The Effect of Internet Experience on Consumer Expectations of Responsiveness and Control in Offline Services Marketing Interactions

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Abstract

The Internet is an exciting innovation whose popularity continues to rapidly increase. As consumers use the Internet, the increase in their control may result in changing expectations of their interactions with businesses in general. The accumulation of successful experiences in obtaining information and negotiating terms during active, self-initiated and self-controlled online interactions may lead consumers to expect more responsiveness and control over offline marketing interactions. This paper reports a study conducted to examine the hypothesis that greater amounts of Internet experience would be associated with higher service expectations for offline transactions. The results of the study suggest that consumers with moderate levels of web usage expertise have higher expectations than do consumers with low or high levels of web usage expertise. In other words, this study finds a inverted "U" relationship between web usage expertise and consumers' expectations of service providers.

1. Introduction

The Internet is becoming a pervasive environmental element for US consumers and businesses. Although the Internet was unknown in the not-too-distant past, it has made its way into the homes, offices, schools, libraries, and vocabulary of consumers. While estimates of Internet usage vary [6], it appears that upwards of 62 million adults have Internet access and the Internet is used by 39% of the US population over the age of 16 [8]. Additionally, approximately 9% of Internet users are reported to spend more than 10 hours per month online [12]. Further, Internet usage will likely increase with the adoption of user-friendly web interfaces such as WebTV and the increased availability of low-priced (i.e., sub-$1000) personal computers.

Technological innovations are continuously introduced into the marketplace, and many have an impact on the relationship between consumers and firms. For example, television and radio allow firms to communicate with their consumers and ATM machines allow consumers unlimited (albeit highly structured) interactions with banks. The Internet is similar to these innovations in that it allows firms to communicate with their customers (through company-sponsored web-sites) and it allows consumers unlimited interactions with firms. However, the Internet differs from previous innovations in that it affords consumers greater amounts of control during interactions with firms than most previous innovations. Unlike typical technology-enabled interactions between consumers and firms, the consumer role in online interactions is active and self-initiated. For example, while online obtaining information, negotiating terms, and making purchases, consumers control when the interactions occur, their duration, their content, and their scope. Consumers have less control in offline transactions, which tend to be firm-initiated and place consumers in more passive roles. As the online and offline interactions may feature the same firm or involve the same product category, the increased control consumers experience during online interactions may lead them to expect greater levels of service performance and greater amounts of control in offline interactions.

This paper investigates the relationship between Internet usage and expectations of offline service encounters. Service interactions were chosen for the scope of this paper because of the authors' belief that the intangible nature of services would make Internet experience particularly influential on consumers' expectations of services. Consumer decision making relative to product purchases encompasses several activities including information gathering, alternative evaluation, purchase, and post-purchase behavior [9]. Many of these activities are particularly important within the context of services marketing because the intangible nature of services limits consumers' abilities to evaluate the service both before and after purchase and consumption [18]. Therefore, service consumers are faced with the task of selecting high-quality service providers, and both personal (e.g., word-of-mouth) and

impersonal (e.g., the Internet) information sources are used as to perform this task. In fact, some define the Internet as an information appliance that consumers principally use to obtain information [16]. The information providing role of the Internet is further evidenced by studies which report approximately 65% - 70% of Internet users seek product information and use their online time as a tool for reducing the amount of in-store shopping that is required [5][17].

While the Internet is an impersonal medium, the role it plays in business - consumer relationships is similar to the roles played by personal sources of information. The Internet, as an information provider in consumer-firm relationships, appears to serve a quasi- opinion leader function because it helps consumers decide what information is relevant in a given situation [13]. This function is typically performed by web search engines and web portals (e.g., www.yahoo.com) which serve as conduits between individual web pages and consumers.

The Internet also appears to facilitate consumer activism by providing consumers with a forum for positive and negative word-of-mouth (WOM) communications. Positive WOM communications include product recommendations, testimonials, and the formation of consumer buying groups [10]. Negative WOM includes grievance web sites that can be sponsored by a company, but are most often sponsored by dissatisfied consumers (e.g., www.untied.com).

2. Effect of online experience on offline interactions

This paper presents a study investigating the relationship between the extent of Internet usage and expectations of offline service encounters. Compared to consumers in offline consumer - firm interactions, online consumers have a great deal of control over their interactions with firms because of the nature of the Internet allows consumers to control the content of their online interactions with firms. By using hypertext links and other navigational tools, consumers control the content to which they are exposed and the order in which the content will be viewed. This is different from mass media interactions in which the content and presentation order is completely controlled by the firm.

Consumers also experience greater amounts of service-provider responsiveness while online because the Internet also allows consumers to actively engage in dialogues rather than passively listening to a firm's monologue in the form of a television commercial or radio advertisement. These dialogues are possible because consumers can email questions to web site sponsors who respond with personalized answers. Consumers can also engage in dialogues with other consumers by using chat rooms that are sponsored by firm or by other consumers. Finally, consumers can link to other web sites to gain information in response to a question or area of interest.

The variety of dyadic interactions made possible by the Internet makes online consumer – firm interactions more like face-to-face interactions than like traditional media interactions. Consequently, consumers may use their online experiences to form expectations of face-to-face (i.e., offline) interactions. Many studies have found personal experience to be a source of information from which service expectations are formed [4] [14] [15] [18]. Any past experience that is deemed by the consumer to be relevant to a particular service encounter may be used to form expectations of that encounter. Therefore, therefore it consumers may base their expectations of offline transactions on their online experience if they perceive their online transactions to be relevant to their offline transactions. This is especially likely to happen with consumers' expectations of both the control they will have and the firm's responsiveness in offline interactions because consumers have a great deal of control in online environments and web sites are very responsive to consumers' actions and queries. With increasing amounts of online experience, consumers are increasingly likely to use the experience to form expectations of offline encounters because the ratio of online experiences to total experiences increases.

Perceived control over a service interaction is of particular interest to service providers because it can lead to greater consumer satisfaction [2]. Expectations have been found to affect consumer perceptions of satisfaction and quality in a number of contexts [3] [4]. A reason web expertise is likely to influence expectations of offline service encounters is that cognitive structures for acquiring information about a specific domain differs among people with different levels of web expertise. Web experts know how to get information online. Their cognitive structures about information acquired online with regard to a specific service domain differ from those of less expert web users in several ways [1]. First, their cognitive structures have more detail. Second, because they have ready access to information about a specific service domain they are likely to be exposed to more information and more likely to know which information is relevant to making decisions in that service domain. That is, their web expertise, applied to a specific service domain, is likely to make them more expert in the service domain. Third, because of their greater web expertise, they are aware of the complexities of using information about services.

Thus, the following hypotheses were investigated:

Hypothesis 1: Web expertise is associated with higher expectations of consumer control in offline service interactions.

Hypothesis 2: Web expertise is associated with higher expectations of firm responsiveness in offline service interactions.

3. Method

In order to study the effects of web experience over a range of service settings, the classification framework developed by Lovelock [7] was used to select eight services that served as settings for our study. The Lovelock framework suggests that services can be classified along two dimensions: 1) the extent to which the characteristics of the service can be customized (e.g., legal services are customized to the needs of each individual while fast-food meals lend themselves to very little customization); and 2) the extent to which the service employees are able to exercise judgment in defining the nature of the service received by customers (e.g., professors exercise a great deal of judgment during service delivery while bank tellers exercise very little judgment). Using two values ("high" and "low") for each of the two dimensions results in a four-cell classification framework. Two services from each of the cells (for a total of eight services) were selected to serve as the settings for this study in order to provide a range of different kinds of services.

Participants in the study were 85 undergraduate students from a large Midwestern university, who were surveyed in groups. They were asked about their ownership of computer/telecommunication devices, use of e-mail and the web, their perceptions of the web and degree of use of the web. In addition, each respondent was asked for expectations about two types of offline service providers. Participants were assigned to four groups, each of which completed a different form of the survey instrument. The surveys differed in the specific offline service providers, about which respondents were asked, with each form containing two of the eight service settings discussed in the previous paragraph (see Table 1). All eight services are commonly used, and students are highly likely to be familiar with all of them.

Table 1. Service settings

	Customization			
	High		Low	
	Judgement		Judgement	
	High	Low	High	Low
Rep. 1	Doctor	Sit-Down Restaurant	Dental Cleaning	Movie
Rep. 2	Hair Stylist	Bank	Class	Fast-Food

Internet experience, the independent variable of key interest, was conceptualized as the amount of direct exposure to the Internet, excluding e-mail usage. It was operationalized as a function of frequency of use of the Internet and length of time Internet has been used. This 'score' ranged from 1 to 30, with a total possible maximum score of 30 (use the web at least once a day x used web for more than 3 years) and a possible minimum score of 1 (never used the web). Respondents were categorized as to Internet experience as low (score less than 16), moderate (score between 16 and 20) and high (score more than 20 or had own homepage regardless of frequency and length of web usage). Two participants did not provide sufficient information to be categorized. This resulted in 23 low, 31 moderate, and 29 high expertise participants.

As a manipulation check, e-mail usage and expectations about web usage were related to Internet experience. Web experts were more likely to use e-mail (X^2 (8) = 62.32, p=.000) and also use it via a web page (X^2 (2) = 40.47, p=.000). Relative to those with low Internet experience, those with moderate and high Internet experience were more likely to view several characteristics of the web as important (see Table 2). Additionally, increased Internet experience was associated with an increase in considering the web site's response speed an important characteristic.

With increasing Internet experience, respondents were more likely to have looked for information from suppliers, ordered online, and purchased online. Fewer participants with low Internet experience were likely to have carried out these tasks. Internet experience is not related to sex, age, income, or work status.

Service quality and expectations of service quality have been conceptualized as multi-dimensional by several authors [3] [11]. The present study measured two dimensions of expectations: responsiveness and consumer control. Responsiveness is a widely accepted dimension of service quality and was included in the present study because of the responsive nature of online interactions (e.g., web sites are interactive and designed to respond to the queries and wishes of Internet users). Responsiveness was operationalized with 12-items, each measured using a five point scale with response options ranging from "Strongly Disagree" to "Strongly Agree". The 12-item scale was deemed reliable with a Cronbach's alpha value of .85.

Although not investigated in previous empirical or conceptual studies, consumer control is a dimension of expectations that is particularly relevant to the present study. It was conceptualized as the degree to which consumers expect to have influence over the people and processes used in service delivery and the information flow during delivery. Consumer expectations of control were operationalized as the respondent's mean response to 10 scale items with a Cronbach's alpha value of .77. Scale is different from other paper- which to use?

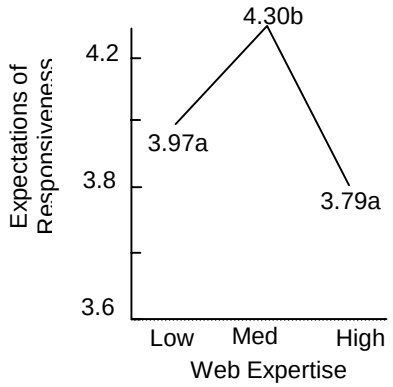
Table 2. Perceptions of the internet by expertise groups

Perceptions of Web*	Expertise Group			ANOVA Results
	Low	Mod	High	
The ability to use the web when you want to.	2.73 b	3.47 a	3.74a	F(2,78)=10.46,p=.000
The ability to select your own path through the web site.	2.45 b	3.06 a	3.13a	F(2,78)=4.19 ,p=.019
**Having control over the amount of time you spend on each web page.	2.77 b	3.36 a	3.17a b	F(2,78)=2.52 1, p=.087
Having control over the pages you access.	2.82 b	3.50 a	3.35a	F(2,78)=5.36 ,p=.007
The ability of the web site to provide information.	3.32 b	3.75 a	3.83a	F(2,78)=5.48 8,p=.006
The web site's ability to keep my payment information secure.	3.27 b	3.81 a	3.65a b	F(2,78)=3.37 7,p=.039

Cell entries represent means for the given group and the given item.
*Each item was measured with a scale whose values ranged from 1 (Not at all important) to 4 (extremely important).
NOTE: Within each row, means with the same letters are not significantly different (α = .05; except for ** where α = .10).

4. Results

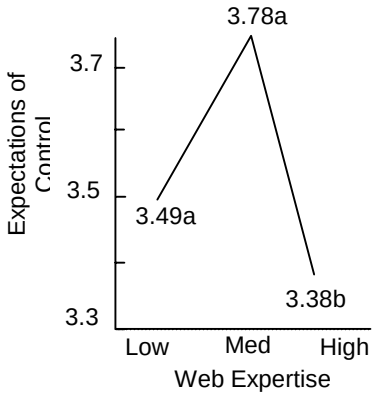
It was hypothesized that the responsiveness of web interactions would lead experienced Internet users to expect higher levels of responsiveness in offline interactions. This hypothesis was partially supported by the data as Internet experience was significantly related to expectations of responsiveness (F (2,82) = 7.350, p = .001). Specifically, the moderate experience group had significantly higher expectations than the low experience group (p = .018). However, the high experience group had expectations that were significantly lower than the moderate experience group (p = .001), and not significantly different from the low experience group (p = .670). Thus, there was an inverted "U" shaped relationship between Internet experience and expectations of responsiveness in offline encounters (see Figure 1).



Note: Means with the same letter are not significantly different (α = .05).

Figure 1. Expectations of responsiveness in offline interactions

It was further hypothesized that the increased control that consumers experience online would lead more experienced Internet users to expect greater amounts of control in offline interactions. As with expectations of responsiveness, this hypothesis was partially supported by the data as Internet experience was significantly related to consumers' expectations of control in offline interactions (F (2,80) = 4.091; p= .020) (see Figure 2). Again, a significant (p = .020) inverted "U" relationship was found between Internet usage and expectations of consumer control with the moderate experience group having higher expectations that either the low or the high experience groups.



Note: Means with the same letter are not significantly different (α = .05).

Figure 2. Expectations of control in offline interactions

5. Discussion

This study investigated the relationship between web experience and expectations of offline service interactions. It was hypothesized that increased web experience would be associated with increased expectations of responsiveness and consumer control. However, the data suggest that Internet experience has a nonlinear relationship with expectations of offline interactions. More specifically, there appears to be an inverted "U" shaped relationship between web experience and offline expectations of consumer control and firm responsiveness with moderately experienced Internet users having higher expectations of offline encounters than Internet users with little experience or a great deal of experience. The inverted "U" relationship between web experience and expectations of offline interactions suggests that the relationship between the two variables is more complex than was hypothesized.

One explanation of the results is that as consumers' evolve from inexperienced Internet users to moderately experienced Internet users, they translate their online experiences into expectations of online and offline interactions. In other words, inexperienced consumers may consider web interactions as a subset of the larger group of consumer-business interactions. However, consumers who have a great deal of web experience are less likely to translate their online experiences into expectations of offline encounters. Rather, after consumers obtain large amounts of web experience they can contrast online and offline interactions. As consumers move from moderate experience to greater experience they think of online interactions and offline interactions as two separate groups of business-consumer interactions; they are less likely to use their experiences with one group to form expectations of the other group. In sum, the inverted "U" relationship between web usage and offline interactions may indicate that the relationship between online and offline interactions changes as consumers become more experienced with online interactions. This explanation of the inverted "U" results is consistent with characteristics of expertise [1]. People with greater web expertise are aware of the complexities of using information about services. They should be less likely than less expert web users to over-generalize the use of information acquired on the web to perceptions about offline service encounters. Novice web users are also less prone to infer that a specific instance of information is typical of the product/service category but for a different reason -- they do not have the ability to determine what information can be acquired online. Thus people with moderate web expertise are more likely to over-generalize the use of information acquired on the web to their perceptions of control over offline service interactions.

There are other possible explanations of the lower level of perceived control of offline interactions by expert web users. First, early web users may have other characteristics, unrelated to their extent of use of the internet, that predispose them to expect less control in service interactions. For example, they may have lower expectations about the quality of all social encounters, including service encounters. Second, because web experts are more aware of the content available on the Internet, their expectations about offline service encounters may depend on whether and what information is available about a specific service on the Internet. For example, web experts are likely to be aware that Internet information relevant to choosing an airline for an upcoming trip is more available than is information about specific doctors for selecting a specialist. Their expectations about control over choosing and airline may differ from choosing a physician. Third, the results may be specific to the student sample used in the research.

The increased use of both online and offline interactions for services suggests that currently, while the consumer population has relatively little experience with the web, marketers with an online presence should attempt to have a high level of coordination between their online and offline interactions with consumers (i.e., online and offline interactions should present consumers with similar options, processes, and choices). This need for this coordination stems from the lack of distinction between online and offline interactions by many consumers (i.e., consumers new to the Internet transfer their experiences with one type of interaction to their expectations of the other type of interaction). This lack of distinction further implies that the competitors of a given firm include both online and offline firms within the same service category (e.g., for inexperienced and moderately experienced Internet users, the competitive set for amazon.com includes barnesandnoble.com *and* traditional Barnes and Noble retail outlets).

As more consumers gain experience with the Internet, experiences with one type of interaction may be less likely to transfer to expectations of the other type of interaction.

If experienced Internet users do make a distinction between online and offline interactions, the coordination between online and offline interactions becomes less important over time as consumers gain experience with the Internet. For experienced Internet users experiences with one type of interaction may not transfer to expectations of the other type of interaction. Attempts to coordinate online and offline interactions may become less important. The distinction between online and offline interactions also has implications for the competitive environment in which firms operate. Firms that market to experienced Internet users are likely to

face competition that is specific to the type of interaction. For example, for experienced Internet users, the competitive set for amazon.com includes barnesandnoble.com *but not* traditional Barnes and Noble retail outlets.

6. Conclusion

This research investigated the relationship between Internet experience and expectations of offline consumer-business interactions. Internet experience, as it increased from low to moderate levels, was associated with increasingly high expectations of offline service interactions. However, as Internet experience increased from moderate to high, it was associated with lower expectations of offline service interactions. The results of this study suggest that consumers with low and moderate amounts of Internet experience may group online and offline interactions into a single category, while consumers with high amounts of Internet experience may distinguish between online and offline service interactions. Future research in this area should attempt to understand why highly experienced Internet users distinguish between the two types of interaction and examine other possible explanations of the results.

7. References

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