

Jan 1st, 12:00 AM

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Ramkumar, Bharath and Jin, ByoungHo, "The Effect of Trust, Transaction Utility, and Product Uniqueness on International Online Outshopping (IOO) Intention and Customer Delight: The Role of E-tailer's Country Image" (2017). *International Textile and Apparel Association (ITAA) Annual Conference Proceedings*. 78.

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The Effect of Trust, Transaction Utility, and Product Uniqueness on International Online Outshopping (IOO) Intention and Customer Delight: The Role of E-tailer's Country Image

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Keywords: International outshopping, e-tailer, trust, country image

Rationale: International online outshopping (IOO) is the act of shopping for products from foreign websites (e.g., Asos, Alibaba). Though U.S. consumers are among the top international online outshoppers spending \$40 billion a year primarily on apparel (Paypal, 2013), their initial IOO intention and post-IOO emotions are yet to be understood. Moreover, an understanding of the role of e-tailer's country image in forming initial IOO intention is also lacking. Filling these research gaps, the purpose of this study is to test a research framework consisting of antecedents of initial IOO intention and emotional consequences of an IOO purchase of U.S. consumers at Chinese and U.K. e-tailers, the top IOO destinations for U.S. consumers.

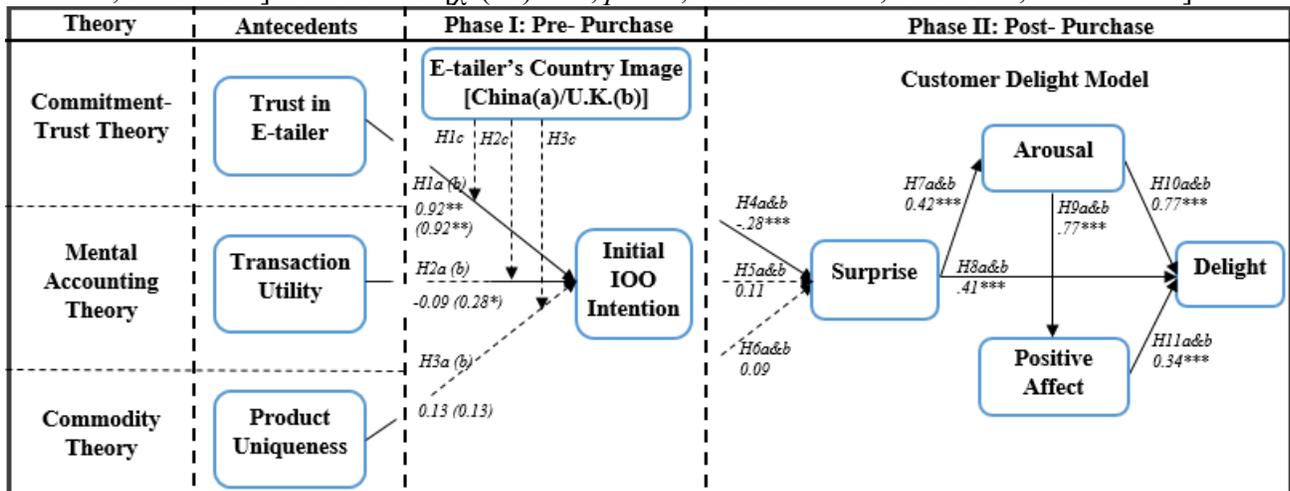
Research Framework & Hypotheses: Built on Commitment-Trust Theory, Mental Accounting Theory, and Commodity Theory, the diphasic research framework identified three antecedents, namely, trust in e-tailer, transaction utility and product uniqueness as influencing initial IOO intention in Phase I, and the emotion of surprise from the customer delight model in Phase II.

Phase I: While consumers' trust in a foreign e-tailer predicts their purchase intention at that e-tailer (Cyr et al., 2005), consumers do not trust the ability of developing country retailers to sell quality goods through secure transactions, while developed country retailers have positive assessments. Therefore, **(H1)** *Trust in an e-tailer positively influences initial IOO intention at (a) Chinese and (b) U.K. e-tailers, and (c) e-tailer's country image will moderate this relationship such that it will be stronger in U.K. than Chinese e-tailers.* Transaction utility, the difference between a product's selling and reference price, affects online purchase intention (Gupta & Kim, 2010). In addition, consumers perceive developing country e-tailers' products as cheaper because of their ability to manufacture at low costs. Thus, it is hypothesized that: **(H2)** *Transaction utility positively influences consumers' initial IOO intention at (a) Chinese and (b) U.K. e-tailers, and (c) e-tailer's country image will moderate this relationship such that it will be stronger in Chinese than in U.K. e-tailers.* Exposure to unique products increases consumers' desirability of those products (Brock, 1968). Given that consumers typically perceive products offered by developed country retailers to be more unique than those offered by developing country retailers, it is hypothesized that: **(H3)** *Product uniqueness positively influences consumers' initial IOO intention at (a) Chinese and (b) U.K. e-tailers, and (c) e-tailer's country image will moderate this relationship such that it will be stronger in U.K. than in Chinese e-tailers.*

Phase II: Previous research suggests that, by providing a *trustworthy* website that sells *unique* products at *low prices*, foreign websites can surprise consumers as they do not typically expect these aspects from foreign websites (e.g., Cyr et al., 2005). Therefore, **(H4)** *trust in an e-tailer, (H5) transaction utility, and (H6) product uniqueness positively influences surprise upon IOO at (a) Chinese and (b) U.K. e-tailers.* Furthermore, an unexpectedly high level of surprise

increases arousal (stimulation), and delight. Arousal further invokes the pleasure sensation called positive affect and activates delight. Such positive affect can significantly affect customer delight (Oliver et al., 1997). Therefore, *Surprise positively influences (H7) arousal and (H8) delight upon IOO at both (a) Chinese and (b) U.K. e-tailers. Arousal positively influences (H9) positive affect and (H10) delight upon IOO at (a) Chinese and (b) U.K. e-tailers. (H10) Arousal positively influences delight upon IOO at (a) Chinese and (b) U.K. e-tailers. (H11) Positive affect positively influences delight upon IOO at (a) Chinese and (b) U.K. e-tailers.*

Method & Findings: In an online experiment, eight scenarios with combinations of high and low levels of trust (2) x transaction utility (2) x product uniqueness (2) were developed in Chinese and U.K. e-tailers settings. 539 usable responses (275 at Chinese and 264 at U.K. e-tailer) were collected from college students in the U.S. who were randomly assigned to one of the 16 scenarios. Pre-tests validated the manipulations prior to data collection. The research framework and hypotheses were tested using multiple-sample structural equation modelling. The resulting models (see Figure 1) had excellent fit in both Phase I [$\chi^2(2)=1.28, p>0.5, RMSEA=0, CFI=1.0, NNFI=1.0$] and Phase II [$\chi^2(31)=0.0, p>0.5, RMSEA=0.03, CFI=1.00, NNFI=1.00$].



Note: *p<.05, **p<.01, ***p<.001. → is supported path, -> is unsupported path. Coefficients for paths in U.K. e-tailer setting for H1b-H3b are in parentheses. H1c, H2c & H3c were assessed based on modification indices and no significant indices in the hypothesized path emerged.

Figure 1. Structural Model with Main (H1a&b-H11a&b) and Moderating Effects (H1c-H3c) at Chinese and U.K. E-tailers

Discussion & Implications: Consistent with literature (Cyr et al. 2005), trust was as one of the most important antecedents of initial IOO intention. Transaction utility influenced initial IOO intention at U.K. but not Chinese e-tailers, implying that consumers *assume* the existence of low-priced products at Chinese e-tailers, while *expecting* higher transaction utility at U.K. e-tailers. Though trust was the only antecedent to evoke surprise during initial IOO, with subsequent IOO, trust led to no surprise, revealing an interesting finding. Finally, by engaging in IOO, U.S. consumers are surprised, aroused, positively affected, and delighted. This study advanced the theoretical understanding of country image, trust, transaction utility and customer delight in IOO setting. For e-tailers, developing a trustworthy website is perhaps the most important step in generating purchase intention, regardless of their country's image or product uniqueness.

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