

Enablers And Inhibitors Of Internet Wine Purchase

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Abstract

This paper investigates the enabling and inhibiting factors of wine purchase on-line. The research described in this paper is qualitative in nature and based upon the Nominal Group Technique. The results show that convenience factors are the most important enablers, while credit card fraud and the inability to taste the wine the most important inhibitors of wine purchase over the Internet. Key findings provided by the research relate to product performance risk (the inability to taste the wine prior to purchase), and the experiential nature of wine and wine shopping.

Keywords: Internet shopping, performance risk, experience goods, nominal group technique.

Introduction

Internet shopping, despite initial expectations, has not set the retail world on fire. Although the number of Internet users in most developed countries comprise 20 to 50 percent of the total population, many users are reluctant to make purchases over the medium (Lee and Turban, 2001). Internet sales are not replacing traditional retail channels or other non-store retailers, and in fact represent only a small percentage of total at-home shopping sales (Cases 2002; Fenech and O’Cass 2001). The phenomenon of Abandoned Cart Syndrome (ACS), where shoppers place items into a virtual shopping cart but then fail to complete the transaction, is reported to occur with more than one third of website visitors (Fenech and O’Cass, 2001). Croft (1998) has gone so far as to state that virtual shopping is unlikely ever to supplant the real thing. Yet this is despite the undoubted benefits online shopping can provide the consumer. Consumers can shop online 24 hours a day, 7 days a week from office or home, and have the goods delivered to their door. Many authors (e.g., Aplin, 1999; Fenech and O’Cass 2001; Forsythe and Shi, 2003) have in fact cited convenience as the major factor inducing purchases on the Internet. Other factors that have been cited as advantages of shopping on the Internet include the speed of the transaction and product choice (Geuens, Brengman and S’Jegers, 2003) saving money, no transportation cost, no waiting lines and no pressure from sales people (Forsythe and Shi, 2003). Nevertheless, consumers perceive Internet shopping to involve more risk and uncertainty than in-store shopping (Tan, 1999). Chief among these concerns is that of the privacy and security of personal information (Miyazaki and Fernandez, 2001). Privacy and security concerns include those of credit-card fraud, the sharing of personal information with other companies, tracking of shopping habits and purchases, being contacted by the company without consent, and unauthorised third-party access to personal information (Miyazaki and Fernanadez, 2001). Additional consumer concerns include those related to (1) delivery systems, e.g., difficulties in returning faulty or undesired merchandise, and nondelivery of ordered goods (Jones and Biasiotto, 1999); (2) limited opportunity for socialisation with friends and face-to-face interactions with salespeople, together with the unavoidable postponement of consumption enjoyment until physical delivery (Vijayasathy, 2002) and (3) the inability to touch, feel or see actual goods in order to judge their quality on-line prior to purchase (Forsythe and Shi, 2003; Miyazaki and Fernandez, 2001; Zhenhui and Benbasat, 2004/2005).

The extent to which the Internet represents a viable sales medium will depend in part upon the product under consideration. Certain products (e.g., books, flowers, airline tickets and computers) appear to be well adapted to on-line retailing (Jones and Biasiotto, 1999). With respect to wine, US business magazine *Money* identified it in 1997 as one of the seven product categories best suited for on-line buying (Belsky 1997 as cited in Aplin, 1999) and Ellis (2001) concurred that wine and the Internet initially seemed a “natural fit” due to the upscale demographics of early Internet buyers, the value of a limitless virtual selection and the potential for large economies of scale. The reality has proved to be somewhat different to the projections. Fuhrman (2002) reports that “after a few years of free spending, Internet wine sales businesses have fizzled, and the future of e-commerce in wine may be settling largely in the laps of wine producers.” Clearly, wine sales on-line haven’t blossomed with retailers. The situation isn’t much different with wine producers. Of the 105 producers surveyed in the worldwide study by Richardson (2002) 68 percent owed one percent or less of their sales to the Internet. The majority of vineyard (producer) websites generated sales ranging from zero to three percent of turnover. Richardson concluded that the Internet, as a sales outlet for wine, would never have more than a marginal effect. The aim of the research in this paper is to provide insights into why, after so much promise, online sales of wine have not materialised.

Methodology

The Nominal Group Technique (NGT) developed by Delbecq, Van de Ven and Gustafson (1975) is a process that combines both verbal and non-verbal stages into four basic steps: (1) idea generation by participants individually; (2) idea recording in a round-robin fashion; (3) group discussion; and (4) idea rating where participants vote on the ideas privately. Nominal groups have been found to be significantly superior to normal focus groups in idea generation and the identification of priorities in a list of ideas and/or attributes (Claxton, Ritchie and Zaichkowsky, 1980; Delbecq, Van de Ven and Gustafson, 1975; De Ruyter, 1996; Rossiter & Lilien, 1994). Although some have questioned the value of focus group research (for example Zaltman [as cited by Grapentine 2004] argues that focus group output can only be regarded as superficial at best, and cites examples of participants providing socially acceptable answers or being overly eager to please the moderator) the NGT group format is more structured than the usual focus group, and the technique therefore has the potential to minimise many of the conforming influences that are inherent in conventional focus groups (Langford, 1994).

In order to elicit the salient beliefs held by consumers with respect to wine purchase over the Internet, a series of six NGT groups were held (see Table 1). Group numbers ranged in size from 7 to 10 and each group had a balance of male and female participants. The primary objective was to determine the considerations that would be important to consumers in their decision to buy (or not buy) wine over the Internet within a twelve-month timeframe. The desired outcome was a rank ordering for each group of the most important negative consequences, the most important positive consequences and the most important relevant others (referents) in relation to wine purchase over the Internet. Group participants were asked to respond to each of the following three statements: Statement One, “*please list any negative consequences of you buying wine over the Internet in the next 12 months*”; Statement Two, “*please list any positive consequences of you buying wine over the Internet in the next 12 months*”; and, Statement Three, “*please list any individual or group likely to influence your thinking or behaviour regarding buying wine over the Internet in the next 12 months*”.

Table 1: Group segmentation

Group 1	Regular wine buyers (two or more bottles per week on average) aged under 40 years.
Group 2	Regular wine buyers (two or more bottles per week on average) aged over 40 years.
Group 3	People who have purchased goods or services over the Internet, aged under 40 years.
Group 4	People who have purchased goods or services over the Internet, aged over 40 years.
Group 5	People interested in buying wine over the Internet, aged under 40 years.
Group 6	People interested in buying wine over the Internet, aged over 40 years.

Findings

Across the six groups, each statement generated a number of beliefs ranging from fourteen to twenty-three, although this paper will focus upon the three most highly rated positive beliefs, negative beliefs and referents. The most highly rated positive consequences (in order of importance) were: the ability to shop from home; home delivery; and, the ability to shop at any time. The most highly rated negative consequences (in order of importance) were: credit card fraud; the inability to taste the wine before purchase; and, minimum purchase quantity. The most highly rated referents (in order of importance) were: friends, winery/cellar-door staff, and family. Friends topped the list in four of the groups. Overall, these findings and the qualitative responses from group members show three clear themes: the role of convenience factors, perceived risk, and the experiential nature of the product and shopping situation.

Convenience

Many authors (e.g., Aplin, 1999; Fenech and O’Cass 2001; Forsythe and Shi, 2003) have cited convenience as representing the major factor inducing purchases on the Internet, so it is not surprising that in relation to wine purchase, convenience factors (the ability to shop from home, to shop at any time, and home delivery) were also rated highly by group participants. Nevertheless, convenience may not carry the same weight as an on-line purchasing factor in the case of wine as it may have with some other goods. Participants Fiona and Craig pointed this out as follows:

“The fact is that it’s usually easier just to go to the shop. Half the time you are down there anyway and there are so many places where you can buy wine” (Fiona, group 3)

“It’s not something you can’t get that you just have to buy over the Internet” (Craig, group 1)

These comments echo the observation of Lockshin (2000) that consumers are unlikely to purchase wine from a producer’s website (or an Internet retailer unless there is a clear price advantage) when they can easily obtain the same from their local wine store.

Perceived Risk

With respect to the perceived negative consequences of Internet wine purchase, group participants clearly ranked credit card fraud as their major concern. This finding is in keeping with several past studies (e.g., Cases, 2002; Forsythe and Shi, 2003; Miyazaki and Fernandez, 2001; Quinton and Harridge-March, 2003). As already noted, participants ranked the inability to taste the wine, and the requirement to purchase a minimum quantity, as the second and third most important inhibitors to on-line wine purchase. All three factors in fact represent elements of perceived risk. Forsythe and Shi (2003:869) define perceived risk in Internet

shopping as “the subjectively determined expectation of loss by an Internet shopper in contemplating a particular online purchase”. Perceived risk is conceptualised as a multidimensional construct commonly with six components: financial, product performance, social, psychological, physical, and time/convenience loss (Ueltschy, Krampf and Yannopoulos, 2004). Credit card fraud is usually classified as financial risk (e.g., Forsythe and Shi, 2003), although Gupta, Su and Walter (2004) classify concerns about the perceived security of on-line transactions as performance risk. Cases (2002) has re-conceptualised perceived risk in the electronic shopping context, and makes use of the term “payment risk” to cover consumer concerns about credit card use.

The inability to taste the wine, and the requirement to purchase a minimum quantity, are product performance risks. Participants Jim and Martin provided some insight into this risk:

“You can’t taste [the wine]. That’s one of the benefits of doing the rounds of the cellar-doors, you can taste and compare [wines] because they do vary a lot. Just because the 2001 was good doesn’t mean that the 2002 for sale on the Internet is going to be anywhere near the same. It’s not a Big Mac, you don’t get the same thing every time” (Jim, group 3)

“At a retail outlet you can go and buy one bottle, if you like it you will go back and buy another one. If it is something that you do not know and you have never tried the wine before..... [and do not like] what do you do with the other eleven?” (Martin, group 4)

Forsythe and Shi (2003:869) define product performance risk as “the loss incurred when a brand or product does not perform as expected” and they suggest that it can result from poor product choice due to the inability to correctly judge the quality of the product online, which in turn may stem from barriers to touching, feeling or trying the product. The comments of both Jim and Martin above reflect a level of perceived anxiety based on an inability to try or taste the wine before purchase.

Wine is classed as an experience product, whereas books and airline tickets are classed as search products (Gupta, Su and Walter, 2004). The quality of experience products can be evaluated only after purchase, whereas for search products, quality can be determined prior to purchase. In general, consumers will perceive higher product performance risks when purchasing experience as opposed to search goods online (Bhatnagar and Ghose, 2004), as the following comments of participants Kevin and Brad attest.

“If you are booking an airline ticket you are looking at a list of times and destinations, that’s a total different thing to buying something that you are physically going to be able to hold” (Kevin, group 4)

“I suppose wine is one of those unique things. If you buy something, for example a bracelet or you buy something physical, that is the item [you are after]. [But] where you are actually buying a bottle with something inside it, the something inside it is actually what you want.....because of that taste factor, that creates the drama.....I actually want the stuff inside to be good. So that is the difficult thing” (Brad, group 1)

The Experiential Nature of Wine and Wine Shopping

Gupta, Su and Walter (2004) point out that most of the leading product categories online involve “low-touch” products and “no-touch” services (e.g., computer software and hardware, financial services, music, books, travel and tickets), and they argue that the difficulty of evaluating some products online will impede consumers switching to the electronic mode for their purchase, especially for “look and feel” products such as wine. They conclude that merchandise purchased on the basis of experience attributes will be less amenable to electronic retailing, and this is borne out by their findings (channel switching propensity: airline tickets 83%, books 40%, stereo systems 18% and wine 6%).

This current research also uncovered a dimension that extended beyond the experiential nature of the product itself, and involved a sense, in the case of some participants, of a loss or “forgoing” of shopping pleasure through purchasing wine online. The following comments of participants Craig and Sarah captured this feeling.

“[On-line wine purchase] is a process rather than a pleasure” (Craig, group 1)

“There’s a kind of ritual that goes with purchasing a wine that you cannot get if you buy it on the Internet. If you collect wine and you want to tour the wineries and taste all the wines and work out which one you want, it’s sort of got that ritual about it, which you cannot duplicate on the Internet” (Sarah, group 3)

Shopping on the Internet is no substitute for the leisure experience that traditional shopping can afford (Phau and Poon, 2000). Arnold and Reynolds (2003) speak of hedonic shopping motives that are concerned with hedonic fulfilment, such as experiencing fun, amusement, fantasy and sensory stimulation. In a survey that examined women’s attitudes towards shopping in brick-and-mortar stores, Cox, Cox and Anderson (2005) found that nearly half of their respondents found pleasure in the sensory stimulation of visiting a store or shopping centre – the sights, sounds and smells. They conclude (2005:258) that “brick-and-mortar shopping still offers a unique appeal to many consumers: the opportunity to get out of the house and experience a change of scene”.

Discussion

This paper has provided further evidence of the difficulties retailers face in marketing experiential products such as wine online. The Internet can realistically only reproduce two of the five senses, namely sight and sound, and this limitation will restrict the kinds of product saleable via the medium. For many consumers, touching and trying the product is an essential element of the purchasing process (Croft, 1998; Phau and Poon, 2000; Zhenhui and Benbasat, 2004/2005) while the brick-and-mortar shopping experience itself can afford consumers the pleasures of sensory stimulation, social mingling, and being pampered by retail salespeople (Cox, Cox, Anderson, 2005). Future research will need to investigate the conditions and ways in which a consumer’s focus can be shifted from experiential cues (e.g., taste) to search cues (e.g., brand reputation), and how the dimensions of perceived risk vary across product and service categories. Although the qualitative approach of this current research limits its generalisability, the findings may be applicable to other food categories such as smallgoods, cheese, fruit and vegetables (for example, see Geuens, Brengman and S’Jegers, 2003).

The consumer perception of risk forms the primary obstacle to the future growth of electronic sales (Gupta, Su and Walter, 2004) and this research has shown that product performance risk ranks highly in the perceived risk mix. Citrin *et al* (2003) suggest that it is vital for Internet retailers to maintain some kind of physical trial possibility for those products that require multi-sensory inputs in their evaluation. Zhenhui and Benbasat (2004/2005) suggest the use of the Web interface design known as “virtual product experience” to allow customers to feel, touch and try products virtually. Perhaps the most fruitful way forward (rather than an imperative quest to increase online sales of experiential products) is a “synergistic” approach – that is, an approach that searches for ways in which each channel can help the other better meet consumer needs and wants.

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