



Research needs for assessing online value creation in complex consumer purchase process behavior

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ABSTRACT

Consumers face considerable frustration when purchasing structurally and/or semantically complex high-involvement products online. Reliance on computer-mediated communications for their information needs may result in functional and emotional frustration from information overload and lack of personal trust. This paper proposes a responsive real-time information system as a proxy for a perceptive sales representative who assesses customer needs based on information exchanges and then offers appropriate responses. By tracking and analyzing a consumer's online activity, vendors can offer information relevant to the consumer's real-time needs, facilitating their purchase process. In essence, this is a real-time value co-creation process based on the consumer offering cues to vendors through their key strokes and mouse click activity. This allows for differentiated information offerings for inexperienced and more experienced consumers, creating value by dynamic information serving. Where appropriate value is created, consumers will experience less frustration and continue online, rather than possibly moving offline or to alternative vendors. In examining the bases of consumer information needs in complex purchases, this paper identifies the data required to enable a responsive dialog between vendors and consumers.

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1. Introduction

If the internet is to become a fully fledged distribution channel for complex goods and services, vendors need to deal with the reality of complex consumer behavior and rethink the use of online information exchange data. This paper proposes that vendors offer relevant information online in real time to facilitate the consumer's purchase process by co-creation of value. In the context of this paper, "value co-creation" is the value derived from engagement in the consumer's pre-sales process. Value is created when a consumer is offered useful information and gains understanding, reassurance and/or hedonic fulfilment in the process (Grant et al., 2007). The value creation relies on an analysis of online consumer behavior to determine which information sources and formats are most likely to meet their needs at a given point in time. The approach follows the view of Payne et al. (2008): that a customer becomes a co-creator of value through the development of customer-supplier relationships based on interaction and dialogue.

The key problem addressed by this paper is the frustration of consumers in dealing with the massive range of information available to them online. Consumer frustrations arise from several sources, ranging from simple information overload (Lee

and Lee, 2004), dysfunctional search results associated with the "law of adverse selection" (Redmond, 2002), and utility effects such as lower levels of recall associated with screen-based information (Jones et al., 2005). Where semantic complexity is an issue, online utility is further compromised, because consumers prefer objective or unambiguous information online, but turn to offline information sources for subjective or taste-based opinions (Ratchford et al., 2003). The ideal response to this problem is to use online information exchanges in the same way as a perceptive salesperson discerns consumer motives and information needs during face-to-face encounters and acts to satisfy those needs. This answers the call of other researchers (Porter, 2001; Wind and Mahajan, 2002; Urban, 2004, p. 5) for a focus on consumer needs, rather than the capabilities of technology in an online environment. To achieve this, a focus is required on achieving engagement with consumers through dialog, and by serving relevant information as they move through a complex purchase process online.

The paper is structured as follows: the following section outlines the research challenges for real-time value co-creation online and a process model for doing so in the form of a flowchart. Subsequent sections define the requisite data for assessing consumer real-time information needs based on the constructs identified in the flowchart. The ability of current clickstream and factor identification research to provide such data is then reviewed, with several clear limitations arising. Finally, consumer text inputs (such as online forums) are introduced as a

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complementary data source that addresses current research practice limitations and enables modeling of complex online purchase behavior. The final section summarizes the paper's findings and outlines a research agenda for modeling complex consumer behavior.

2. Research challenge for online consumer value co-creation

This paper focuses on real-time consumer value co-creation in consumer information search, option evaluation, and purchase point activity for a complex purchase. In contrast to simple or routine purchases, complex consumer behavior may involve an extended process with a range of activities, each of which presents different challenges for a consumer (Assael et al., 2007, pp. 90–91). The significant issue which arises when consumers engage in complex purchase behavior is to determine relevant volumes of information types and formats required by a consumer to meet their needs at a given point in time. A key factor in a consumer's need for information is their need to manage perceived risk associated with high-involvement purchases.

In order to illustrate the variety of consumer behavior, Fig. 1 provides a hypothetical illustration and highlights different consumer activities as part of a complex purchase process. Although simplistic, they nevertheless illustrate likely differences in the behavior of consumers compiling a consideration set, evaluating options of interest, and making a purchase. For online consumers, easy access to multiple options by hypertext links and/or search functions presents both an opportunity and a problem. The opportunity lies in easy access to vast amounts of information; the problem is information overload, compounded by dysfunctional search utilities online and inconsistent information formats. To address this consumer challenge, vendors need to determine consumer needs in real time by analyzing their activity and responding appropriately. The

following subsections describe the nature of value co-creation and the basis of a process model for the determination of information source needs.

3. Value co-creation

The potential to create value through offering real-time content to consumers is derived from analysis of an individual consumer's online activity. This requires the use of individual consumer logins, or cookies to identify the activity from a specified computer on a website. Such data reflects timing and incidence of mouse clicks on a website, as well as what is clicked on, and is recorded in the website's server log. In addition queries, online forum contributions, and other text entries can also be captured for systemic analysis. For example, website page content may be captured to illustrate whether a consumer's search within a particular website tends toward greater depth or breadth. The sequence of pages selected on a website, duration of page visits, and navigation to and beyond each page are key variables for determining consumer needs. The application of these variables is outlined in the subsequent sections dealing with purchase behavior identification, information type and preference bases, and perceived risk management needs.

While the ability of vendors to capture consumer online behavior exists, the challenge is determining which data will be meaningful and useful in predicting the individual consumer's information needs. The key to value co-creation is engaging with factors relating to consumer needs for preferred online information source type (public, personal, or commercial) and format (print, audio, video, interpersonal). In doing so, the vendor needs to first address the different real-time needs reflected by the behavior, as illustrated in Fig. 1. Second, personal preferences for "touch points" require identifying factors affecting information needs, as well as consumer reactions to information.

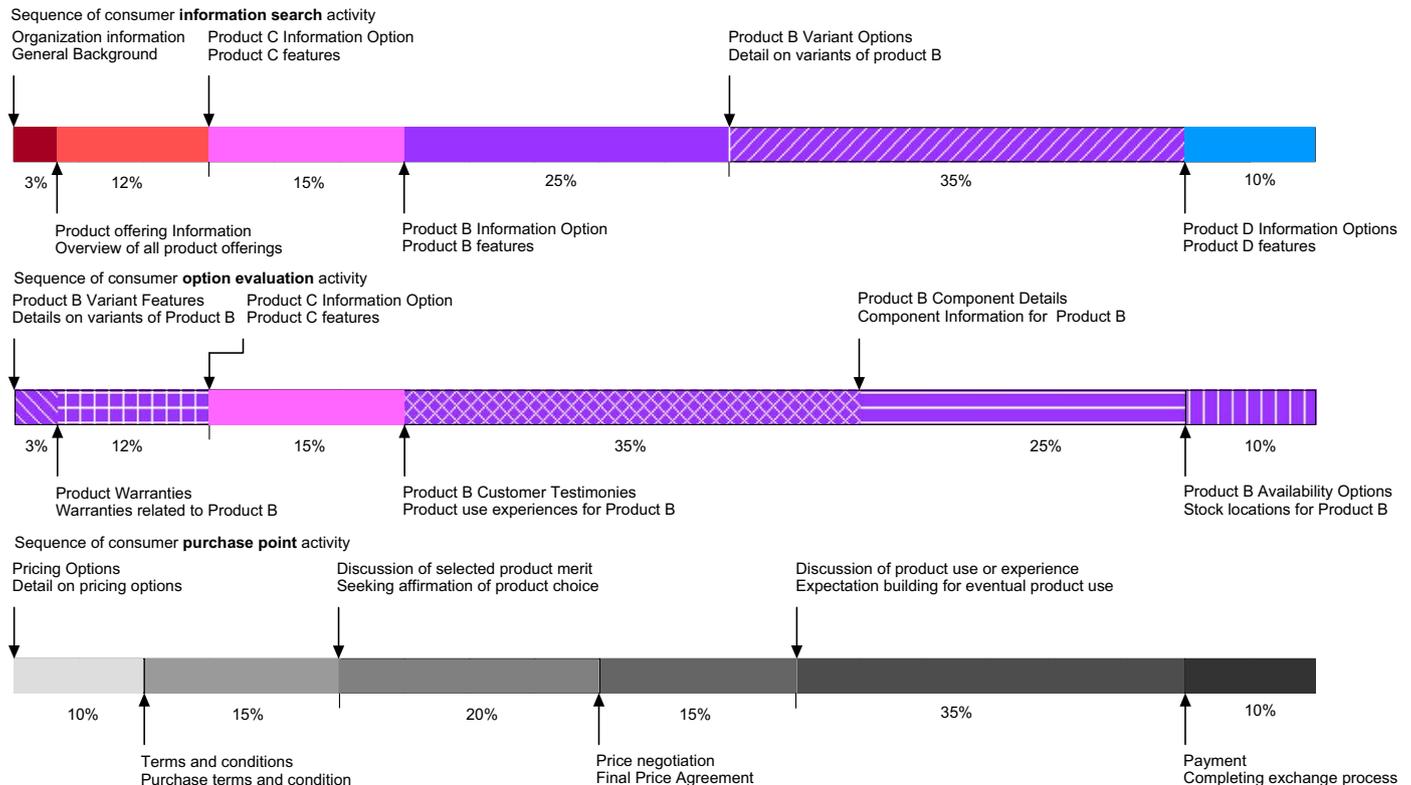


Fig. 1. Illustrative examples of differing activity patterns within stages.

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