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.

References


Multivariate Data Analysis, 6th ed. Prentice Hall, NJ.

**Index Terms**

Computer Science Information Sciences

**Keywords**

Economic model Consumer utility Consumer surplus Consumer self-selection Perceived risk e-commerce