



JURNAL MANAJEMEN BISNIS

KOMPETENSI

PRO DEO  
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## THE RELATIONSHIP BETWEEN DEMAND AND THE MARKETING AND PROMOTION PLAN (CASE STUDY OF HOTEL XYZ)

*Boya Arsila Sunarjo & Nizam Jim Wiryawan*

## WHY CONSUMERS HESITATE TO SHOP ONLINE: AN EXPERIMENTAL CHOICE ANALYSIS OF BOOK SHOPPING AND THE ROLE OF DELIVERY FEES

*Rosdiana Dewi Siringo Ringo & Zahrida Z.ainal W.*

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*Kristina Untari Setiawan & Aris Pongtuluran*

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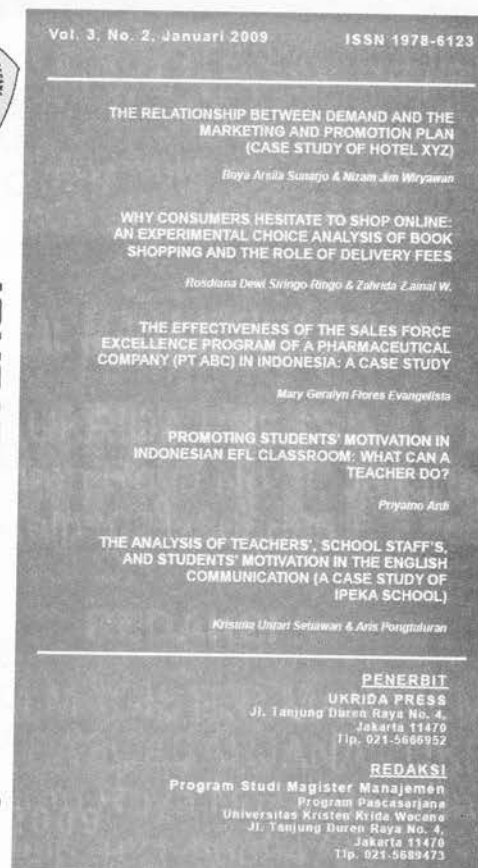
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## WHY CONSUMERS HESITATE TO SHOP ONLINE: AN EXPERIMENTAL CHOICE ANALYSIS OF BOOK SHOPPING AND THE ROLE OF DELIVERY FEES

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### *Abstract*

*This study was conducted to find out if and how delivery charge and three other situational factors affect consumers' book shopping channel choice. A survey was conducted among a convenience sample of 200 book shoppers in all over Jakarta. Each respondent was presented with two hypothetical book shopping scenarios characterised by four situational factors. Respondents were asked to indicate their preference for shopping online or in-store in each described situation. They also provided information about their last grocery shopping trip. Data were then analyzed using frequency, multiple regression, and principal component analysis. The results show that all four situational factors affect consumers' shopping channel preference. It was further established that, though of influence, delivery charges are not the most important factor. Fifteen minutes difference in travel time to the grocery store had a greater impact on the relative preference to shop online or in-store than a delivery fee of 20,000 IDR.*

### *Keywords*

*internet shopping, delivery, consumer behaviour, book shopping*

## INTRODUCTION

With the rapid global growth in e-commerce, businesses are attempting to gain a competitive advantage by using e-commerce in order to interact with customers. Online shopping is going to be a popular way of business nowadays. It is because internet is the simplest way to connect people to the world. Internet connecting business to other businesses and also business to the customers. Through the internet, people can easily find out all the information that they need.

Internet opens alot opportunities of business. Beside it, in doing business online, there are also some limitation that might be faced. Although many companies have entered the world of e-commerce in the past few years, very few have been able to attain competitive advantage. It is about the customer perceptions of online



shopping. They usually hesitate of using online way of purchasing products or services and prefer to shop directly in the store probably because of some consumer perceptions of shopping, such as cost, convenience, enjoyment, and also risk factor (Huang and Oppewal, 2006).

This study, therefore, aimed to find out if and how several situational factors affect consumer decisions of whether to shop online or in-store for books. A research to 200 book store shoppers will be done. This research will focus on delivery charge and three others specific factors and test how they affect shopping channel preferences (Verhoef and Langerakk, 2001). The other factors are time availability, travel time to the store, and trip purpose. From this research we will find out why some people are choosing to shop in store, not online even though it is more efficient to shop online (Degeratu, 2000).

The research is based on replication from the research conducted by Huang and Oppewal (2006) titled: *"Why consumers hesitate to shop online: An experimental choice analysis of grocery shopping and the role of delivery fees"*. Some similar methods will be conducted in this research. Some of the theory that related to the study might be also adopted.

## LITERATURE REVIEW

### Online Shopping

Nowadays, online shopping is becoming one of the popular ways to purchase goods or services. Even though some people still think that shop online is not the best way and they prefer to shop directly in store, but sometimes shop online is useful in some circumstances. It is because online shopping can be done from home and it is really simple to do. Because all the information is provided in the website. So they only need to choose from the lists and purchase it. These are several comments of online shopping that are taken from some sources, as described in the table below.

Table 1. Comments of online shopping

Sources	Comments
International Journal of Service Industry Management, Vol. 15 No. 1, 2004 pp. 103	Internet shopping or online shopping is the use of online stores by consumers up until the transactional stage of purchasing and logistics.
Chaffey et al:2007	Buying online means that there are new ways of reducing costs by reducing the number of staff needed,

(sources: adapted from various sources)

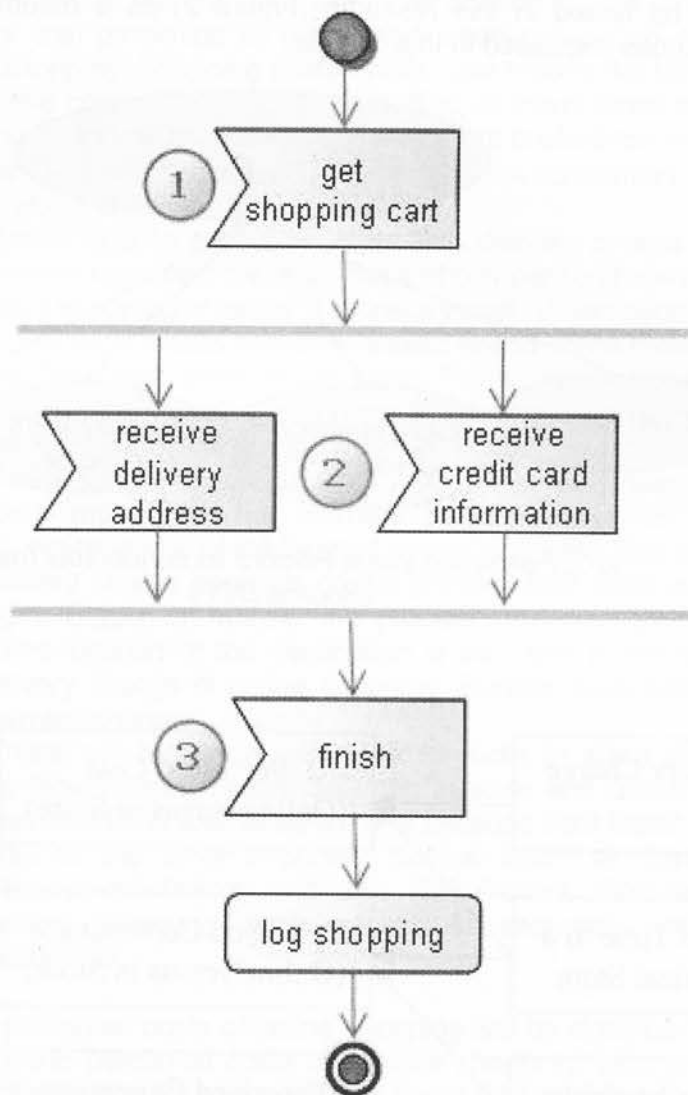
### Some Pros and Cons for Both Online and In-store Shopping

#### Pros (Brown ; 2008)

1. Online shopping allows people to avoid those holiday mall crowds and checkout lines. Driving to stores and finding parking wastes

expensive fuel during a time of year when most people are on a tighter budget.

2. It is also available around the clock and doesn't require any time to get to and from the store.
3. Shopping online allows people to compare products and prices between retailers with a couple clicks of the mouse.



**Fig 1. "On-line shopping service"**

(source: <http://publib.boulder.ibm.com/bpcsamp/advancedProcessFeatures/correlation/activityDiagram.html>, Aug15<sup>th</sup>, 2008)

#### Cons (Brown ; 2008)

1. On the other hand, there are often shipping and handling fees associated with online shopping that don't come with in-store purchases.
2. People do not get to walk in the door with purchases on hand. There's always a delay in receiving your purchases (unless they pay even more for express shipping). In-store shopping allows that instant gratification of having their product immediately.

3. People can not personally examine the product that they are buying like they can in-store. This is especially important with clothing and footwear.

### Factors that Influence Customer Decision

These are the diagrams that represent the perceived value factor for shopping (Figure 2.) and the conceptual model that is proposed and which will be tested in this research (Figure 2) as a resume from various sources discussed in this chapter.

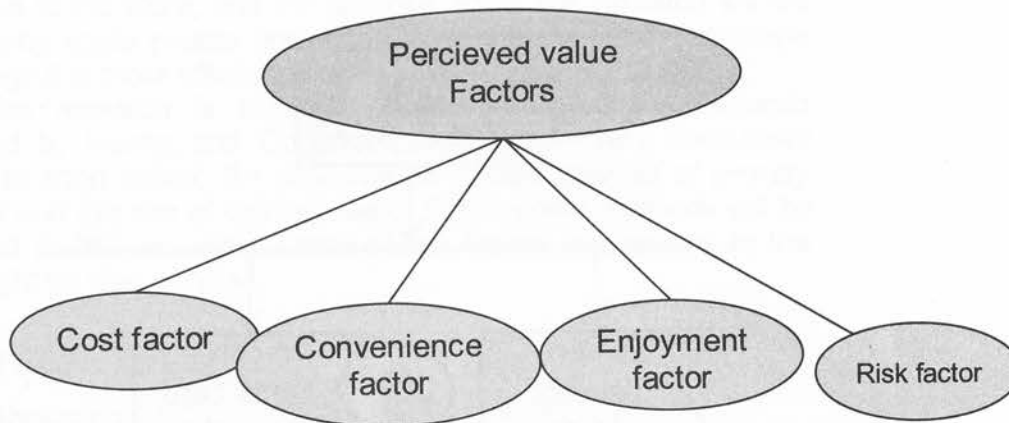


Fig 2. Perceived Value Factors as conceptual framework  
(Source:DOF)

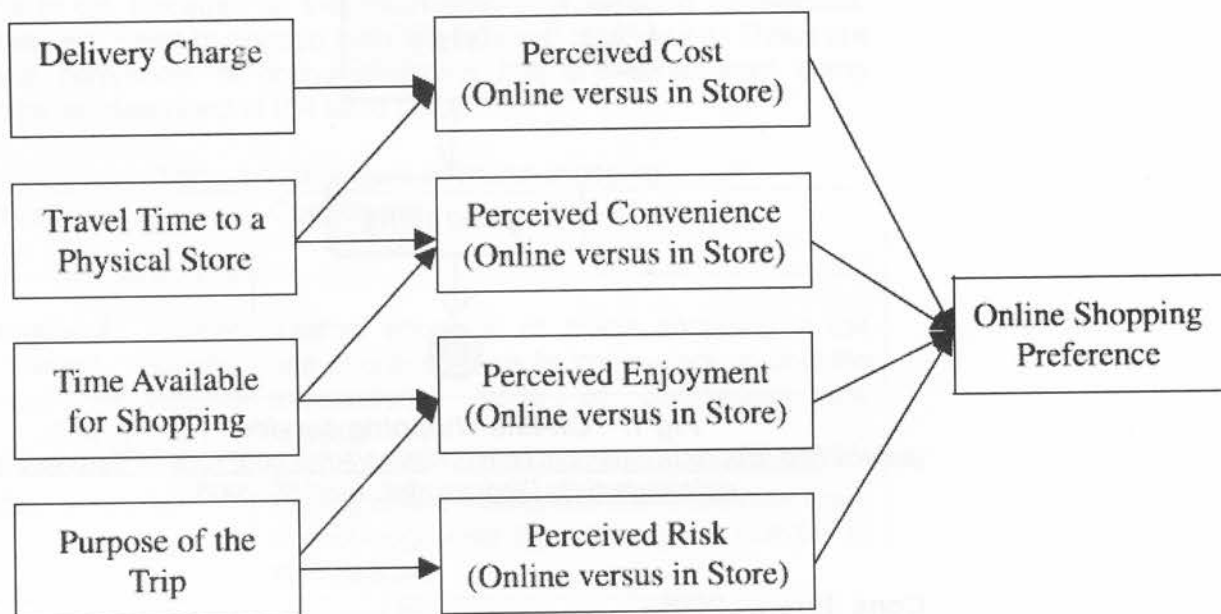


Fig 3. Online Shopping Preference as conceptual model

As shown in the figure 2 and 3, the four factors in this research will be identified. Those are purpose of the trip, time available for shopping, delivery charge and travel time to a physical store. It proposes that they affect consumers' channel choice for book shopping, and that the effects are mediated by the perceived differences between online and



in-store shopping conditions in terms of costs, convenience, enjoyment and risk.

### Cost Factors

Cost is the first factor that will be observed in this study. Cost is chosen as one of the factors as cost is one of the most important factors that affect customer decision in purchasing goods or services. Cost factor in the current study are those concerning the difference in monetary cost perceived by consumers when comparing online and in-store shopping. Shopping costs in this case means the total of fixed and variable costs. Fixed costs is identified as travel costs associated with going to a store plus a shopper's inherent preference and historic loyalty for the store. Variable cost depend on the consumers' shopping list (Bell, Ho, and Tang, 1998).

Travel cost to a physical store and delivery charge of goods ordered online represent the main basis of comparison between online and in-store shopping in terms of monetary cost. When people choose to shop in store, it means that they should spend some money for the travel cost from their place to the store. Travel cost in here includes petrol cost and parking charge. Further location of the store, it means higher travel cost that will be spent (Baker, 2000).

When people choose to shop online, they also need to spend some extra money for the delivery charge. Based on Tiki Jne company, which is one of the biggest logistic company, the calculation of the delivery charge depends on the product itself such as the size and weight. Bigger or heavier the product means higher delivery charge. The location of the destination is also one of the factor that affect delivery charge of online shopping. Further destination means higher delivery charge.

There will be some expenses for both in store and online shopping. How people choose between in store and online depends on the their condition and situation. It is because cost factor is having relationship to the other important factors. Such as Convenience factors, Enjoyment factors, and also Risk factors. Cost and those other factors affecting each other. Consequently, this study hypothesizes that:

**H1.** The perceived costs of online shopping will be significantly lower, relative to the perceived costs of in-store shopping, with (a) a lower delivery charge and (b) a longer travel time to the physical store.

### Convenience Factors

Convenience is the second factor that will be observed in this study. Convenience concerns psychological cost and other forms of non-monetary costs such as time, effort and stress (Aylott and Mitchell, 1998; Cassill, 1997). In line with Berry (2002) conceptualization of service convenience, shopping convenience can be defined as a reduction of the opportunity costs of effort and time involved in shopping activities. For this case, online shopping provides greater convenience as online shopping allow the customer to do shopping everytime and everywhere they are.

Not only that, online shopping also lead to the efficiency of time in shopping, compared to shop in store where they should go around to find the book that they want and also go to the cashier to pay the book, even worse if the queue in the cashier is long. Those

things are really disrupting for people who is busy and has little free time.

Naturally, online shopping also has its inconveniences. For example, many people still do not have access to the internet from home and first-time online customers have to disseminate themselves with the system and set-up an account. These things make online shopping become so complicated. Many people in Jakarta are still not educated about internet, especially older people. A lot of them still do not even know how to use computer (Jeanselme, 2001). Not only that, the payment for most of online shopping is using credit card. This thing makes people a little hesitate as there are a lot of fraud cases through credit card. Not all people have credit card is also one of the problems. However, it is still expected that the convenience of online shopping in terms of time and effort saves to outweigh the inconveniences, especially when consumers are under time pressure or when the physical store is far away.

With so many brick and mortar stores online, many times shoppers can choose between the convenience of ordering merchandise online or purchasing it in the store. Some people choose online ordering because they like shopping during the time the physical store is closed, or they avoid crowds. Other people prefer shopping in stores in order to see and get a feel for the item directly. Therefore, it can be posed that:

**H2.** The perceived convenience of online grocery shopping will be significantly higher, relative to the perceived convenience of in-store shopping (a) with a longer travel time to the physical store and (b) if time pressure is greater.

### **Enjoyment Factors**

And now we are going to the third factor which is enjoyment factors. Shopping enjoyment is defined by Beatty and Ferrell (1998) as the pleasure one obtains from the shopping process. For many consumers, shopping is an experience that transcends product purchase (Janiszewski and Alba, 1997). The concept of shopping enjoyment relates to the difference between hedonic and utilitarian shoppers.

Utilitarian shoppers treat shopping as work, but hedonic shoppers strive for fun and entertainment in shopping (Babin., 1994). Several broad categories of hedonic shopping motivations have been identified, including adventure shopping, gratification shopping, idea shopping, role shopping, social shopping, and value shopping (Arnold and Reynolds, 2003; Tauber, 1972). In the online setting, further development in technology is expected to allow greater use of "virtual reality" and "interaction" with consumers and provider, which is more likely to enhance the "shopping experience" for online consumers (Freeman, Walker, and Gabbott., 1999).

Time pressure is a mainly relevant factor in this context. Time pressure can be measured as the degree to which consumers consider themselves busy (Srinivasan and Ratchford, 1991). It has been established that time pressure is related to the degree of negative affect (Beatty and Ferrell, 1998). Therefore, it is expected that when under time pressure, the levels of online and in-store shopping enjoyment both will decrease but that the latter will decrease more rapidly, as it generally takes up more time.

Subsequently, we expect consumers under time pressure to be more willing to shop online. When people has a little time to shop, the enjoyment of shopping in the store decreases. It is because, when they are shopping in hurry, there will no enjoyment for them. Online shopping is the best choice for them as they can shop online everytime, in every free time that they have. Time pressure factor makes online shopping more effective for them as they can enjoy their shopping time.

Furthermore, shopping enjoyment also depends on they purpose of the trip. People will be getting bored when they are going to the store too often and rutin. Location of the store which is too far from their house is one of the factors that reduce the enjoyment of shopping. They may feel tired when arrived at the store and their enjoyment level will be affected. The ambience of the store can also affecting their enjoyment.

The bad condition of the store, the atmosphere, can give negative impact to their enjoyment. For example, too stale or musty, too crowded, dirty, etc. Those negative things can undermine customer enjoyment of shopping in store. and because of it, they would be to endorse on-line shopping. Therefore:

**H3.** The perceived enjoyment of online grocery shopping will be significantly greater, relative to the perceived enjoyment of in-store shopping, if (a) time pressure is greater and (b) the shopping trip is more a routine activity.

### **Risk Factors**

There is a wide array of research on perceived risk and its impact on consumer behaviour (Mitchell, 1999). The definition of perceived risk that is used most often by consumer researchers defines risk in terms of the consumer's perceptions of the uncertainty and adverse consequences of buying a product or service (Dowling and Staelin, 1994). Perceived value, a strategic imperative for producers and retailers in the 1990s, will be of continuing importance into the twenty-first century (Forester, 1999; Vantrappen, 1992; Woodruff, 1997).

It is noteworthy that besides the risk of the possible misuse of credit card information and personal data, of particular interest to the present study is the product performance risk, which is defined as the loss incurred when a brand or product does not perform as expected (Horton, 1976). Forsythe and Shi (2003) find that product performance risk was most frequently cited as a reason for not purchasing online. Those risks make people think twice to purchase online.

In this case, as we are doing research for online book store, product performance risk is not too influencing customer decision. It is because when people purchase book online, they usually already find out the information of the book first. The physical appearance maybe one of the performance risk. For example the book get some damage because of the shipping process. When comparing about risk factor between in store and online book shopping, the main risk is the way of payment.

When ordering online, it means that the customer needs to give your credit card number and also your personal information such as name, address, telephone number, etc. Fraud oftenly happen because of this situation. When people shopping in store, they have lower risk. It is because the payment is done directly to the cashier

and they are not required to give their personal information. Shopping in store also reduced the risk of lateness of receiving the product, while it oftenly occurs in online shopping. It is because when people shop at store, they will get the product directly.

The risk of shopping at the store is can be the time. Sometimes people come to the store but unfortunately the store is still closed even worse the store location is very far from their place/home. This kind of condition may lead people to choose online shopping as they can conduct online shopping everywhere and everytime. Perceived product performance risk will vary with purchase goals and intended usage of the products (Dowling and Staelin, 1994).

Higher involvement will result in a greater awareness of possible negative consequences and, therefore, in an even greater level of perceived risk for the online channel compared to in-store shopping. In line with the above analyses, we hypothesize that:

**H4.** The perceived risk of online grocery shopping will be significantly greater, relative to the perceived risk of in-store shopping, when the items shopped for evoke greater situational involvement.

### **Mediation**

As indicated in the above discussion, it poses that the situational factors affect the four perceived differences between online and in-store shopping and that, consequently, they also affect the relative preference for online shopping. The effects of the situational factors on channel preference are mediated by the perceptual differences shown in the previous page. Therefore, overall it hypothesizes that:

**H5.** All identified factors (purpose of the trip, time available for shopping, delivery charge and travel time to a physical store) significantly affect consumers' channel preference through their effects on the perceived differences between online and in-store shopping in terms of costs, convenience, enjoyment and risk.

As the conclusion, in doing this study, the researcher decided to use four factors that affect perceived value namely (1) Cost Factor, (2) Convenience Factor, (3) Enjoyment Factor, and (4) Risk Factor, as the conceptual terms.

### **RESEARCH METHODOLOGY**

This research method is the replication of Huang and Oppewal (2006) research about why consumers hesitate to shop online. Huang and Oppewal (2006) were doing the research for grocery stores. In this study, book stores research would be conducted. The result will show the relationship between the four factors mentioned before and consumer decision of choosing to shop in store or online.

### **Research Objective**

The original research was conducted in year 2006 by Yan Huang and Harmen Oppewal in southern England. The objectives this research are to find out how delivery charge and three other situational factors affect consumers' shopping channel choice and why a lot of people still hesitate to shop online.



## **Research Design**

The questionnaire presented respondents with a set of hypothetical choice tasks. These experimental tasks were the key part of the questionnaire and had been designed to measure how shoppers respond to varying online and in-store shopping conditions. Each respondent was presented with two hypothetical scenarios and asked to plan a book shopping trip for each scenario. Before presenting the scenarios, the questionnaire asked respondents about their last book trip and their usage of the internet.

## **Data Collection**

An interviewer intercepted people randomly and asked them to complete a paper-and-pencil questionnaire and give it back right after the questionnaires are answered by them. Before the questionnaire got distributed, there were pre-survey test including Pre-test questionnaires was distributed to 20 respondent. This test was a measurement of the realibility and validity of the questionnaire and also to know whether questionnaire was understood or not.

The sampling method that used is probability sampling, which conducted in August 2008. It is used in order to take the data from various socioeconomic characteristic, not only focusing to one group of people.

## **Data Analysis**

The following are the three steps that are used in this research:

### **1. Demographic Analysis**

Through descriptive statistic, samples profile such as age, gender, income level were analyzed to give brief exploratory research concerning the respondents and elaborated with other findings including frequency.

### **2. Regression Analysis**

This analysis is used to examine the inter-relationships among variables to examine the relationship between four factors mentioned before and consumer decision of choosing to shop in store or online.

### **3. Principal Component Analysis**

Principal component analysis is appropriate when you have obtained measures on a number of observed variables and wish to develop a smaller number of artificial variables (called principal components) that will account for most of the variance in the observed variables. The principal components may then be used as predictor or criterion variables in subsequent analysis. The  $\alpha$  level of significance in this analysis is 0.05.

## **ANALYSIS AND DISCUSSION**

### **The Sample**

In total of 200 completed responses being used for the data analysis. An analysis of the demographic of the respondents revealed that 50.5 per cent were male. Ages ranged from 18 years to 64 years of age, with 53 per cent between 18 - 24 years of age, 17.5 per cent between 35 - 44 years of age, 17 per cent between 25 - 34 years of age and 12.5 per cent 45 years of age or older. In term of education, 54.5 per cent were senior high school, 33.5 bachelor and 12 per cent were D 3 and others.

Table 2. Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	male	101	50.5	50.5	50.5
	female	99	49.5	49.5	100.0
	Total	200	100.0	100.0	

(source: Data on file / DOF)

Table 3. Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-24	106	53.0	53.0	53.0
	25-34	34	17.0	17.0	70.0
	35-44	35	17.5	17.5	87.5
	45-54	22	11.0	11.0	98.5
	55-64	3	1.5	1.5	100.0
	Total	200	100.0	100.0	

(source: DOF)

In terms of occupation, 53 per cent were students, 25.5 per cent were government employees, and 21.5 per cent were private companies and others. Income level varied with 41 per cent of the sample earning between Rp 1 million – Rp 3 million, 25.5 per cent earning less than Rp 1 million and 33.5 per cent earning Rp 3 million or more. 61.5 per cent of respondents do not have experience of online shopping at all, and 91.5 percent purchased their book in the store.

## Results

The data underwent a number of preliminary evaluation procedures, such as measure of sampling adequacy (MSA) for test of validity and reliability analysis as recommended by Hair et.al (1998). The SPSS output for MSA showed that the measure was 0.730 and the significant level was 0.0000 which was highly significant. In term of reliability test, the SPSS output showed that the Cronbach alpha was 0.850 which was more than 0.60 ( the guideline measure). Having established that the data were suitable for further analysis to address the research questions, composite variables were computed and analysis conducted, the results of which are shown below.

Table 4. KMO and Bartlett's Test(a)

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.730
Bartlett's Test of Sphericity	Approx. Chi-Square	5995.392
	df	1081
	Sig.	.000

a Based on correlations

(source: DOF)



Table 5. Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.850	.850	47

(source: DOF)

### Regression Analysis

H1 – H4 specified how each of the four situational factors (purpose of trip, time available for shopping, delivery charge, and travel time to physical store) influences consumers' perceptions of cost, convenience, enjoyment and risk. To test these hypotheses we first calculated for each perceptual construct the difference between the ratings for online and in-store shopping for each scenario. These difference scores were next regressed on the four situational factors as shown in Table II, for each of the constructs separately. Effect coding (-1 versus +1) was used to represent the attribute levels as indicated in Table 6. Although the model fits are relatively low, all models except the perceived risk model are significant.

Table 6. Regression output for perception constructs (differences between online and in store channel) on situational factors

	Perceived cost difference		Perceived convenience difference		Perceived enjoyment difference		Perceived risk difference	
	$\beta$	sig	$\beta$	sig	$\beta$	sig	$\beta$	sig
Purpose of the trip	.127	.078	-.047	.522	-.058	.420	.038	.599
Time available for shopping	.036	.611	-.008	.915	-.054	.439	.057	.426
Delivery charge	.126	.075	-.114	.109	-.178	.011	.255	.000
Travel time to a physical store	-.176	.012	-.204	.004	-.234	.001	.088	.207

Notes :  $R^2 = 0.077 / F(4,195) = 4.051$ , sig = 0.004;  $R^2 = 0.056 / F(4,195) =$

2.888, sig = 0.024;  $R^2 = 0.095 / F(4,195) = 5.130$ , sig = 0.001;  $R^2 = 0.070 / F(4,195) = 3.679$ , sig = 0.007

(Source: DOF)

The results confirm that purpose of trip ( $\beta = .127$ ,  $p < 0.05$  one sided), delivery charge ( $\beta = .126$ ,  $p < 0.05$  one sided), and travel time to a physical store ( $\beta = -.176$ ,  $p < 0.05$ ) affect differences in perceived costs (H1a and H1b confirmed). Travel time to a physical store ( $\beta = -.204$ ,  $p < 0.01$ ) significantly affect differences in perceived convenience but not time available for shopping (H2a confirmed, H2b rejected). Delivery charge ( $\beta = -.178$ ,  $p < 0.05$ ) and travel time to a physical store ( $\beta = -.234$ ,  $p < 0.01$ ) significantly affect differences in perceived enjoyment (H 3 c and d confirmed). Delivery charge ( $\beta =$

.255,  $p < 0.01$ ) significantly affect differences in perceived risk (H 4 d confirmed).

Now, a multiple regression analysis is conducted to test if the choice to purchase online or in store depends on the four design factors. Although the model has very low fit ( $R^2 = 0.065$ ), the model is statistically significant ( $F(4,195) = 3.411$ ,  $\text{sig} = 0.010$ ,  $p < 0.05$ ). Using significant level 10% one sided, all four factors significantly impact upon expected purchase channel, as shown in Table 7.

The largest effect is observed for travel time for a physical store, the next largest is delivery charge. It is important that delivery charge is not the only determinant of choice of purchase channel.

Baron and Kenny (1986) suggested three conditions that need to be satisfied in order to establish mediation:

- (1) the independent variables need to affect the mediators;
- (2) the independent variables need to affect the dependent variable; and
- (3) the mediators need to affect the dependent variable, while the effects of the independent variables are reduced in a model that includes both the independent variables and mediators as predictors.

In the present context, the independent variables are the four situational factors manipulated in the experimental scenarios. The mediators are the channel differences in perceived cost, perceived risk, perceived convenience, and perceived enjoyment. The dependent variable is the consumer's inclination towards online relative to in-store shopping.

Table 7. Regression output for online shopping preference on situational factors

	Unstandardized coefficients		Standardized coefficients		
	$\beta$	Std error	$\beta$	t	Sig
(Constant)	2.710	.800	-.122	3.388	.001
Purpose of the trip	-.227	.135	.122	-1.678	.095
Time available for shopping	.193	.108	.127	1.781	.078
Delivery charge	.133	.067	.141	1.999	.047
Travel time to a physical store	.224	.100	.155	2.229	.027

Notes :  $R^2 = 0.065$ /  $F(4,195) = 3.411$ ,  $\text{sig} = 0.010$  ( $p < 0.05$ )  
(source: DOF)

The first condition for mediation was already established as all for situational factors had significant effects on at least one of the hypothesized mediators (Table 6). The second condition was also established as all four situational factors were shown to significantly effect online shopping preference (Table 7). As shown in Table 8, the third condition is also established only for perceived cost.

Table 8. Mediation effects

	Regression output for online shopping preference on independent variables and mediators			Regression output for online shopping preference on independent variables		
	$\beta$	t	Sig	$\beta$	t	Sig
Purpose of the trip	-.090	-1.244	.215	.122	-1.678	.095
Time available for shopping	.138	1.947	.053	.127	1.781	.078
Delivery charge	.152	2.082	.039	.141	1.999	.047
Travel time to a physical store	.132	1.833	.068	.155	2.229	.027
Perceived cost difference	-.192	-2.674	.008			
Perceived convenience difference	-.085	-1.060	.290			
Perceived enjoyment difference	.132	1.232	.220			
Perceived risk difference	-.038	-.354	.723			

(source: DOF)

To assess the relative importance of each of constructs in determining channel choice an estimated model was established that only include the constructs as predictors. As shown in Table 9, the parameters in this model further confirm that perceived cost is significant.

Table 9. Regression output for online shopping preference on perceptual constructs

	Unstandardized coefficients		Standardized coefficients		
	$\beta$	Std error	$\beta$	t	Sig
(Constant )	4.819	.146	33.116	.000	
Perceived cost difference	-.155	.054	-.203	-2.889	.004
Perceived convenience difference	.121	.089	-.105	-1.329	.185
Perceived enjoyment difference	-.081	.082	.149	1.362	.175
Perceived risk difference	-.082	.062	-.104	-.981	.328

Notes :  $R^2 = 0.053$  /  $F(4,195) = 2.738$ , sig = 0.030 (  $p < 0.05$  )

(source: DOF)

The revised model below showed that the purpose of trip, time availability, delivery charge and travel time were affecting the online shopping preference directly. Based on the revised model above, purpose of trip can also affect online shopping preference through perceived cost value as purpose of trip value is influencing the perceived cost value and the perceived cost have a role in maintaining online shopping preference. It also showed that delivery charge affects perceived cost and perceived enjoyment value. Travel time factor is also one of the factors that affecting the value of perceived cost, perceived convenience, and perceived enjoyment.

The respondents hesitate to shop online for three reasons, i.e., difference of convenience of shopping online and in store shopping (perceived convenience); difference of enjoyment of shopping online and in store shopping (perceived enjoyment); difference of risk of shopping online and in store shopping (perceived risk).

Delivery charge effect directly and indirectly online shopping preference through perceived cost (difference cost of in-store shopping and online shopping).

Delivery charge effect perceived cost (difference cost of in store shopping and online shopping) perceived enjoyment (difference enjoyment of in store shopping and online shopping and perceived risk (difference risk of in store shopping and online shopping).

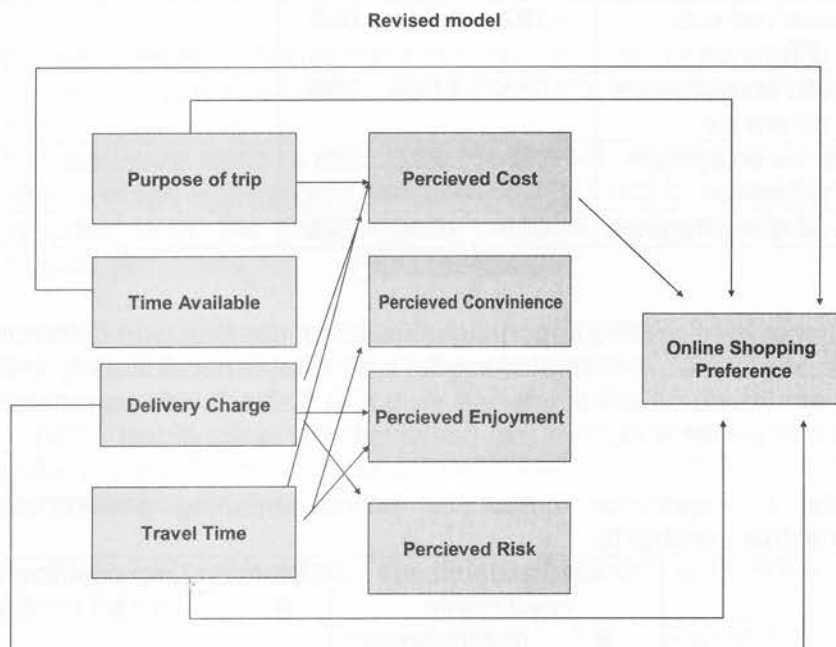


Fig. 4. Revised model

## CONCLUSION AND RECOMMENDATION

### Conclusion

This study, therefore, aims to find out if and how several situational factors affect consumer decisions of whether to shop online or in-store for books. It was focusing on delivery charge and three other specific factors and test how they affect shopping channel preferences. The other factors are time availability, travel time to the store, and trip purpose. The effects of these factors are mediated by consumer perceptions of convenience, risk, cost and shopping enjoyment. The role of delivery fees in consumer shopping way choice will also be observed. This research will be conducted to 200 random people in Jakarta with various age range, monthly income, and education level. An interviewer intercepted people randomly and asked them to complete a paper-and-pencil questionnaire and return it right after the questionnaires are answered by them.

## 1. Respondents Demographic

An analysis of the demographic of the respondents revealed that 50.5 per cent were male. The majority of age range is between 18 - 24 years of age (53%). In term of education, most of them were senior high school (54.5%). Most of them are students and their income is between 1-3 million per month. 61.5 per cent of respondents do not have experience of online shopping at all, and 91.5 percent purchased their book in the store.

## 2. Result of Hypothesis Testing

Based on the SPSS output for MSA showed that the measure was 0.730 and the significant level was 0.0000 which was highly significant. In term of reliability test, the SPSS output showed that the Cronbach alpha was 0.850, which means that the data were suitable for doing further analysis.

Based on the regression analysis that has been done before, the analysis result showed that the results confirm that purpose of trip, delivery charge, and travel time to a physical store affect differences in perceived costs.

Where the H1 : The perceived costs of online shopping will be lower, relative to the perceived costs of in-store shopping, with (a) a lower delivery charge and (b) a longer travel time to the physical store, it means the result of regression analysis confirmed H1a and H1b.

For the H2 which is The perceived convenience of online grocery shopping will be higher, relative to the perceived convenience of in-store shopping (a) with a longer travel time to the physical store and (b) if time pressure is greater, the results showed that H2a confirmed, H2b rejected as travel time to a physical significantly affect differences in perceived convenience but not time available for shopping.

For the H3 which is the perceived enjoyment of online grocery shopping will be greater, relative to the perceived enjoyment of in-store shopping, if (a) time pressure is greater and (b) the shopping trip is more a routine activity, the analysis results show that H 3a and b were confirmed as Delivery charge and travel time to a physical store significantly affect differences in perceived enjoyment.

For the H4 which is the perceived risk of online grocery shopping will be greater, relative to the perceived risk of in-store shopping, when the items shopped for evoke greater situational involvement, the analysis results showed that H4 was confirmed as Delivery charge significantly affect differences in perceived risk.

Based on the results above, it was confirmed H5 which is All identified factors (purpose of the trip, time available for shopping, delivery charge and travel time to a physical store) affect consumers' channel preference through their effects on the perceived differences between online and in-store shopping in terms of costs, convenience, enjoyment and risk.

## Managerial Implications

The perceived costs of online shopping will be lower, relative to the perceived costs of in-store shopping and the perceived convenience of online grocery shopping will be higher, relative to the perceived



convenience of in-store shopping, with a longer travel time to the physical store also delivery charge significantly affect differences in perceived risk imply that companies that use internet for book shoppers should maintain delivery on time and lower delivery charge. On the other hand to attract more consumers, bookstore should improve their qualities in terms of being more convenient and enjoyment.

### Limitations and Future Research Recommendations

Clearly, there are several limitations to this study. Firstly, this study included only a limited number of respondents with online grocery shopping experience. In addition, while this study provides information on the different perceptions held by those who have online book shopping experience and those who do not, it did not distinguish between the "deserters", those who were discouraged by previous experience and the "offline buyers", those who have never purchased book online at all. Eventhough both may exhibit similar levels of preference for buying in-store or online, the reasons behind this may be quite different. Finally, as the study is based on a limited sample, generalizations to other audiences may not be valid.

For further research, the first recommendation would be to investigate which perceptions other than the ones included here may mediate the effects of delivery charge. Delivery charges could be considered an inconvenience and a risk as well as a cost, however, there is no support for this alternative hypothesis in our data.

Further research in academic field, is required to better find out what determines consumer response to delivery charges. To further establish this, further research should test the results of this study on a larger scale and on a sample size more representative of the national population of book shoppers. The study could also be conducted with a fuller range of scenarios, which should ideally include more situational factors, to see whether the variance in consumers' preferences can be further explained.

In this study, multiple regression analysis was employed to test the relationships presented in the conceptual model. It could be attempted in future work to have multiple indicators for each factor, construct and dependent variable, either within the experiment or in a parallel set of items appended to a balanced subset of the experimental tasks similar as in this study.

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