Using key informant insights as a foundation for e-retailing theory development

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Abstract

Retailers are experiencing varying degrees of success as they strive to incorporate Internet technology into traditional retail formats. Although a variety of explanations for uncertainty surrounding electronic retailing (e-retailing) have been offered, the lack of a sound theoretical framework driving e-retailing decisions is at the heart of challenges facing Internet retailers. We argue that the Internet represents a sufficiently unique retail environment that practitioners and academicians alike should approach the development of knowledge and understanding in this area in a mode of "discovery." As such, qualitative and exploratory research methods can contribute significantly to e-retailing theory and decision-making frameworks. We present results of a key informant study of e-retailers, and provide the theoretical foundation for a model for effective integration of the Internet into the retail mix. © 2002 Elsevier Science Inc. All rights reserved.

Keywords: Key informant; e-retailing; electronic commerce; Internet marketing

1. Introduction

Despite overwhelming "media hype" (Fox, 1995) about the commercial potential of the World Wide Web (WWW), electronic retailing (e-retailing) both in the US and around the world remains a small portion of the retail sector. Kaufman (1999) reported that on-line sales to consumers comprise less than 1% of all nonstore shopping in the US. Although e-retailing is growing steadily, the decades-old vision of the household as an "electronic cottage" (Toffler, 1980) is far from reality. Internet access remains uneven across sociodemographic groups, skewed toward consumers with higher incomes, causing what some refer to as a "new cultural elite" (Gabler, 1999, p. F4). Estimates of Internet retail sales ranged from US$7 to 15 billion and the US Department of Commerce (2000) reported them to be US$23 billion for the fourth quarter of 1999 alone. While it appears certain that overall Internet retail sales will continue to increase for the foreseeable future, retailers are far less confident in their predictions about consumer reaction to specific e-retailing strategies and tactics designed to influence on-line sales.

Various explanations are offered for uncertainty surrounding electronic retail sales. Critics suggest that Internet retailers often fail to provide sufficient breadth and depth of product and brand selection, as well as adequate navigability of electronic shopping sites. "Poor Web design and complex ordering forms are turning off consumers" (Amato-McCoy, 1999, p. 18). Others (e.g., Burke, 1997, 1999a; Cowles et al., 1997; Deighton, 1997) have identified a number of consumer characteristics as potential obstacles to Internet growth, including consumer preference for traditional shopping experiences, an aversion or lack of access to the required technology, and the perceived risks of electronic shopping. Legal and regulatory issues shape electronic commerce, including taxation and content ownership, and e-retailers cannot ignore technological concerns such as frequent outages and software compatibility (Peterson et al., 1997).

Currently, some of the most successful e-retailing sites are those belonging to Internet-only retailers such as Amazon.com, and E-toys.com, who have never operated physical retail storefronts. However, even these e-retailers "continue to report widening losses largely because of increased marketing costs" (Bloomberg News, 1999, p. D18). A few retailers actually have abandoned their physical stores to become Web-only businesses, such as Egghead.com, a company that pioneered software sales in the 1980s but ran into financial difficulties as a "bricks-and-mortar" retailer (Livingston, 1999a). The largest seg-

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ment of Internet retailers is comprised of firms who are wedded to their physical facilities, but are convinced that the Internet must play a role in their overall retailing strategy. For these retailers especially, the key unanswered question is: What role should the Internet play in their overall retail strategy? Interestingly, some of the largest traditional retailers got off to the slowest start. As late as 1999, the world's largest retailer, Wal-Mart, appeared to be taking a "wait and see" attitude toward the WWW. Although the mega-retailer recently has made significant inroads into establishing an Internet presence, its long-term e-retailing strategy is still evolving. In short, large and small retailers alike appear to be experiencing difficulty integrating the Internet into their traditional mix of retail strategies and tactics (Greenbury, 1999).

Peterson et al. (1997, p. 342) have posed a number of interesting research questions that will require answers before the "the ultimate impact of the Internet" on consumer marketing can be determined. Retailer-oriented questions include: How can retailers segment and price discriminate between on-line shoppers? How should new Internet-based promotion mechanisms be designed? How should new measures of store loyalty and brand loyalty be defined? Consumer-oriented questions include: What are the central reasons that consumers select the Internet instead of a conventional retail channel? How do consumers navigate the Internet and conventional retail channels during the search and acquisition process? How will automated information-search mechanisms and other characteristics of the Internet affect the way consumers search for information? Questions such as these, as well as those posed by others (e.g., Burke, 1997, 1999a,b; Deighton, 1997, Jarvenpaa and Todd, 1997), suggest a need for new theoretical perspectives as retailers face the challenges of the 21st century.

This paper presents a qualitative study designed to lay the groundwork for developing new ways of thinking about retailing in an electronic environment. It begins with a discussion as to why current theories are inadequate, as well as why the Internet presents a sufficiently changed decision-making environment so as to place theory development in the stage of "discovery." Findings of a study employing key informant interviews are then discussed; insights gained from the depth interviews were used in conjunction with the emerging e-retailing literature to develop a model for integrating the Internet into an expanded retail mix. The discussion concludes with suggestions for future research and comments concerning the challenges of theory development in the WWW arena.

2. Why current theoretical perspectives are inadequate

In several fundamental ways, e-retailing is the antithesis of bricks-and-mortar retailing. A traditional retailer's most prized assets include physical space, tangible inventory, and customer traffic. Although these concepts have a place in e-retailing, each must be conceptualized in a way that recognizes the unique characteristics of the Internet. As opposed to physical retail space (e.g., shelf space, square footage), electronic retail "space" relates more to website navigability issues and the design of Web pages in a virtual shopping environment. In terms of inventory, Burke (1999a, p. 4) has suggested that — contrary to conventional wisdom — a number of inventory-related issues makes it more (not less) difficult for consumers to shop via the Internet compared to a conventional retail store: (1) Consumers cannot touch and feel products. (2) Orders can take several days to be delivered. (3) Shipping costs are often excessive. (4) Customer service is often poor. (5) Returns can be difficult. Alba et al. (1997) compared Internet retailers to those of a variety of alternative retail formats (e.g., supermarkets, department stores, category specialists, catalogs, interactive home shopping), concluding that Internet retailers frequently did not perform as well as many of the more traditional retail formats from the perspective of the retail shopper.

With regard to customer traffic, traditional retailers are confronted with a number of new options in terms of integrating the Internet into their mix of retail strategies and tactics. (1) Should they try to use the Internet to increase in-store customer traffic? (2) Can they reach new segments of customers who may never shop in their traditional storefronts? (3) Should the Internet be an alternative to in-store shopping for all targeted segments? (4) Is it appropriate to equate website visits with in-store customer traffic? Current frameworks for retail decision-making are inadequate for answering not only these broad questions concerning the overall role of e-commerce, but also more specific questions pertaining to marketing strategy and tactics in an e-commerce environment.

Located at the "front line" of marketing, retailers historically have relied on theoretical and decision-making frameworks in virtually every area of the marketing mix as they plan their retail strategies. For example, in terms of product, retailers have necessarily concerned themselves with product life cycles and the diffusion of innovations. Pricing policies and strategies (e.g., penetration pricing, skimming, psychological pricing, prestige pricing) are implemented and adjusted at the retail level. In one sense, the impact of push-and-pull placement tactics manifest themselves at the individual transaction level, inside the retail store. A whole host of theoretical perspectives developed to describe consumer behavior (e.g., motivation theory, values, and lifestyles research) have helped retailers make decisions affecting their customers. Finally, retailers have depended on a variety of frameworks in the area of promotion (e.g., communications hierarchy, perceptual processes) to develop their marketing communications programs. However, as they strive to influence and predict consumer reaction to various Internet strategies and tactics, retailers have found that these traditional perspectives do not always apply in the same way.
Internet-unique capabilities are significantly changing marketing thought and practice in each area of the marketing mix. Commenting on the extent to which marketers will have to reconceptualize market structures and consumer decision-making, Deighton (1997) asserts that “products, product characteristics, and distribution characteristics... are not exogenous in the process of market evolution;” more specifically, he predicts that “the protocols of the WWW will unsettle the consumer marketing equilibrium that has been so robust for at least the second half of this century” (p. 351). For example, while research has shown that “opinion leaders” and “market mavens” play an important role in the diffusion of innovations, the ease with which their evaluations of retail offerings can be communicated via the Internet may influence their role in ways that are difficult to predict. Moreover, the ease with which Internet users can interact with retailers on a real-time basis is revolutionizing pricing in some retail sectors, with consumers making “offers” for airline tickets and hotel rooms (e.g., Priceline.com) and bidding on a variety of products (e.g., eBay.com). Similarly, while marketers long have been interested in channel relationships, the Internet has ushered in the “latest power struggle between those who create product and those who sell it” and created “a virtual tug of war between brand equity and customer loyalty” (Reda, 1999, pp. 24–25). Finally, although the Internet is first and foremost a communications medium, its wide-ranging capabilities across all areas of the marketing mix complicate the application of traditional communications theoretical perspectives to retailing involving this versatile medium.

The Internet trade press is awash in e-commerce prescriptions and practitioner how-to’s concerning “what works and what does not” in Web-based retailing. However, even the more “academic” lists of Internet “do’s and don’ts” such as those offered by Burke (1997, 1999b) provide neither a theoretical foundation for decision-making nor the understanding required to make adjustments to e-retailing strategies and tactics as conditions change. Some observers (e.g., Burke, 1999a, 1999b; Cowles et al., 1997) have used the conventional consumer behavior literature to frame a number of interesting research questions facing e-retailers, but current retailing perspectives do not offer an adequate foundation for answering these questions. Our goal was to contribute to the development of new theoretical perspectives testable over time against the constantly changing world of e-retailing.

3. Using key informant insights as a basis for theory development

We used depth interviews with key informants to suggest the nature and structure of theory underlying retail decision-making in an e-commerce environment and as a basis for developing a preliminary model for e-commerce theory. As a form of naturalistic inquiry, the key informant methodo-

logy provides an approach for gathering data when the underlying theoretical framework is not well understood (Babbie, 1998). In such situations, the interviewer has a plan of inquiry but not “a specific set of questions that must be asked in particular words and in a particular order” (Babbie, 1998, p. 290); instead, questions posed to key informants are loosely structured. For the purposes of the study discussed here, interviewers used an outline of areas to be covered (see Table 1), but they were afforded considerable latitude in terms of the scope and direction of individual interviews. This research methodology is appropriate for this study due to the requirement for extensive, detailed probing of attitudes, behaviors, motivations, and needs required for early theory development (Davis, 1997).

One key informant from each of 10 retailers in a major metropolitan area located in the mid-Atlantic region of the US participated in an hour-long depth interview with a trained interviewer. Key informants were selected on the basis of standard protocols for a qualitative research setting, i.e., key informants “should (1) occupy roles that make them knowledgeable about the issues being researched and (2) be able and willing to communicate with the researcher” (George and Rege, 1982, p. 519). Local e-commerce experts had identified the retailers as having developed successful Internet strategies and tactics. Retailing sectors represented by key informants included sporting goods, dating services, grocery stores, resellers, furniture stores, dry cleaners, banks, appliance, and hardware stores. All were traditional retailers inasmuch as they operated at least one physical storefront. Key informants need not be representative in a “statistical sense” of the population from which they are drawn; rather, they are selected based on the insights they are capable of providing as a foundation for future research (George and Rege, 1982). All informants were members of a major association of retail merchants in the same geographic area. Moreover, although individual Internet strategies and tactics had evolved over the previous several years, all informants had gained their initial e-commerce experience as members of a regional electronic mall managed by the merchants association.

<p>| Table 1 |</p>
<table>
<thead>
<tr>
<th>Outline of broad topic areas covered during key informant interviews</th>
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<tr>
<td>Initial motivation of retailer for becoming involved in e-retailing.</td>
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<td>How e-retailing fits into the firm's overall marketing strategy.</td>
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<tr>
<td>Specific goals and objectives to be achieved via e-retailing.</td>
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<td>Importance of brand awareness to e-retailing; differentiation and positioning in an electronic environment.</td>
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<tr>
<td>Evolution of e-retailing strategies and tactics.</td>
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<td>Perceived motivations of current and prospective customers for Internet use.</td>
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<td>Lessons learned” to date from e-retailing experiences.</td>
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<td>New business skills, business processes, and other requirements needed to succeed at e-retailing.</td>
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<tr>
<td>How firm acquires expertise and other resources needed for e-retailing.</td>
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<tr>
<td>How firm stays abreast of advances in WWW technology.</td>
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<td>Commitment required to maintain or enhance Internet presence.</td>
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4. Research findings

Insights gained during key informant interviews, in conjunction with the evolving e-commerce literature, provided the basis for a preliminary theoretical model (see Fig. 1). The model is an initial attempt to answer the call for different ways of thinking about retailing in an electronic environment. The model portrays consumer use and acceptance of the Internet in any specific retail context as depending on three major categories of factors: Internet factors, retailer factors, and consumer factors. Each of these areas is discussed below.

4.1. Internet factors

Although a discussion of the Internet’s unique characteristics and capabilities was not explicitly part of the depth interview outline, the impact of these capabilities on retailers’ e-commerce program was a pervasive theme throughout the interviews. This finding echoes Peterson et al. (1997) who concluded that it is precisely because of these unique characteristics of the Internet that have no counterparts in conventional retailing, that it will be necessary to construct specialized theories that would explain the mechanics and the consequences of marketing to consumers through the Internet” (p. 333). All 10 key informants considered themselves to be “Internet-savvy,” with much of their knowledge being “self-taught” through reading periodicals and books, and participating in local seminars. Most felt that understanding fully these capabilities was crucial not only to developing sound strategies and tactics, but also to making more cost-effective e-commerce decisions. At the same time, many of the interviewees expressed frustration about the fast pace of technological change. For this reason, they tended to rely on outside suppliers of Internet services and content on these suppliers to keep them abreast of developments in this area. Key informants agreed that while both the customer traffic and the number of transactions generated by “cybermalls” generally have been disappointing, retailers can benefit significantly from the technical support provided by a mall’s administrators. Moreover, cybermalls represent an opportunity to learn and experiment with various Internet capabilities with minimum investment.

Key informants pointed to a number of areas in which the Internet’s characteristics and capabilities challenge traditional frameworks for retail decision-making: (1) The Internet can be used effectively and efficiently for both mass and one-to-one communications. (2) Sender and receiver roles are easily traded between retailers and their customers, often placing new demands on e-retailers to be responsive to customer communications. (3) The Internet has renewed the decades-old debate over the primacy of medium or message. (4) The Internet can play a role at every stage of the traditional communications hierarchy: gaining attention, creating interest, persuading consumers, asking for the sale, carrying out the transaction, and providing a means for feedback.

Key informants also expressed concern that they were not getting the maximum return on their Internet invest-
ments; indeed, that they may be missing unrealized opportunities. Their comments were consistent with Jarvenpaa and Todd (1997) who observed that while the Internet provides merchants a number of potential advantages over conventional media, most existing websites fail to capitalize on these advantages. Instead, they take a very traditional approach to retailing, following traditional theoretical perspectives and decision-making frameworks. According to Brody (1991, p. 43), the problem with viewing new things like e-commerce “in the clothing of the old” is that “old things are optimized for what they do already” — not for what they are capable of doing (Buskic, 1997).

Even though the key informants tended to describe the Internet in its role as a marketing communications tool, they recognized its potential in other areas of the marketing mix, i.e., product, price, and place. In contrast to some observers who argue that the Internet is simply another communication improvement, their observations supported Hoffman and Novak (1996, p. 51) who described the Internet as a “phenomenal marketing opportunity.” Their insights also were consistent with Palmer and Griffith (1998, p. 45) who concluded, “The Web has created a new revolution in marketing by providing much more than just a new medium through which organizations can communicate to the public. It has created a new marketing arena, complete with a new distribution structure, moving organizations closer to their customers.” Cowles and Kiecker (1998, 2000) have identified capabilities in four key areas, which distinguish the Internet as a unique marketing tool: addressability, interactivity, customer knowledge, and customer feedback.

In terms of the model presented in Fig. 1, a clear understanding of the Internet characteristics and capabilities ultimately is needed to influence and predict consumer use and acceptance of e-retailing offerings in the marketplace. However, a focus on these capabilities alone is not sufficient. Unfortunately, some emerging models of website design (e.g., Palmer and Griffith, 1998) rely heavily on Internet capabilities alone as the key driver of strategies and tactics. Key informants reported at times being tempted to “try out” a particular tactic “just because it is possible” (e.g., electronic coupons, on-line research), without a clear understanding of the extent to which the tactic is compatible with corporate goals and marketing objectives or responsive to consumer needs and wants.

4.2. Retailer factors

Key informants indicated that their initial decision to develop a presence on the WWW largely was driven by pressure from competition, as well as the sense of “unrealized potential” that they felt the Internet represents. One retailer admitted that “being there” was important initially so as not to get “caught behind the competition.” Moreover, informants described their early experience with the Internet as a time of constantly changing strategies and tactics. “At first, we presented inexpensive products to our customers. Then we moved to further segmenting customers and products. Next, we worried about providing easier navigation and then moved to partnering and co-branding goods and services with suppliers.” However, after an average two years’ Internet experience, most informants were able to articulate the specific, measurable marketing objectives driving e-commerce decisions, including:

- to increase sales;
- to achieve marketing cost savings/measure marketing productivity;
- to position/differentiate the retail firm from the competition;
- to expand the customer base (i.e., identify new markets);
- to communicate (i.e., engage in a dialogue) with customers;
- to present a “cutting edge technology” image to customers;
- to advertise (i.e., mass communicate) via a new medium;
- to develop and announce new vendor partnerships; and,
- to introduce new goods or services.

Findings from this study suggest that the more specific the marketing objective(s) driving decisions concerning the Internet, the more successful the website. For example, one retailer set a goal of providing 60 coupons per month to Internet shoppers as a means of increasing in-store traffic. The e-retailing literature supports this finding: “While some physical retailers fret about business being lost to, or cannibalized by, on-line commerce, a growing number of merchants are using the Web to drive customers to their bricks-and-mortar stores” (Livingston, 1999b, p. 70). Others reported that they used customer e-mails and telephone calls generated by their websites as important measures of use. However, even after an average two years of e-retailing experience, key informants were less clear about how the Internet fit into their overall corporate goals and business strategies, in particular when making trade-off decisions about investing in e-commerce versus investing in more traditional business arenas. At the same time, several informants were able to point to success stories in the local marketplace that suggested the importance of making e-commerce decisions against a backdrop of well-articulated business goals and objectives. For example, a number of informants described one local retailer’s market expansion growth strategy, achieved by offering its unique specialty goods (i.e., locally manufactured candies and confections) to a worldwide target market. Informants were aware of yet another local retailer who was using the Internet for market penetration purposes, strengthening relationships with current customers and increasing its “share of customer.” Although not specifically expressed by any single informant, the between-the-lines message
appeared to be that retail firms must have clearly formulated goals and objectives prior to determining the appropriate role of the Internet in the retail mix.

4.3. Consumer factors

The topic area that provided — simultaneously — both the most consensus and the most concern among key informants was that of understanding consumer characteristics, needs, and wants in terms of Internet use. Although key informants felt certain they “know” their current customers, they were not sure this knowledge is applicable to an electronic environment. This conclusion is consistent with a number of Burke’s (1999b, p. 164) guidelines concerning the customer — technology interface. Key informant retailers who felt they enjoyed strong relationships with their customers where concerned about “commoditizing” their retail offerings in a virtual setting. Their concerns echoed those of the chief executive officer of the Neiman Marcus Group: “The central question is, What kind of initiatives will help us strengthen the customer relationships we have and encourage new ones to form?” (Smith, 1999, p. 165).

A number of key informants opined that consumers themselves were uncertain of their needs and wants in terms of Internet shopping. Others observed that it is difficult for retailers to separate consumer fashion with (or averse to) the Internet as a technology from their interest (or lack of interest) in the content of a website. Will consumer interest in Web shopping grow or wane? How does a firm differentiate its retail offerings — from the perspective of consumers — in an electronic shopping environment? What attributes of Web shopping are the most important to consumers? What are all the different ways that consumers use the Internet? Key informants expressed concern that the experts they turned to for Internet services often focus too much on the technology and not enough on understanding consumer behavior as it relates to the technology. They reported that Internet service providers are quick to show e-retailers how to measure the effectiveness of specific strategies and tactics — an Internet capability appreciated by key informants. However, the same “experts” frequently were unwilling to make specific predictions about consumer response to these strategies and tactics, ostensibly due to a lack of certainty on their part.

5. Building new perspectives from key informant insights

More than any single conclusion, a synthesis of e-retailing “lessons learned” reported by key informants during depth interviews suggests that no single Internet strategy or tactic is inherently “good” or “bad,” “effective,” or “ineffective.” The ever-growing spectrum of tactics and strategies, made possible by the Internet’s unique characteristics and wide range of capabilities, must (1) support corporate goals and marketing objectives, (2) fulfill the requirements of a specific role in an retail mix expanded to include nonstore retailing, and (3) be responsive to consumer needs and wants. Further, although key informants recognized the impact of all three categories of factors on the success of their e-retailing programs (i.e., Internet factors, retailer factors, and consumer factors), they felt they had the knowledge and control of their corporate goals and marketing objectives, as well as an evolving understanding of the Internet’s capabilities. The area in which they felt most vulnerable in terms of making sound Internet decisions was that made up of consumer factors. When will consumers accept and use the Internet in retail settings, and when will they reject the new technology?

Consumer interface with technology is not a new topic in the marketing and retailing literatures. For example, marketers have focused on consumer interface with technology as a tangible product (e.g., diffusion of innovations) and as a substitute for human capital in the service sector (e.g., automated service processes). E-retailers must consider consumer interface with technology not only in these traditional ways, but also in the myriad other ways the Internet can be used by consumers. As a new and evolving technology whose boundaries extend well beyond e-commerce, the Internet is used by potential customers for many noncommercial purposes. Dixon (1997) reported that individuals use the Internet to achieve one or more of the following goals or gratifications: surveillance (knowledge or information); communication utility (social interaction); filling time, passing time, or habit; escape from boredom or problems; diversion, entertainment, or excitement; and advice, decision-making, or guidance. Although Dixon’s research was not conducted in a retailing setting, two related assumptions seem reasonable to make. First, e-retailing takes place in the context of these other uses. For example, a consumer’s “electronic shopping trip” could take place in between reading the day’s latest news headlines and updating a personal calendar. Second, any of the gratifications identified by Dixon (1997) could be satisfied in part or in full via Internet shopping experiences. For example, although Alba et al. (1997) judged as “low” the Internet’s current ability to provide the more hedonic benefits of traditional shopping experiences (e.g., entertainment, social interaction), both retail’s ability to offer such experiences via the Web and consumers’ evaluations of such offerings most certainly will evolve over time.

Our results suggest the need for a theoretical framework capable of addressing this complex consumer use environment. Specifically, future research is needed to determine the utility of a theoretical framework discussed in the communications literature — “uses and gratifications” — in meeting this theoretical void. “Uses and gratifications represents an important paradigm in mass communications research. It attempts to link motivations for media use with the effects of media exposure” (O’Guinn and Faber, 1981, 1997).
The underlying premise of the paradigm, as it pertains to e-retailing, is that the social and psychological origins of consumers’ needs generate expectations of the medium (in this case, the Internet), which lead to differential patterns of exposure or involvement with the medium, resulting in a continuum of user gratifications and other consequences. From a marketing perspective, to the extent that gratifications “obtained” either exceed or exceed gratifications “sought,” one should be able to predict an acceptable level of satisfaction with the communications medium (in this case, the Internet). Conversely, O’Guinn and Faber (1981) suggested that the perspective would also be helpful for understanding the reasons why consumers might avoid a communications medium like the Internet.

While the uses and gratifications theories of research have been developed and its critics, the idea that one should consider the motivations for using a medium in determining its impact seems well suited to e-commerce research. Cowles and Kiecker (2000) recently incorporated the uses and gratifications theoretical perspective into a model proposed to predict consumer acceptance and use of the Internet in retail settings. Recent uses and gratifications studies (e.g., Dixon, 1997) distinguish between gratifications sought by consumers (the motivations for media use) and gratifications obtained (the results of media consumption). The marketing and retailing literatures are replete with studies showing that consumers seek many different benefits from traditional shopping experiences (e.g., Bellenger and Korgoankar, 1990; Wakefield and Bakos, 1998); it is likely that Web shopping could satisfy a wide variety of consumer needs and wants. Incorporating well-accepted theories of consumer motivation into the uses and gratifications perspective would seem to hold promise for e-retailers as they attempt to make sense of consumer factors in the increasingly complex Internet environment.

6. Managerial implications

Findings from the qualitative research presented here suggest that bricks-and-mortar retailers who want to incorporate the Internet into their overall retailing strategies face formidable and on-going challenge. First, more than ever, they must articulate clear and precise business goals and marketing objectives. In short, they must know where they want to go before determining how the Internet may help them get there. Second, they must be diligent in their efforts to stay abreast of dynamic and competitive business environment, in particular, the fast pace of technological change. Moreover, they should view Internet capabilities and characteristics as a means to achieving business goals and objectives, not an end goal in and of themselves. Finally, although understanding consumer needs and wants is at the heart of e-retailing success, they may be the least understood among all factors affecting that success. Retailers must either undertake appropriate research efforts to develop key consumer insights on their own or demand that Internet service providers move away from a fascination with technology per se to disciplined research programs designed to produce a theory-based understanding of consumer acceptance and use of the Internet.

7. Directions for future research

Insights gained from this study extend to the areas of research methods. Given the ease by which quantitative data can be collected and analyzed via the Internet, it will be tempting for researchers to move quickly to empirical research methods in their efforts to build theoretical perspectives pertinent to Internet use in retail settings. Results of the key informant study discussed here provide strong evidence for the value of qualitative research. They suggest the need for caution against an overreliance on quantitative methods during this important phase of knowledge discovery. Depth interviews, focus groups, and observation are among the research methods that are capable of providing much-needed direction for future quantitative research in a myriad of related subject areas. Indeed, they will be crucial to determining the potential value of the uses and gratifications theoretical perspective for increased understanding of e-retailing opportunities. This perspective, combined with qualitative research methods, has the potential for providing Web marketers valuable information about consumers’ satisfaction with e-retailing experiences, a topic of considerable interest to retailers facing the challenges of doing business in the new millennium.

Acknowledgments

The authors acknowledge the assistance in data collection provided by the Greater Richmond (VA) Retail Merchants Association.

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