

Willingness to Use Online Channel in Various Stages of the Services Buying Process

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Abstract

The change of the marketing channel in the purchase process is already widely described in the literature. However, the consumers' tendency to use remote channels at subsequent stages of purchase process is relatively rarely described. The aim of the article is to analyze the consumers' tendency to use the online channel in the service buying process - at the pre-purchase, purchase, post-purchase and resignation stage. Quantitative research on a group of 1103 adult consumers was carried out at the end of 2015. Respondents were asked about the intention to use three channels (off-line, phone and online) for the services most often used by households (financial, telecommunications and personal transport services) at various stages of purchase. In this article, the author aimed to answer four research questions: RQ1. What is the frequency of use of the online channels of services distribution at each stage of the purchasing process? RQ2. What is the relative frequency of use online channels in the declarations of respondents? RQ3. What is the intention of use the online channel at particular stages of the purchasing process? RQ4. In which stages of the purchase occurs the greatest differences between declaration the use and declaration of intention to use online channel? The obtained results indicate that, apart from the information seeking phase (pre-purchase), consumers would most preferably use the on-line channel in the post-purchase service stage. The willingness to use the online channel at different stages also differentiates the characteristics of the respondents. Implementation of on-line channels outside the search phase should apply to the post-purchase phase.

Keywords: multichannel distribution, services buying process, customer behavior.

JEL classification: M31, L81.

1. Introduction

There are many different effects occurring between online and offline sales. Both channels affect each other in different ways. As Avery et al pointed out that store opening has a positive impact on internet channel sales and did not suffer cannibalization neither in a short or long time (Avery, Steenburgh, Deighton, Caravella 2012, p. 104). The use of online channels of the seller at the stage of seeking information, however, leads to a reduction in the number of visits to stationary stores and amount of spending money (Nierop, Leeflang, Teerling, Huizingh 2011, p. 162). In fact, the aspect of the impact of online information sources on the offline performance critically depends on the type of product and the consumer segment (Pauwels, Leeflang, Teerling, Elko Huizingh 2011, p. 14.). Offer available online and offline usually differs in terms of the prices. Online sellers offer price advantage because customer has to wait for the product, and offline sellers provide immediate delivery (Grewal et al, p. 149). Multichannel seller's offering products online and offline should, however, be in the range of price differentiation more cautious. In both types of sales, you can see the positive relationship between the perceived quality of services, attitudes, intention of purchase and purchase behavior (Shwu-Ing, Hsiu-Ju 2011, p. 54). The strategic choice, however, is the integration of offline and online channels, which allows to make more profits from synergies between channels (click&collect) (Chatterjee 2010, p. 22). This integration means integrating access to and knowledge about an offline channel into an online channel by (Herhausen et al., 2015, p. 310). Perceived purchase convenience brick-and-mortar channel cause customer significant positive attitude toward purchasing in physical channel (Wang, Lin, Tai, Fan 2016, p. 404).

Perceived information availability for online and offline channel has a positive effect on search attitudes for both channels, but perceived search effort of using physical channel has a negative effect on customer attitude toward search in this channel. This explains why online channels are most often used by consumers at the stage of seeking information and offline at the purchase stage. Herhausen et al. claim that channel integration increases perceived services quality of the Internet store and perceived services quality of the Internet store, increase overall and Internet outcome but not negatively affect physical store (Herhausen et al., 2015, p. 319). Research conducted by Li et al. confirms that channel integration has a positive impact on customer retention by reducing the uncertainty of the retailer, increasing the attractiveness of the retailer's identity and increasing switching cost (Li et al., 2018, p. 56).

2. The multichannel customer behaviour theories

The use of different channels in the purchase process is explained by various theories. Yang et al. (2013, p. 864) suggest that offline channel experience influences the intention to use online channels in two ways. First perceived services quality offline channel influence the perception service quality corresponding online channel (brand extension mechanism), and confirmation or not the performance offline channel influence perception of the relative benefit of online channel (expectation-confirmation mechanism). These theories confirm earlier studies conducted by Verhagen and van Dolen (2009, p. 81) that reveals a significant influence of offline on on-line store image. Transaction cost economics theory describes critical dimension for transactions: uncertainty, the frequency of transactions and specific investments required to realize supply (Williamson, 1981, p. 555). The theory concerns the management of organizations in various dimensions, including distribution channels or buyer transaction costs (Seggie, 2012, p. 65). From the customer point of view during a purchasing process customer prefer the channel of distribution with lower transaction cost (Teo, Yu 2005, p. 455). Teo and Yu (2005, p. 460) define three dimensions (uncertainty, trust and buying frequency) that influence customers' buying behaviour on the internet. They find out that higher perceived transaction cost (time and effort) have a negative impact on customer's willingness to buy online. Devaraj, Fan and Kohli (2006, p. 1098) support hypothesis that consumer channel satisfaction drive customer online channel preference. Satisfaction is influenced by time responsiveness, personalization and, to the greatest extend, security and reliability. Purchases made in online stores allow customers to eliminate travel and transport costs, on the other hand, delivery costs are a common reason not to buy online (Chintaguant et al., 2012, p. 108). Wu at al. (2014, p. 2774) analyzed e-shopping value and the repurchase intention. They find out that cost of searching information online influence negatively on e-shopping value while it is a positive antecedent repurchase intention.

3. The possibilities of implementing online channels at every stage of the purchase process

The rate of growing e-commerce is so impressive that has even outpaced traditional channels of retailing (Izogo and Jayawardhena, 2018, p. 193). It was predicted that in 2019 the number of people purchasing goods and services online is expected to increase to over two billion (Wong and Wei, 2018, p. 406) Researchers pay attention to the important role of experience in the online customer journey (de Haan et al., 2018, p. 16; Lipowski and Bondos, 2018, p. 22; Frambach et al., 2007, p. 33). According to Melis et al. (2015, p. 285), along with the improvement of customers' online shopping environment and their level of self-confidence in online shopping, consumers choose only from online suppliers instead of both online and offline channel. The key issue for a better understanding of the online purchase process is the awareness of its complexity and differences in preferences for the online / offline channel at individual stages. Each stage in buying process has its own specific and due to this requires

separate research attention. Nowadays customers demand putting equal seller's emphasis on both pre-purchase and post-purchase stages (Kumar and Anjaly, 2017, p. 1280). Modern consumers have lost the features of inexperienced buyers from the early days of Internet (Kim and Koo, 2016, p. 1025). Due to the specificity of the individual stages in the purchase process, not all of stages can be fully implemented in the online environment. Another important factor is the form of the product itself – physical product or digital one. For instance, the product return seems to be the area of purchase process that must be realized in, at least, omnichannel environment (Bernon et al., 2016, p. 586). The whole purchase process can be divided into several stages, four phases are quite obvious: pre-purchase, purchase, post-purchase and resignation (optional). Despite the fact that purchase stage seems to be perceived as the most important, this stage is not the only one. Frambach et al. (2007, p. 33) note that the offline channel is generally preferred over the online channel across all the stages in purchase process. In order to improve the consumers' tendency to use the online channel, it is crucial to reduce the perceived risk before, during, and after the products / service delivery (Grewal et al., 2007, p. 250). According to Park et al. (2012, p. 422), during satisfaction evaluation online consumers distinguish two stages (pre and post-purchase). According to the researchers, the maximum value of the purchased product can be obtained by the consumer, if after-sales services are available; these are service such as: installation, user training, documentation, maintenance and repair, online support, warranty and upgrades (Szwejczewski et al., 2015, p. 5335). The goal of post-purchase stage is to reinforce or justify the buying decision made a the previous stage in buying process (Park et al., 2015, p. 1113). In order to encourage customers to online channel at as many as possible stages in buying process it is crucial to realize the major concern of business that is to understand, build and maintain quality (Pakdil et al., 2012, p. 1397). In case of pre-purchase stage (seeking for information) one of the most important factor affecting intention to use online channel is cost of searching. Cost literature suggests three types of search costs: the cost of locating an appropriate seller, the cost of obtaining price information, and the cost of obtaining product information (Su, 2008, p. 110). Researchers agree that more and more consumers decide to search for information and make transactions in the online environment (Maity et al., 2012, p. 50). As it is stated in Maity et al. (2012, p. 50), comparing offline and online shopping the role of information search is greater in the context of online shopping. Due to easy access to information online channel has become an important resource for consumers (Bodur et al., 2015, p. 125).

4. Study design and research question

Quantitative research on the respondents was carried out at the end of 2015. In total, 1103 respondents were surveyed among adult Poles. The sample was chosen in a random and purposeful manner. Random in order to include in the sample features of the studied population due to the place of residence (city and village), province and others. Purposeful to provide similar numbers in the sample of generations Y, X generation and Baby Boomers. A standardized questionnaire was used to collect the data. The research method was a computer assistant personal interview (CAPI). The starting points were drawn from the address database to select people to be tested (random route method). The characteristics of respondents are presented in Table 1.

Table 3. Characteristics of the study sample

| Characteristics | | Number of respondents | Percentage of sample |
|-------------------|--------------------------|-----------------------|----------------------|
| Gender | Female | 565 | 51.2 |
| | Male | 538 | 48.8 |
| Generation | Baby boomers (1946-1964) | 357 | 32.4 |
| | X (1965-1980) | 390 | 35.4 |
| | Y (1981-1996) | 356 | 32.3 |

| | | | |
|--|--------------------|-----|------|
| Employment status | Full-time employed | 608 | 55.1 |
| | Part-time employed | 82 | 7.4 |
| | Self-employed | 74 | 6.7 |
| | Unemployed | 123 | 11.2 |
| | Retired | 185 | 16.8 |
| | Other | 51 | 2.8 |
| Number of people in the household | 1 | 108 | 9.8 |
| | 2 | 329 | 29.8 |
| | 3 | 323 | 29.3 |
| | 4 | 245 | 22.2 |
| | 5 or more | 98 | 8.8 |

Source: Own study.

The respondents were asked about the habits in the use of distribution channels in relation to the most frequently used services in households. These services include communication services (TV, telephone, internet), personal transport (taxi, bus, train, plane), financial services (banking, investments, insurance). Most of the measurements were made using the Likert scale. In this article, the author would like to answer the following research questions:

RQ1. What is the frequency of use of the online channels of services distribution at each stage of the purchasing process?

RQ2. What is the relative frequency of using online channels in the declarations of respondents?

RQ3. What is the intention of using the online channel at particular stages of the purchasing process?

RQ4. In which stage of the purchase occurs the greatest differences between declaration the use and declaration of intention to use online channel?

5. Research results

Respondents were asked about the frequency of using the three analyzed marketing channels at particular stages of the purchase process. In addition to the online channel, a stationary channel and a telephone channel were also included. The purchase process includes pre-purchase, purchase, post-purchase stages, as well as resignations. Because some of the services analyzed is in the form of a subscription. The average number of contacts in specific channels at the indicated stages of purchase is shown in Figure 1.

Table 1. Number of contacts during a year

| Indicators | Mean | Indicators | Mean |
|--------------------------------|-------------|---------------------------------|-------------|
| Pre-Purchase stationery | 6,38 | Post-Purchase stationery | 3,16 |
| Pre-Purchase phone | 6,20 | Post-Purchase phone | 2,68 |
| Pre-Purchase on-line | 8,83 | Post-Purchase on-line | 2,84 |
| Purchase stationery | 4,04 | Resignation stationery | 1,47 |
| Purchase phone | 2,83 | Resignation phone | 1,05 |
| Purchase on-line | 3,28 | Resignation on-line | 1,01 |

Source: own calculation.

The average number of contacts in the analyzed distribution channels in relation to the surveyed services at the stage of seeking information is over 21 contacts. Most of them - over 40% - are carried out in the Internet channel. A very similar number of contacts in order to search for information at the pre-purchase stage takes place in the stationary channel and telephone channel. The customers usually buy the surveyed services in the stationary channel. The second choice is the internet channel preferred for 32% of the total purchase decisions. A similar situation occurs in the case of post-purchase service, consumers prefer for this purpose

a stationary channel and the second place of choice - in the case of nearly 33% of contacts - is an online channel. Consumers resign from services most often through a offline channel and this occurs around once a year. The percentage of people who do not use the online channel in the purchase process grows clearly with each subsequent stage. At the pre-purchase phase, 28.4% of respondents were not used Internet, 37.9% in the purchase phase, 41.0% of respondents in the post-purchase phase, and almost half of surveyed people in the phase of resignation - 49.7%. If you add up the indicated number of contacts in the analyzed channels at all stages of the purchase, it turns out that already the majority of contacts - over 36% - take place in the online channel.

Figure 1 shows the frequency of contact in the online channel at various stages of purchasing representatives of the analyzed generations.

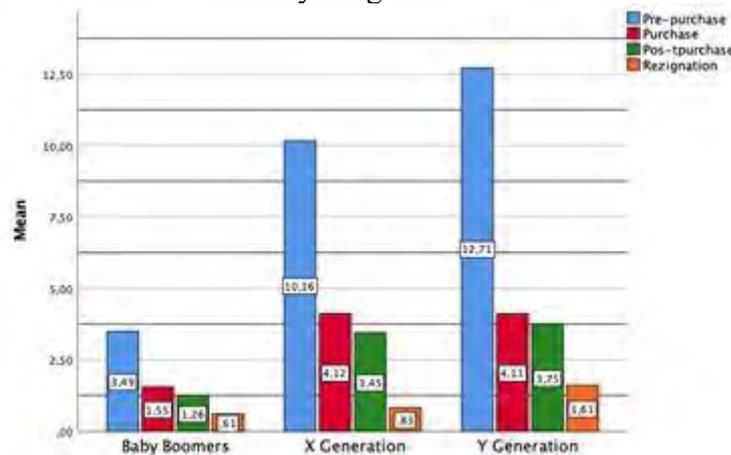


Figure 1. The frequency of online channel usage at the various stages of the purchase process different generations

Source: own calculations.

Y generation uses an online channel to search for information more often than older generations. In the case of the purchase phase and the post-purchase stage, however, the frequency of contact via the Internet of generations X and generation Y is similar. In the resignation phase, Generation Y again uses the online channel more often than other generations. Generation Y and generation X are more likely to use the Internet channel to search for information as an offline channel. The youngest generation most often uses the online channel also at the post-purchase service stage.

In the further part of the study, the intention to use the online channel was analyzed through three questions. The same questions were repeated for each stage of the purchasing process. The questions were coded on the Likert scale. Respondents' answers are presented in Figure 2. There are no statistically significant differences between the intention of using the online channel at the purchase stage and post-purchase stage of buying process. In the case of other comparisons, the average differences confirm the largest intention to use the online channel at the stage of seeking information and the smallest in the case of the resignation phase. The actual use of the online channel significantly decreases with the successive stages of the buying process, while the intention to use online channel is not significantly different for the purchase and post-purchase stage. In the post-purchase service stage, consumers are probably not always able to use the on-line channel due to the lack of such a possibility offered by the supplier.

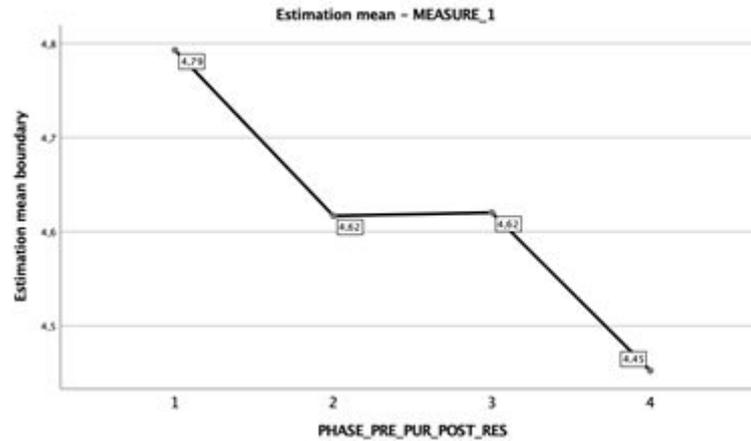


Figure 2. Estimates of intentions to use online channel - repeated measure Manova

6. Conclusions

The presented results gave answers to the defined research questions.

The generation to which consumers belong (Baby boomers, X, Y) significantly defines their willingness to use remote channels in the whole service buying process. The youngest respondents (Generation Y) show relatively the greatest interest in remote channels, but it is still not the same for each stage of the service purchase process. The pre-purchase phase is characterized by the highest intention to use the online channel in the future. The biggest challenge in terms of consumer incentives to use remote channels is at the stage of resignation from the service. However it can be connected not only with consumers' characteristic but also with specific legal regulations. Presented results can be explained by the theories presented in the article on the consumer behavior. Such elements of the purchase process as the service price or non-monetary costs (perceived time, effort) are extremely important for the actual selection of the marketing channel made by the consumer. It also affects his / her behavioral intention. Another extremely important element in this context is the perceived risk of using particular marketing channel at a particular stage of the service purchase process. At the moment, it seems almost impossible to imagine the situation that all consumers realize the entire service purchase process via the online channel. Each marketing channel is characterized by specific attributes that can create a specific advantage over the other channels. At the same time, each marketing channel generates certain inconveniences for its user. The specific attributes of marketing channels are perceived individually by each consumer. As a result, the key importance for willingness to use online channel is this channel perception made by service buyers.

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