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Interaction effects of media and message on perceived complexity, risk and trust of innovative products

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Summary Firms frequently make quality claims when launching new products in the market. However, little is known about the interaction effects that occur between the media (online/offline channels of distribution) and the message (making/not making quality claims) when new products are launched. By sampling 568 online and offline customers of ICT products, we demonstrate that using quality claims is advisable only in the online context. Specifically, ICT products are perceived less complex and more trustworthy when quality claims are advertised online. In addition, perceived complexity and perceived risk are higher in the offline context than in the online context when product quality claims are used. Therefore, firms should be aware of which quality claims they introduce on their websites so as not to interfere with the product launch. This study adds to the body of research on Internet advertising and innovative products. This study is also useful for marketers who wish to improve the advertising efficiency (in terms of content and media) of innovative and complex products to consumers.

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Introduction

The use of the Internet has increased substantially during the last decade. Worldwide, close to 2000 million persons use the Internet daily, a figure that represents a penetration rate of 28.9% (Internet World Statistics, 2011). In Europe, the penetration rate increases to 71.5%, with close to 400

million users. These data confirm that the proportion of on-line shoppers in the EU has increased from 27% to 40% of consumers during the last decade (Eurostat, 2011). Accordingly, the Internet has become an attractive platform for launching new products, as the media allow firms to display products more attractively than in an offline context. Through online media, customer relations can be formed and much of the operating overhead costs, including time and money, can be saved (Manvi & Venkataraman, 2005; Park & Lee, 2008; Yip & Dempster, 2005). Although the

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number of new products launched via the Internet is growing rapidly, researchers agree that there are still gaps in the literature concerning the best means by which to sell these innovations (Cases, 2002; Gupta, Su, & Walter, 2004). Transacting through a virtual medium is different from traditional shopping environments (Alba, Lynch, Weitz, & Janiszewski, 1997; Zott, Amit, & Donlevy, 2000) in terms of the perceived risk (Mitchell, 2001; Westland, 2002), the levels of trust (Scott, 2004), and the sense of freedom and control that exist in an online shopping context (Jarvenpaa & Todd, 1997). Several authors (Girard, Silverblatt, & Korgaonkar, 2002; Ozer, 2004) argue that the Internet's multimedia capabilities can magnify these differences.

One of the first steps in launching a new product concerns communication-mix decisions (Ozer, 2004). In recent years, firms have begun to promote the quality of their products to help customers in their purchase decisions. Recent studies (e.g., Lee & Lee, 2006) have demonstrated that Internet advertising has become very popular for promoting the quality of new products. Making quality claims is a good strategy to avoid explaining in detail all of a new product's quality characteristics in online and off-line contexts (Levin, Levin, & Weller, 2005). This practise is justified by the supposed difficulty of explaining all of the product's benefits and capabilities (Kopalle & Lehmann, 2006). It also reduces the effects of information overload on consumers' decisions (Chen, Shang, & Kao, 2009). Advertisements for new products frequently do not describe the product's features but rather include words such as "quality", "best quality", etc., to influence customers' decisions. The use of quality claims regarding a new product in the online media, in comparison to traditional product descriptions of quality features, may be substantial. These quality claims may impact consumer behaviour by reducing consumers' search costs and complexity (Van der Heijden, Verhagen, & Creemers, 2003), by raising consumers' expectations concerning the quality of the new product (Kopalle & Lehmann, 2006), by improving the quality of consumer decisions (Franke, Huhmann, & Mothersbaugh, 2004), or by decreasing risk perceptions (Pavlou, 2003). Although numerous theoretical models demonstrate that advertising may be used to signal product quality, there is little empirical evidence of such a link, and further research is required.

The aim of our investigation is to explore the interaction effect of media (online vs. off-line) and content (quality claims vs. product characteristics) on the perceived complexity of innovative products. Theoretically, this study adds to the body of research concerning Internet advertising and innovative products. Managerially, this study is useful for marketers who wish to improve the advertising efficiency (in terms of content and media) of innovative and complex products to consumers. To achieve these objectives, two separate experiments were conducted using a new ICT product sold offline and online. ICT products were used in this study because they are frequently sold through both offline and online distribution channels and often include quality claims to attract customers. In the online environment, where trial and inspection before making a purchase decision are not possible but where search costs are lower than in the offline environment, it is expected that advertising a new product's quality is beneficial.

In addressing these issues, we hope to address the aforementioned gaps in the literature. In doing so, we may assist

organisations in their innovative initiatives to promote the quality of new products. With this aim in mind, this study is organised as follows. First, the literature review and hypotheses are presented. Second, the research methods drawing from a sample of 568 consumers are described. Finally, conclusions and future research guidelines are presented.

Literature review and hypotheses

There is a constant, wide-spread utilisation and diffusion of e-business technology. Research drawing upon the diffusion of innovations theory (Rogers, 1995) has confirmed that technical compatibility, technical complexity, and relative advantage (perceived need) are important antecedents to the adoption of innovations (Bradford & Florin, 2003; Crum, Premkumar, & Ramamurthy, 1996). Swanson (1994) considered three types of ICT innovations: Type I (ICT innovations used for technical tasks), Type II (ICT innovations that support business administration) and Type III (ICT innovations embedded in the core of the business). E-business has been deemed a Type III innovation, in the sense that it is often embedded in core business processes (Zhu, Kraemer, & Xu, 2003). This topic, however, has been studied from various perspectives. Studies have analysed e-business or IT alignment with organisational strategies (e.g., Reich & Benbasat, 2000; Teo & King, 1997), that is, how closely e-business is able to align its strategies with those of the organisation. Other works analyse the use of e-business for inter-organisational business activities, arguing that e-business has helped to integrate systems between companies (e.g., Barua, Konana, Whinston, & Yin, 2001; Dai & Kauffman, 2002; Devaraj, Krajewski, & Wei, 2007). Other recent works investigate consumer attitudes towards online shopping (e.g., Benedicktus, Brady, Darke, & Voorhees, 2010; Cheema & Papatla, 2010; Montoya-Weiss, Voss, & Grewal, 2003; Yoon, 2002). Our study makes a contribution not only to the literature on e-shopping but also on the traditional offline shopping context, as it analyses the conditions (media and message) under which it is more appropriate to advertise complex and innovative products. The following subsections describe the literature on this subject and develop this study's research hypotheses.

New product quality promotion and product complexity

Product innovativeness has received considerable interest in both the organisational and marketing literature (Atuahene-Gima, 1995). For example, Im, Bayus, and Mason (2003) find that a firm's survival depends on its ability to introduce new products to the market. Although the literature has found that product innovativeness has positive implications for the traditional shopping environment (Levin et al., 2005), managers are sceptical as to the real impact of investing in product innovativeness (Lee & ÓConnor, 2003). At the same time, the online context merits special attention (Ozer, 2004).

There are three main attributes that explain product innovativeness to the customer: relative advantage, compatibility and complexity (Danneels & Kleinschmidt, 2001;

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