</td>
<td>----</td>
</tr>
<tr>
<td>Sex</td>
<td>Female</td>
<td>Male</td>
<td>Female</td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>Years of experience shopping online</td>
<td>4 – 5</td>
<td>7-8</td>
<td>2</td>
<td>6-7</td>
<td>2</td>
</tr>
<tr>
<td>Regularly shopping online</td>
<td>One or twice a month</td>
<td>Once a month</td>
<td>Once every three month</td>
<td>3-4</td>
<td>One or twice a month</td>
</tr>
<tr>
<td>Average spend per transaction</td>
<td>AUD5 to 10 (cheap item) up to AUD500 (expensive item)</td>
<td>AUD100 - 150</td>
<td>AUD50, highest was AUD200</td>
<td>AUD100</td>
<td>AUD100</td>
</tr>
<tr>
<td>Types of product purchase</td>
<td>Varies widely (perfume, jewellery, car sound systems, etc)</td>
<td>Electronic devices</td>
<td>Shoes, accessories, presents, jewelleries, concert tickets</td>
<td>Shoes &amp; sport jersey</td>
<td>Jewellery, accessories, cosmetics</td>
</tr>
<tr>
<td>Total spent online shopping past 12 months</td>
<td>AUD2000 - 3000</td>
<td>AUD1000</td>
<td>AUD300 to 400</td>
<td>AUD300</td>
<td>AUD500-600</td>
</tr>
<tr>
<td>Total transactions made past 12 months</td>
<td>30 to 40 at least</td>
<td>7-8</td>
<td>6</td>
<td>2-3</td>
<td>30</td>
</tr>
<tr>
<td>Last online purchase made</td>
<td>2 weeks ago</td>
<td>2 months ago</td>
<td>3 months ago</td>
<td>2 months ago</td>
<td>A month ago</td>
</tr>
<tr>
<td>Purchase made locally/internationally</td>
<td>Local and international</td>
<td>International</td>
<td>Local</td>
<td>International</td>
<td>Local (mainly) &amp; International (product availability)</td>
</tr>
<tr>
<td>Payment method</td>
<td>PayPal and credit card</td>
<td>PayPal, credit card &amp; bank transfer</td>
<td>PayPal &amp; Debit card</td>
<td>Credit card</td>
<td>B Pay, PayPal &amp; Credit card</td>
</tr>
</tbody>
</table>
### Appendix I – Online Merchants’ Profiles and Background

<table>
<thead>
<tr>
<th>Merchant</th>
<th>Number of years operating online business</th>
<th>Product sold online</th>
<th>Online market coverage</th>
<th>Average transaction/order per week</th>
</tr>
</thead>
<tbody>
<tr>
<td>Merchant 1</td>
<td>10 years</td>
<td>11 different departments. Food, wine, electronic, beauty &amp; fashion, sporting goods, books, baby products, flowers. Popular products are electronic &amp; home-ware</td>
<td>Australia and New Zealand</td>
<td>400 on average. Christmas on average 2500 orders per week</td>
</tr>
<tr>
<td>Merchant 2</td>
<td>3 years</td>
<td>Main core business is home automation. Also have the home theatre accessories &amp; security.</td>
<td>Australia</td>
<td>On peak average 40–50 orders. Off peak average 20++ orders</td>
</tr>
<tr>
<td>Merchant 3</td>
<td>5 years but the businesses being around for 24 years</td>
<td>PDA, Smartphone, calculator</td>
<td>Australia</td>
<td>On peak average 200–350 orders. Off peak average 80 orders</td>
</tr>
<tr>
<td>Merchant 4</td>
<td>8 years</td>
<td>Mobile phone, PDA, notebook, pocket PC and accessories.</td>
<td>Australia</td>
<td>On average 35–70 orders a day. Off peak average 40 orders a day. Christmas on average up to 100 orders a day.</td>
</tr>
<tr>
<td>Merchant 5</td>
<td>3 ½ years</td>
<td>Toys (Mainly the Thomas Thank Engine Toy Trains)</td>
<td>Australia</td>
<td>On average 150 orders a week. Peak - Christmas on average up to 250 - 300 orders a week</td>
</tr>
<tr>
<td>Merchant 6</td>
<td>2 years</td>
<td>Perfume</td>
<td>Australia</td>
<td>On average 300 to 350 a week.</td>
</tr>
</tbody>
</table>
### Appendix J (Focus Group 1) - Consumers’ Profiles and Background

<table>
<thead>
<tr>
<th>Consumer FG1-1</th>
<th>Shopping Experience</th>
<th>Frequently shop online</th>
<th>Average spend on each purchase</th>
<th>Types of products or service purchased</th>
<th>Average spend over the past 12 months</th>
<th>Total of purchases made over the past 12 months</th>
<th>Last online purchase made</th>
<th>Online merchants (sites) purchased from – local (site) or international (site)</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 Years</td>
<td>Weekly</td>
<td>AUD 510 to 100</td>
<td>Music (iTunes), books, electronic</td>
<td>AUD 1000</td>
<td>30+</td>
<td>This week (Sometimes In The End of Oct 2011)</td>
<td>iTunes, Amazon, eBay, plus a number of local merchants</td>
<td></td>
</tr>
<tr>
<td>Consumer FG1-2</td>
<td>17 Years</td>
<td>Weekly</td>
<td>AUD 20 to 80</td>
<td>Books, Clothes, Cosmetics, Airline tickets, Hotels, Concert tickets (and gallery etc), Furniture, Music and TV, Gift vouchers, DVDs (rarely), Insurance Donations</td>
<td>AUD 4500</td>
<td>20+</td>
<td>This week (Sometimes In The End of Oct 2011)</td>
<td>Amazon, Ebay Australia, Lastminute.com.au, iTunes, asos.com, various international and local</td>
</tr>
<tr>
<td>Consumer FG1-3</td>
<td>10 years</td>
<td>Weekly</td>
<td>AUD50</td>
<td>Clothes, invitations, music, toys, accommodation</td>
<td>AUD 1200</td>
<td>20+</td>
<td>This week (Sometimes In The End of Oct 2011)</td>
<td>Ebay, itunes, Ralph Lauren, Disney store, Hollister, asos</td>
</tr>
<tr>
<td>Consumer FG1-4</td>
<td>15 Years</td>
<td>Weekly</td>
<td>AUD 50 to 100</td>
<td>Primarily books, DVDs, airfares, hotels</td>
<td>AUD 10,000 (Including airfares, hotels)</td>
<td>30++</td>
<td>Last Week (Sometimes In The Mid of Oct 2011)</td>
<td>ebay, bookdepository, alibris, qantas, booking.com, various hotel web sites</td>
</tr>
<tr>
<td>Consumer FG1-5</td>
<td>5 Years</td>
<td>Monthly</td>
<td>AUD 100</td>
<td>Books, mostly, followed by video games.</td>
<td>AUD 2000</td>
<td>15+</td>
<td>This Week (Sometimes In The End of Oct 2011)</td>
<td>International and Local</td>
</tr>
<tr>
<td>Consumer FG1-6</td>
<td>3 Years</td>
<td>2 to 3 times monthly</td>
<td>AUD 100</td>
<td>Varied from clothing, books, games, flight tickets, booking hotel rooms, train tickets, concert tickets, and sport tickets, apps, music and movies</td>
<td>AUD 3000+</td>
<td>10 to 15 +</td>
<td>Last month (Sometimes In The End of September 2011)</td>
<td>International sites: US sport clothing sites such as Footballfanatics, DR Jay, NBA, NFL, Amazon.com, Local sites: Ticket master, tickettek</td>
</tr>
</tbody>
</table>
Appendix K (Focus Group 2) - Consumers’ Profiles and Background

<table>
<thead>
<tr>
<th>Consumer</th>
<th>Shopping Experience</th>
<th>Frequently shop online</th>
<th>Average spend on each purchase</th>
<th>Types of products or service purchased</th>
<th>Average spend over the past 12 months</th>
<th>Total of purchases made over the past 12 months</th>
<th>Last online purchase made</th>
<th>Online merchants (sites) purchased from – local (site) or international (site)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer FG2-1</td>
<td>13 Years</td>
<td>Weekly</td>
<td>AUD 50</td>
<td>Books, music, grocery, toys, clothes, computer, flights, car rental, accommodation, travel insurance, car and house insurance, flowers, chocolate, cards, concert ticket, shows, studies, phones…</td>
<td>AUD 6000</td>
<td>30+</td>
<td>This week (Sometimes In The 1st Week of Nov 2011)</td>
<td>Amazon, Fishpond, Aussie farmers, Itunes, moonpig, Ticketek/ticketmaster, Ebay, Virgin – local and international.</td>
</tr>
<tr>
<td>Consumer FG2-2</td>
<td>10 Years</td>
<td>5 to 6 times a month</td>
<td>AUD 300</td>
<td>Electronics kitchen appliances &amp; kitchen, computer accessories &amp; parts, DVD movies, CD, health and beauty products, clothes, jewellery, shoes &amp; handbags, movie/theater tickets, books, shop vouches, internet, arts &amp; crafts tools, apps (from iTunes store), patisseries classes, magazine, newspaper, air tickets, road toll, mobile per paid, photos print, travel</td>
<td>AUD 20,000</td>
<td>Lost Count</td>
<td>This week (Sometimes In The 1st Week of Nov 2011)</td>
<td>Local: iTunes (Australian site), TPG, GraysOnline, Savour Chocolate &amp; Patisserie Cooking School, OurDeal, Vogue, The Age, Alannah Hill, Valeria Tolosa, Qantas, Eastlink, Optus, Billy Guyatts, Ticketmaster, Peter’s of Kensington, Hoyts Cinemas, Snapfish, Virgin airline. International: Amazon, Sasa, StrawberryNet,</td>
</tr>
<tr>
<td>Consumer FG2-3</td>
<td>12 Years</td>
<td>Monthly</td>
<td>Anywhere between $60. ($2,500 mainly flight ticket)</td>
<td>Books, Toys, Computer, software, travel – flight and hotel, hobby courses, education, insurance.</td>
<td>AUD 5000</td>
<td>8 to 15+</td>
<td>3 weeks ago (Sometimes In The Mid Oct 2011)</td>
<td>Travel services, Retail books – Local and Most International</td>
</tr>
<tr>
<td>-----------------</td>
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<td>---------------------------------------------------------------------------------</td>
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<td>---------------------------------------------</td>
<td>-------------------------------------------------------------</td>
</tr>
<tr>
<td>Consumer FG2-4</td>
<td>15</td>
<td></td>
<td>It depends on the time of the year and my actual requirements, I might not buy every week but I look for things every week.</td>
<td>Average AUD 200 but can be as lower as AUD 5. Clothing, toys, pet accessories, IT consumables, calendars.</td>
<td>AUDS 5000</td>
<td>40+</td>
<td>This week (Sometimes In The 1st Week of Nov 2011)</td>
<td>Local site: ezibuy, curvacious clothing, deals direct, rivers, wholesale toner.</td>
</tr>
<tr>
<td>Consumer FG2-5</td>
<td>17</td>
<td>Once a month</td>
<td>Books, Cars, Clothing, Music, Car parts, Antiques, Fly-fishing gear.</td>
<td>AUD 3500 to AUD 4000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumer FG2-6</td>
<td>10 Years</td>
<td>Every 2 weeks</td>
<td>AUD 75 – 150 Cycling products, books through Amazon, Star Wars memorabilia, food, clothing</td>
<td>AUD 3000</td>
<td>75</td>
<td>Last Week (Sometimes In The End of Oct 2011)</td>
<td>Wiggle.co.uk, Amazon.com, pizzahut.com.au, moonpig.com.au,</td>
<td></td>
</tr>
<tr>
<td>Ticketek.com.au,</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Most likely 50/50</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>local/international.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maybe greater value would be international,</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>most often would be local.</td>
<td></td>
<td></td>
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<td></td>
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