Abstract

This paper integrates extant literature on retailing and consumer choice to develop an economic model of consumer choice in which a consumer self-selects on-line shopping. Three important factors impacting consumer choice of on-line shopping: (1) the online shopping utility (2) the consumers’ perceived product and service risks (Perceived Privacy Protection, Perceived Security Protection etc.) and (3) consumer and e-vendors qualities (Consumer Disposition to trust, E-vendors’ Positive Reputation etc.). Our model postulates that consumers derive utility from the online shopping experience and are affected by different factors (familiarity, disposition to trust, e-vendors’ positive reputation, perceived privacy protection and perceived security protection). Consumers are also more likely to shop on-line from familiar websites and e-vendors than lesser known ones. However, they are less likely to shop on-line from e-vendors or website that does not have explicit privacy and security measures. Empirical verification of the model is carried out using a survey method approach and the results gave support to the postulations based on our theoretical model. Limitations and directions for future research are also discussed.


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