A COMPARISON STUDY OF MERCHANTS' ACTUAL OR POTENTIAL PRESENCE ON THE INTERNET

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Overview

The purpose of this research project was to investigate merchants' views of the importance of having a presence on the Internet. This was compared to consumers' views of the importance of the merchant having a presence on the Internet. Two questionnaires were developed that gathered information regarding the use of the Internet for both customer and merchant views. A total of 767 individuals and 69 mall merchants participated in the study. Information was collected from five major shopping mall sites in the Midwest. The International Council of Shopping Centers Education Foundation provided funding for this study.

Traditional bricks-and-mortar merchants reported an awareness of the impact that the Internet currently has on their business. In addition, they expressed the knowledge that the e-commerce impact will continue. The majority of merchants participating in this study recognized the need for a presence on the Internet and have taken steps to have a Web site or are in the process of developing one.

Consumers reported using the Internet for product information search, thus expressing the expectation that merchants will have a presence online. However, only 5% of the participants in this study actually purchased products via the Internet. Thus, advantages for traditional retailers to have a presence online have been identified.

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■ Introduction

Predictions of consumers' acceptance of an electronic shopping format have been envisioned for many years (e.g., Garretson and Mauser, 1963; McNair and May, 1978). Even back in 1967, Doody and Davidson referred to electronic shopping as the "next revolution in retailing." However, it has only been in the past few years that the attainment of those predictions has come to be realized. The 1980s were also promoted as being an era in which the retail environment would be dramatically changed by the addition of electronic shopping methods provided by the videotex technology of the time (Waites, 1983). Computer Information Service providers (e.g., CompuServe, Prodigy) that evolved through the 1970s and 1980s offered shopping options as part of their package (other options included financial, entertainment and news). However, choices were limited in terms of the brand name, store name and products available.

Today, as the number of consumers who own computers with Internet access and the number of consumers becoming accustomed to using the Internet have increased, electronic shopping is beginning to have a significant impact. Recent figures reveal that over 50% of all U.S. households own a computer. That figure is expected to continue to grow to 75% by 2003 (Kruger, 1999).

Although e-commerce has been evolving for decades from the early videotex technology, many still consider it to be in its infancy. Thus, the predicted potential profit gains for many companies have yet to be realized. As more consumers select e-commerce as a viable channel for shopping and as more retailers offer e-commerce choices, profit potential will likely increase. In identifying the impact of the Internet from the retailers' perspective, an Ernst & Young (2001a) study of retailers found that 56% anticipate the Internet to have a significant impact on their business within the next three years. When the time frame was increased to five years, 69% anticipated a significant impact.

Even though e-commerce has been a frequent topic in the news in recent years, only a small number of retailers are currently involved in this shopping channel. Nasella (2000) reported similar findings of two studies that examined the extent to which retailers were selling online. One study, RIS News, reported that only 29% of retailers were currently selling online. Similarly, a study by PricewaterhouseCoopers found only 28% of retailers they surveyed were able to process transactions online. Industry analysts have suggested that Internet shopping is still in a building stage, but those retailers who do not enter into this arena soon will find it more difficult and expensive to join later. In fact, Shern (2000) stated that the competitive advantage will belong to the retailers who move onto the Internet quickly and strategically.

Ernst & Young (2001b) suggested that the impact of e-commerce to in-store shopping is not a future impact, it is already occurring. More than 50% of the participants in the Ernst & Young study stated that they visit stores less often because of their on-line shopping behavior. On the other hand, on the average, shoppers in the U.S. reported that 40% of their online shopping was spent buying products that they normally would not have purchased otherwise. Thus, consumers are not only not visiting stores as often, they are impulse shopping while online. Consumers reported continuing to purchase products such as books and videos via the Internet, but they are beginning to buy "high-touch" products such as apparel and health and beauty products (Ernst & Young, 2001b).

In examining the industry perspective of e-commerce, Ernst &Young (2001c) conducted a study of 578 manufacturers' views of e-commerce trends identifying the extent to which organizations have incorporated the Internet. The manufacturers represented nine manufacturing industry segments. For the consumer product industry, 78% of the respondents were identified as in either an e-interaction stage (42%) or an e-commerce stage (36%). An e-interaction stage was defined as primarily an information-exchange tool. E-commerce, on the other hand, was defined as transactional-focused, with business being transacted electronically with all constituents (consumers, suppliers, partners and employees). Other industries indicating 70% or higher participation in these two stages included technology and electronics (75%), automotive (73%) and industrial equipment (72%). As far as involvement in the e-commerce stage, however, consumer products industry was identified as having the highest participation level at 36% with technology and electronics next at 35%.

The recent demise of many pure dot-com companies may indicate that those retailers who will be successful in incorporating the Internet into their business strategies are those who have an established brand name or store name, infrastructure and distribution system already in place. Ernst & Young (2001a) identified a possible trend in that with the number of consumers going online expected to continue to increase, those consumers will go to sites they know and trust. Those retailers who fit the profile of having a traditional store outlet as well as a Web site will outpace those pure dot-com companies that have only a Web site and no traditional stores. Hwang (2000) suggested that the most powerful use of the Internet might be in combining a Web presence with a brand-name business. For example, among consumers shopping for apparel, less than 10% believe that a pure dot-com company could satisfy their needs. With the closing of several pure dot-com companies within the past year, the impact of this is already visible.

Seckler (2000) identified that online sites are often reached via a destination format. Consumers search via a brand name/company name that they are familiar with. For example, during the past holiday season in terms of apparel retailers, multi-channel (brick-and-click, or click-and-mortar) retailers such as J.C. Penney, Gap and Lands' End drew more people (2,864,000, 1,409,000 and 1,357,000, respectively) to their Web sites than did the pure dot-com retailers such as Bluefly (588,000) and Fashionmall (382,000).

Retailers that will most likely experience the potential profit of the Internet are those which are multi-channel, those who have a presence in traditional 'brick and mortar' as well as on the Internet (clicks-and-mortar) (Seckler, 2000). Ernst & Young (2001a) stated that the best bricks-and-mortar retailers know they have to be online in a way that augments their physical store brand. Nasella (2000) highlighted this point by stating, "traditional retailers that fail to successfully harness online sales. . .will be out of tune with customers who already have been trained by the Web." In addition, with all of the choices consumers' have available to them, retailers who don't meet consumers' needs will be left behind.

The advantages of the multi-channel perspective are many. An established name and image, integrated marketing, economies of scale, as well as an existing operating infrastructure are important as the online marketplace continues to expand, giving consumers multiple avenues for shopping. In fact, this trend is already beginning to materialize. Fry (1999) implied that bricks-and-mortar retailers with Internet presence will "tie together inventory and distribution channels to make sure their real-world customers are their online customers too."

The "online channel has become part of everyday life for many Americans and that, before long, it would become part of everyday life for many people around the world" (Shern, 2000). A study completed by Ernst & Young (2000), revealed that 53% of the total households in the U.S. now own a computer. Of those U.S. households with computers, 17% are likely to shop online. Ernst & Young (2000) stated that 39 million people in the U.S. shopped online in 1999, up from 17 million in 1998. The 2001b Ernst & Young study has predicted the future growth of Internet shopping to be substantial and "by 2005, it will represent 10 to 12% of sales in such categories as apparel, accessories and toys." In addition, for product categories such as books, music, software, videos and electronics, Internet shopping could represent as much as 20 to 25% of sales.

Seventy-four percent of the consumers Ernst & Young (2001a) studied have bought online, and they continue to be satisfied with their online shopping experiences. The number of consumers buying online is increasing, and they are spending more money on a greater range of merchandise categories.

The significance of this research may be seen in the future directions for retailing on the Internet. Merchants awareness of the impact of the Internet in the future will influence their views of the importance of having, or not having, a presence on the Internet. Future directions for Internet retailing include consolidations of many of the pure dot-com companies being acquired by multi-channel retailers and strategic alliances between the Internet provider and multi-channel retailer (e.g., America Online and Wal-Mart).

■ Method

As stated in the Ernst & Young (2000) Global Online Retailing Study, using the Internet as a selling mode has become a viable business strategy. It is also a necessary strategy for protecting market share. "With U.S. online shoppers predicting online spending to be an average of 36% of their total retail spending, if you aren't active in this channel, one of your competitors will get these purchases" (Ernst & Young, 2000). The current research project investigated merchants' views of the importance of having a presence on the Internet. This was then compared to consumers' views of the importance of the merchant having a presence on the Internet. The research also investigated these views in terms of importance when considering different types of retailers (specialty or department store) and the type of products carried.

Instrumentation

Two questionnaires were developed that gathered information regarding the use of the Internet for both customer and merchant views. The instruments used Likert type scales to measure the attitudes of both groups. Demographic information was collected regarding the respective groups.

Sampling Techniques

Five major malls in the Midwest were included in the study. Permission was obtained from mall management for researchers to conduct the consumer intercept survey and to distribute and solicit merchants' participation in the study. Mall management did not assist in conducting the surveys or obtaining the merchants' participation. Information was collected from multiple shopping mall sites in the Midwest. Both merchants and consumers were surveyed at each of the mall sites. Research assistants who were trained in the data collection procedures completed the data collection over a five-week time period with approximately one week at each mall location (Wednesday through Sunday).

Merchants

Merchants in each mall location (excluding food court merchants) were given a copy of the merchant questionnaire, a cover letter explaining the study and a business-reply return envelope. Of the 286 packets that were delivered to mall merchants (store manager) in each mall over the five-week data collection period, 69 were returned for a 25% response rate. Department stores accounted for 36% of the sample and 64% were specialty stores.

Consumers

Research assistants conducted intercept interviews as consumers were exiting the malls. Upon completion of one interview, researchers approached the next available consumer to request their participation. While this technique did not provide for a strictly random sample, every effort was taken to assure randomization of the selected distribution of instruments. A total of 767 consumer surveys were completed.

■ Results

Consumers—Demographics

The total number of consumers participating in the research project was 767 of whom 491 were women (64%) and 268 (35%) were men. Age of the participants ranged from under 20 years to 90 or more years. The majority (77%) were under 39 years (20% were under 20 years, 46% were 20–29 years and 11% were 30–39 years). Seventy-eight percent of the participants identified themselves as Caucasian, 11% as African-American, 3% as Hispanic-Americans, 3% as Asian-American and 1% as Native Americans.

Household annual income for the participants ranged from under \$20,000 to \$140,000 or more. The majority of consumers identified an income level of below \$80,000 (37% were under \$20,000; 14% were between \$20,000 and \$39,999; 10% were between \$40,000 and \$59,999; and 15% were between \$60,000 and \$79,999). Most participants (63%) identified their education level as having completed high school or some college (11% had completed high school and 52% had completed some college). However, an additional 18% had completed a four-year college degree. Forty-three percent listed their occupation as student, 18% as professional, 12% as clerical/sales, 5% as managerial, 4% or less each as homemaker, self-employed, service provider, craftsperson/foreman, laborer/farmer and 3% retired. Marital status of the participants revealed that 65% were never married, 26% were married, 6% were divorced/separated and 3% were widowed.

Consumers—Web Findings

Consumers were asked where they search for product information. Seventy percent indicated that they visit stores to gather product information. Approximately 50% or more of the consumers stated they look for information in stores regardless of the product category. Sixty percent reported looking for product information in catalogs. When asked about how important catalogs were for obtaining product information, only one product category (apparel) was important to over 40% of the participants, while 72% reported seeking product information on the Internet particularly auto/car; computing hardware, software and accessories; electronics; and video (see Table 1).

When asked about purchasing behavior, consumers reported similar attitudes to those they expressed for information search. Sixty-nine percent stated that stores were important for purchasing products regardless of product category. However, the product categories that consumers stated stores were important for purchases were apparel, electronics and food. Consumers reported that purchasing products via catalogs was generally not as important as stores except for apparel, which was somewhat important (see Table 2).

The importance of the Internet for locating products for purchase was divided among the participants; 37% felt the Internet was not important, 25% were neutral and 37% felt the Internet was important. Consumers' views of the importance of each product category were generally divided as well, ranging from 30 to 50% in importance and the same in not important.

Thirty-eight (5%) of the participants reported making a purchase from the Internet within the last 12 months. Of the 80 products purchased apparel accounted for 21% of the items. Books and music (14% each) were next, followed by computing (13%). Other product categories that were purchased by fewer than 10% of the participants were: videos and gifts/collectibles (8% each); electronics and health/beauty (5% each); auto, home furnishings, sports/athletic equipment and office products (3% each) and food (1%).

Seventy-six percent of the participants purchased products via the Internet for themselves, 14% purchased for others, while only 1% reported purchasing the products as a gift. When asked about the primary motivation for purchasing via the Internet, 34% of the participants cited convenience, 31% indicated the motive was price and 20% said the product could not be purchased locally.

While there was no specific question that separated those respondents who had or had not purchased from the Internet, it was determined that a number of respondents could be uniquely identified in each class based on their responses to selected questions. Using this method, a

TABLE 1. IMPORTANCE OF LOCATING PRODUCT INFORMATION VIA SHOPPING METHOD

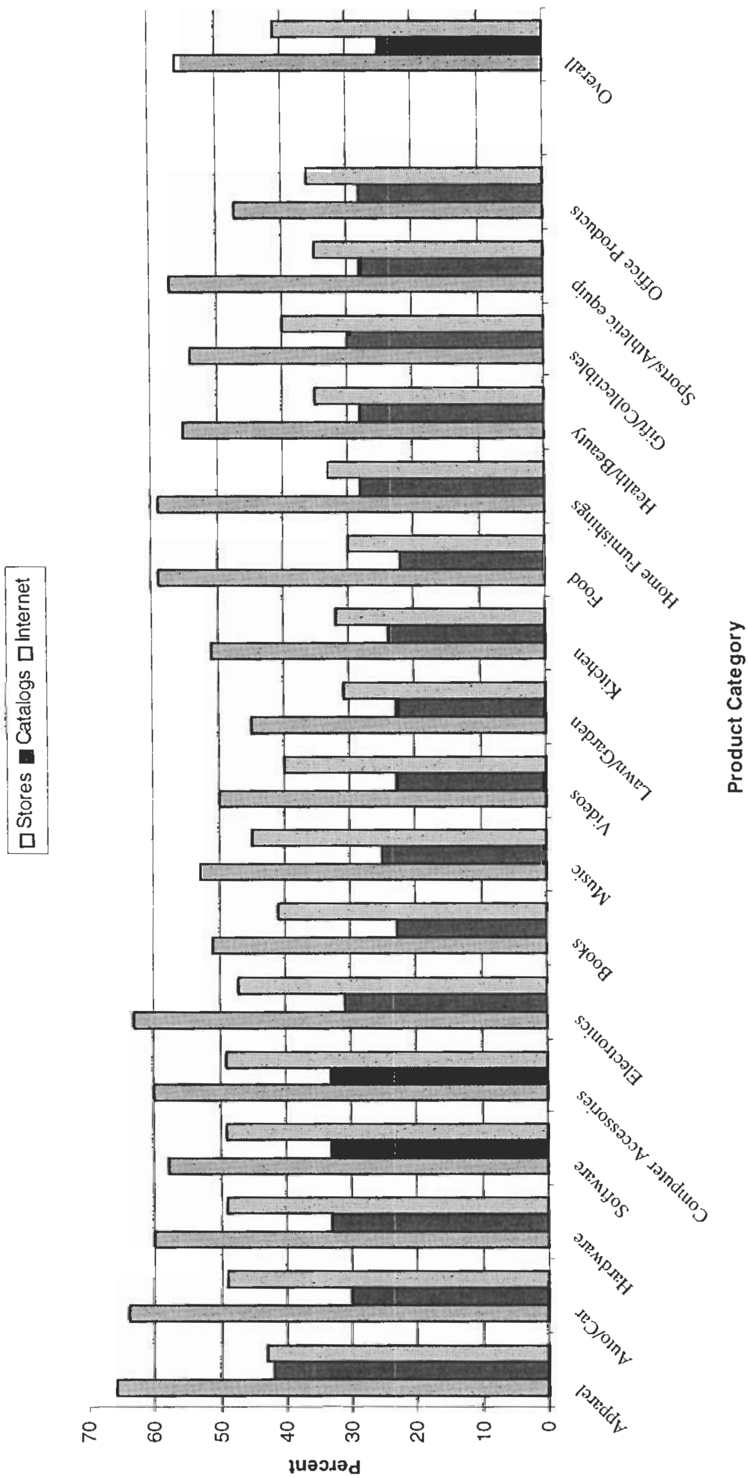
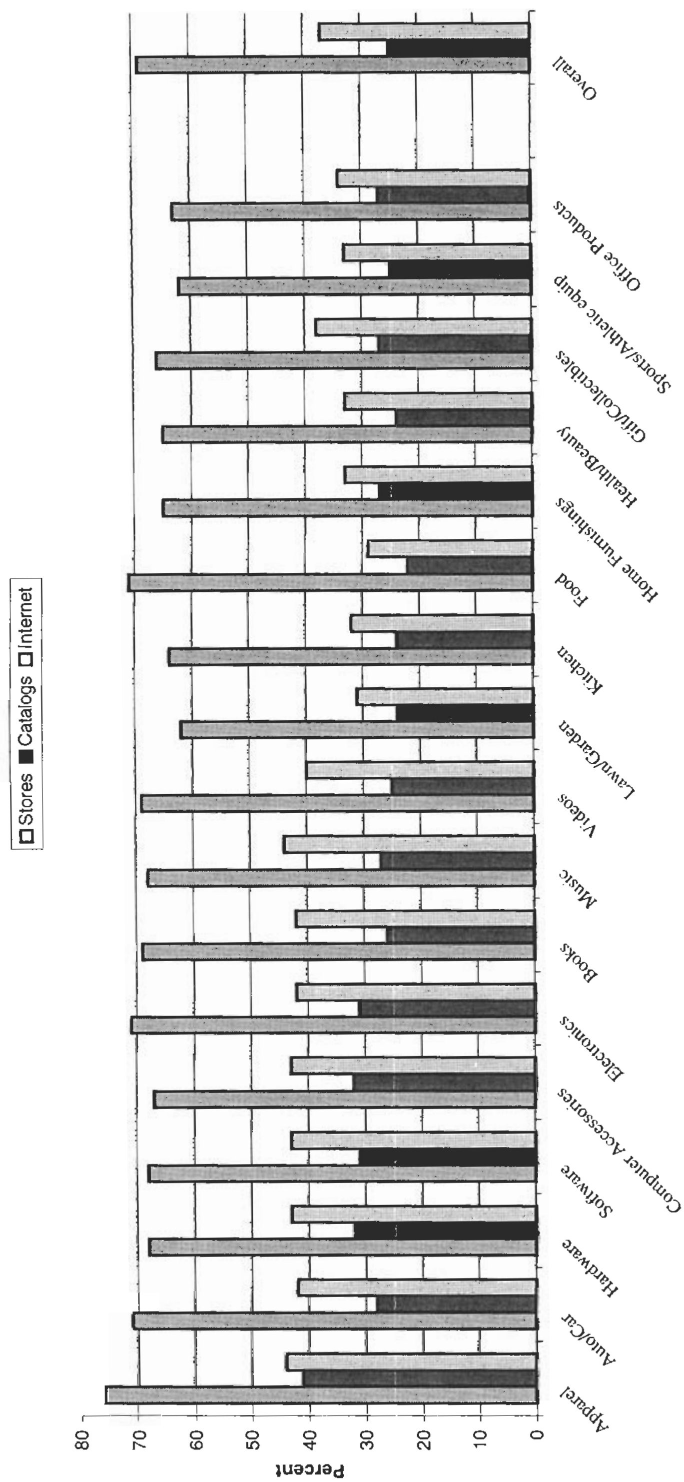


TABLE 2. IMPORTANCE OF PURCHASING VIA SHOPPING METHOD



sub-sample of 338 persons was selected and assigned as either a purchaser or a non-purchaser. These groups were then compared using cross-tabulations with the demographic information. Chi square analysis revealed a significant difference between purchasers and non-purchasers in relationship to gender, age, education and occupation. Participants who were in the 20–29 age range ($p < .05$), who had completed some college ($p < .01$) and who were students ($p < .02$) were more likely to have bought via the internet in the past 12 months than other participants. In addition, women were more likely to be Internet purchasers then men were ($p < .05$).

Participants who purchased via the Internet in the past year were asked about their satisfaction with their purchase. Ninety-five percent were either totally (76%) or somewhat (18%) satisfied. Pearson's Correlation revealed that, although a weak correlation ($R = .12$), women and participants with some college education level ($R = .13$) were significantly ($p < .05$) more satisfied than men and other education levels with their Internet purchases.

Participants reported most often purchasing brand names (74%) or store names (71%) they were familiar with. Pearson's Correlation ($R = .12$) revealed that women purchased products from store names significantly ($p < .05$) more often than men did. In addition, correlations between age and purchasing store name products as well as income and store name products via the Internet were identified. Although the correlation was weak in both cases (age $R = .15$; income $R = .12$), participants who were 20-29 years old ($p < .01$) with income of under $20,000 ($p < .05$) were significantly more likely to buy products based on store name. However, 68% of the participants indicated they would be willing to purchase a product at least once from a new company or one they were unfamiliar with. Again, Pearson's Correlation ($R = .15$) revealed that women and participants with some college education level ($R = .11$) were significantly ($p < .05$) more likely to purchase from a new company via the Internet than men were and participants at other education levels. Sixty-three percent also stated that they purchase from companies that family, friends and/or co-workers recommended.

Generally, participants (82%) felt confident about the security of transmitting credit card information via the Internet. Pearson's Correlation revealed that women ($R = .16$), participants with income under $20,000 ($R = .13$) and education level of some college completed were significantly ($p < .05$) more confident about the security of using credit cards via the Internet than were men and participants at other income and education levels. Eighty-four percent stated they felt confident that the quality of the products via the Internet could be identified from the pictures or illustrations provided.

For participants who did not purchase via the Internet in the past 12 months, a common attitude expressed against using this method was a dislike of the cost, time and energy to return products. This opinion was expressed by 71% of the participants. Generally, participants were not influenced against shopping via the Internet due to unfamiliarity with the method (65%) or previous unsatisfactory results (87%). However, neutral opinions were expressed concerning quality of product identified from the pictures or illustrations presented (63%), security of transmitting credit card information (58%), or unwillingness to purchase a product that cannot be touched or felt prior to purchase (63%).

Consumers—Factor Analysis

A principal components factor analysis with varimax rotation was used to determine consumers' attitudes toward purchasing products via the Internet. Four factors were identified among the 15 items related to shopping via the Internet (see Table 3). The first factor contained seven items and was labeled Unwilling to use Internet for purchases. The second factor contained three items and was labeled Confidence of purchasing via Internet. The third factor contained three items and was labeled Willing to purchase familiar store name, brand name or recommended product via the Internet. One item was contained in the fourth factor and was labeled Willing to purchase unfamiliar store or brand name products via the Internet.

Merchants—Profile

Product categories represented by the 69 merchant respondents consisted of 54% apparel and shoes; 28% gifts and collectibles; 13% health and beauty; 13% home furnishings; 12% music and video; 9% sporting goods and 7% electronic and computer. Merchants could check more than one category in their description of their store. Forty-five percent of the merchants considered themselves to be part of a large chain, 27% part of a small corporation and 15% owned by a parent corporation.

Ninety-seven percent of the respondents worked for a company that had been in business four years or more (20% were in business between four and 10 years and 77% were in business over 10 years). In addition, 68% of the respondents indicated their store had been in its current location four years or more (48% had been in that location between four and 10 years and 20% had been in that location over 10 years). Only 6% indicated the store had been in its present location for less than a year. The majority (65%) reported the number of employees as 10 or fewer (16% fewer than five employees and 49% between five and 10 employees).

TABLE 3. FACTORS DESCRIBING SHOPPING VIA THE INTERNET

Factor Titles and Items	**Factor Loading**
Factor 1: Unwilling to Use Internet for Purchases	
Are you not willing to purchase via the Internet because you are not familiar with this shopping method?	0.69
Have you had unsatisfactory results with Internet shopping in the past and are not willing to repeat the experience?	0.80
Generally have your family, friends and/or co-workers not recommended Internet shopping?	0.76
Are you not willing to purchase from companies via the Internet that you are not familiar with?	0.49
Are you not confident that the quality of the product can be identified from the pictures or illustrations presented on the Internet?	0.62
Are you not confident about the security of transmitting your credit card information via the Internet?	0.55
Are you not willing to purchase anything that cannot be touched or felt?	0.63
Factor 2: Confidence of Purchasing via the Internet	
Are you totally satisfied with your purchases via the Internet?	0.68
Do you feel confident about the security of transmitting your credit card information via the Internet?	0.79
Do you feel confident that the quality of the products via the Internet can be identified from the pictures or illustrations provided?	0.77
Factor 3: Willing to Purchase Familiar Store Name, Brand Name or Recommended Product via the Internet?	
Do you most frequently purchase, via the Internet, brand names that you are familiar with?	0.69
Do you most frequently purchase, via the Internet, from store names that you are familiar with?	0.79
Do you most frequently purchase, via the Internet, from companies that your family, friends and/or coworkers have recommended?	0.77
Factor 4: Willing to Purchase Unfamiliar Store or Brand Name Products via the Internet?	
Are you willing to purchase, via the Internet, from a new company, or one that you unfamiliar with, at least once?	0.66

In terms of store size and sales volume, 70% of the stores were less than 7,500 sq. ft. (15% were less than 1,200 sq. ft.; 36% were between 1,200 and 2,500 sq. ft. and 19% were between 2,500 and 7,500 sq. ft.). Seventy-three percent reported their store's gross sales per year to be between $250,000 and $2,500,000 (25% between $250,000 and $750,000; and 48% between $750,000 and $2,500,000).

Merchants—Web Findings

The majority (84%) of the respondents indicated that their company had a Web page that described the business. Seventy-seven percent stated the Web site was maintained at the corporate level, 4% indicated the Web page was self-maintained and 4% hired a local provider. Merchants generally felt that the company Web site was beneficial to their business. Thirty-five percent reported it being very beneficial and 33% felt it was somewhat beneficial. Twelve percent stated that the Web site was less beneficial than they originally thought it would be. Only 4% felt the Web site was not beneficial at all.

Merchants (63%) indicated that the Web site was important in bringing in new customers (29% extremely important, 17% somewhat important, 17% a little important) and increasing sales (25% extremely important, 26% somewhat important, 12% a little important). Seventy-five percent of the merchants reported that the Web site was important for allowing customers to learn about the company's products and services before visiting the store (35% extremely important, 28% somewhat important, 12% a little important).

Along with the information provided to customers, 71% of the merchants indicated the Web page provided an effective means of advertising (30% extremely important, 29% somewhat important, 12% a little important). The Web page as a tool for serving as a competitive edge for the company was indicated by 61% of the merchants (26% extremely important, 25% somewhat important, 10% a little important). The company Web site has also served as a way to meet customer expectations. Seventy-three percent of the merchants felt this was an important feature of the company Web site (19% extremely important, 32% somewhat important and 22% a little important).

Of the 10 merchants who indicated that they currently did not have a Web site, four reported the company was not considering developing one. However, six indicated that a Web site was being considered, with half of those planning to have a site in place in the next five years. Merchants (70%), in describing why a company Web site had not been pursued, indicated that there was a lack of distribution or infrastructure to support the possible effects of providing a purchasing feature on a Web site.

Other reasons for the lack of attempting to build a Web site were identified by the merchants. The opinion that a Web site would not be effective in the business was indicated by 70% of the respondents. Sixty percent indicated not having the knowledge necessary to start a Web site. Too costly to develop and maintain as well as lack of time needed to develop a Web site was identified by 50%. In addition, 50% stated that the technical support to maintain a site was not available. Interestingly, security issues surrounding a Web site were not a concern. Only one merchant identified security as somewhat important. Two merchants (20%) expressed the opinion that there was not a need to develop a Web site for their business. However, merchants' views on the importance of having a presence on the Internet via a company Web site were split. Of the merchants representing companies that did not have a Web site, 40% viewed having a presence on the Internet as being important while 30% did not.

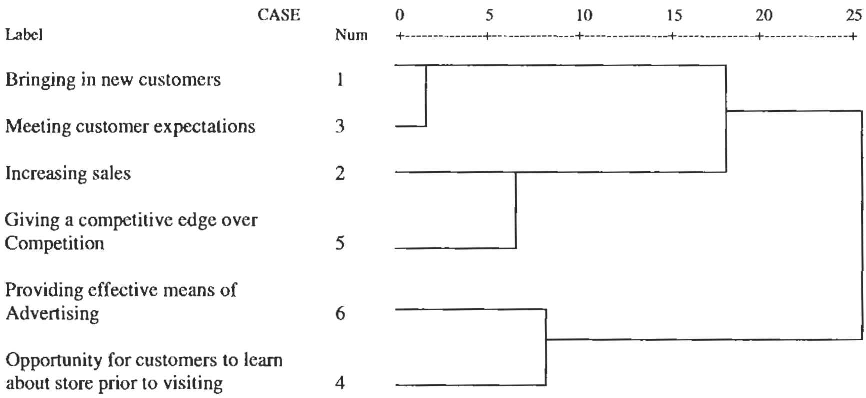
Merchants—Cluster Analysis

Due to the small number of responses from merchants who do not use the Internet as a business strategy, the use of factor analysis was limited. There are several other data reduction techniques that may allow the investigation of underlying relationship within data sets. For this reason, hierarchical cluster analysis was used to determine merchants' attitudes toward the importance of a Web site for their business. Cluster 1 consisted of two items: bringing in new customers and meeting customer expectations. Cluster 2 consisted of two items: increasing sales and giving a competitive edge. Cluster 3 consisted of two items: allowing clients to learn about store products and services before visiting the store and providing effective means of advertising (see Figure 1).

■ Discussion

Much attention has been placed on the growth of the Internet in recent years. In particular, the impact of e-commerce has been under discussion from both a consumer perspective and a retail industry perspective. Some opinions expressed ranged from a concern that e-commerce would potentially and dramatically change the way consumers shop and that the existence of traditional shopping methods would be threatened. Although this is an extreme viewpoint, e-commerce will nevertheless have an impact on traditional retailers. Finn (1999) warned, "retailers who feel that

FIGURE 1. HIERARCHICAL CLUSTER ANALYSIS DENDROGRAM.



the online experience will never replace the tactile shopping experience will lose." He went on to state that, for consumers, the Internet will become a way of life and "for some consumers it can replace the store," which he viewed as nothing more than a manufacturer's distribution arm.

Although impact of the Internet on traditional retailing may be unavoidable, bricks-and-mortar retailers are in a position to take an active role in determining what impact the Internet will have on their business. It has been suggested that bricks-and-mortar retailers should plan for a minimum of 15% of sales occurring via the Internet by 2009 (Finn, 1999). Because there are few economic barriers to selling online, many new competitors can easily enter the marketplace. This was observed by the startup of numerous pure dot-com companies in recent years. However, as the demise of some of the more prominent dot-com companies may indicate, bricks-and-mortar retailers have a major advantage already in place, their distribution infrastructure. In addition, name recognition has been, and will continue to be, important for consumers.

An Ernst & Young study (2001b) suggested, "American consumers jumped into online shopping with a vengeance. . .and show no signs of letting up." Nearly 75% of the consumers that were surveyed have purchased online and over 85% expect to purchase online in the future, providing an indication that e-commerce is now here and here to stay. Thus, there is a great need to investigate the overall impact of this shopping method and how it may be used as an enhancement of traditional shopping methods. Due to the rapid growth of the Internet as a retail outlet, the primary purpose of this research project was to investigate the relationship between traditional mall businesses and their customer base with regard to the importance of the businesses also having a presence on the Internet.

The results of this study indicated that, overall, consumers had access to a computer (85%) and access to the Internet (85%). Although not significantly different, consumers who participated in this study, nevertheless, reported browsing the Internet (72%) for product information more often than visiting stores (70%) or viewing catalogs (60%). In addition, more consumers reported seeking information within the past month on the Internet (47%) than in stores (39%) or catalogs (33%). When the time frame was extended to within the last three months, the differences between the use of these methods for information gathering leveled off slightly (Internet 58%, stores 53%, catalogs 45%). Although these numbers are too small to indicate any trend, it will be important to watch this behavior in the future. Specifically, will the ease of finding available product information and merchants who have a presence on the Internet and carry the product become a connection that consumers will look for? The implication is that consumers, by having a previously established relationship with the bricks-and-mortar (now clicks-and-mortar) retailer, may perceive less risk of using the Internet channel due to their trust of the store channel.

Consumers (over 60%) generally felt stores were important for searching for information about apparel, auto/cars, electronics and computing products. However, stores were reported as important for the purchase of apparel, electronics and food. Catalogs were viewed as important only for the search for information and purchase of apparel. The Internet, on the other hand, was viewed as important for information search regarding auto/car, computing, electronics and videos. Interestingly, products that were viewed as important for purchase via the Internet included apparel, music, computing, auto/car, electronics, books and videos.

The product categories being purchased online reveal that consumers are looking at a wide variety of products. Even though they might not have thought it important to seek specific product information via the Internet, they are nevertheless purchasing. Therefore, support for the view that consumers may be doing impulse purchases—purchases they normally would not have made—while browsing the Internet (Ernst & Young, 2000) is noted. The merchants' presence on the Internet may thus provide a way for the retailer to balance the sales lost from consumers not visiting stores as often because of their impulse-purchasing online.

Through factor analysis, three factors were identified related to a willingness to purchase via the Internet. The factor, Confidence of purchasing via the Internet, revealed the attitude of satisfaction and a feeling of confidence of purchasing via the Internet. Due to this confidence, consumers may experience a higher level of comfort in using the Internet overall. In addition, consumers' past experience has been generally positive since they reported a satisfaction with their Internet purchase behavior. A feeling of confidence in the description and illustration of the product/service depicted on the Internet as well as the security of transmitting credit card information was expressed.

The other two factors identified (Willing to purchase familiar store name, Brand name, or Recommended product via the Internet and Willing to purchase unfamiliar store or brand Name products via the Internet) related to familiarity of the store or brand name of the product in the willingness to purchase via the Internet. One factor identified the willingness to purchase familiar named products and the other factor identified the willingness to purchase unfamiliar named products. In each case, consumers were comfortable in making purchases via the Internet. One way consumers may develop this comfort level is in the purchase of brand names or from stores that they know and trust. On the other hand, some consumers have developed such a level of comfort that they are willing to purchase brand names or from stores that they are unfamiliar with.

Consumers who had made purchases via the Internet within the past year were overwhelmingly (95%) satisfied with their purchase. In addition, Pearson's Correlation revealed that, although a weak correlation, women tended to be more satisfied than men were with their online purchases. Interestingly, women were more likely than men were to purchase familiar brand or store name products, to purchase from a new or unfamiliar company at least once and to feel confident of credit card security online. These results may be an indication of women's general shopping attitudes, regardless of the shopping method they use. Women tend to be the primary shoppers of their households, thus may feel more secure in their shopping behavior overall (e.g., willing to purchase familiar as well as unfamiliar brand/store names).

Consumers who had completed some college were more likely than those consumers at other education levels to be satisfied with their Internet purchases, willing to purchase from a new or unfamiliar company at least once and to feel confident of credit card security online. Sixty-three percent of the participants in this study identified the highest level of education reached as completion of some college. In addition, 43% identified their occupation as student. This information may indicate that students in college may have had a greater interest in participating in the study due to a predisposed interest in the Internet and e-commerce. This group may also have had more exposure to the Internet through university course assignments, projects and papers. Therefore, more time may be spent not only browsing the Internet, developing a familiarity and comfort level of information seeking, but of purchasing as well.

Participants whose income was under $20,000 were more likely to make online purchases from familiar brand or store names. Consumers who do not have an extensive amount of discretionary money to spend may rely more on established brand/store names for assurance of product quality as well as knowledge of ease of returns and resolving unsatisfactory purchases. On the other hand, these participants were more likely to feel confident about credit card security online than participants at other income levels. Once again, the consumers, when purchasing online, are primarily purchasing from established brand name or store name Web sites. Therefore, there has been a trust developed that the Web site would be secure and that consumers would perceive that they would not be taking a risk in providing their credit card information online.

Consumers who had not purchased products via the Internet did not indicate a strong reason for their lack of e-shopping behavior. The results revealed a neutral response on security issues, type of product and willingness to buy familiar as well as unfamiliar brand/store name merchandise. Currently, these consumers, although online and browsing the Internet, have not identified a motivating factor for them to change their behavior. For these consumers, purchasing products via the Internet may not have been recognized as more convenient than traditional shopping methods, price may not have been a factor and the products may be available locally. However, over 70% of the consumers did report a dislike of the cost, time and energy to return products that they find unsatisfactory. Merchants need to consider what may be offered to this group of consumers to motivate them to purchase via the Internet. This denotes another advantage for traditional bricks-and-mortar retailers to have a presence on the Internet. Consumers, who might otherwise not shop via the Internet, may be more likely to do so if returns could be made locally at the company's store, thus changing the traditional retailer into a multi channel retailer.

Through factor analysis, one factor was identified related to an unwillingness to purchase via the Internet. The items contained in this factor consisted of familiarity, satisfaction, recommendation from others and confidence in the product quality and security of the Internet. Thus, no one trend is identified as to why consumers are unwilling to purchase via the Internet. There may be many barriers or an interaction of variables to the reluctance to purchase via the Internet. Additional study is required to identify these variables further in order to determine how to meet the consumers' needs to encourage purchasing via the Internet.

Along with consumers identifying the Internet as an important aspect in their product information searches and purchases, merchants indicated that their presence on the Internet was a way to meet consumers' needs. Seventy-five percent of the merchants participating in this study mentioned that their company Web site was important in allowing consumers access to information about the company as well as the products and services offered. Consequently, the view expressed was that their presence on the Internet was important, whether or not a purchase was made. The merchants also indicated that the Web site provided an opportunity to advertise their products or services. The advertisement may provide special sales or pricing as well as limited test markets for new products or services. Cluster analysis revealed an association between the opportunity for consumers to learn about the store through a Web site and the site providing an effective means of advertising.

Another indication of the merchants' views of the importance of their presence on the Internet was in relation to their competition. Sixty-one percent of the merchants stated that the Web site served as a means for a competitive advantage for the company. Furthermore, without the Web site, a competitive edge would be lost. Cluster analysis again indicated an association between increasing sales and providing a competitive advantage for a Web site.

The bricks-and-mortar companies with a presence on the Internet indicated that they were able to meet customers' expectations via their Web site. This may attest to the view that consumers may be seeking information about the company on the Internet and expecting the company to be there. This offers another indication that the retailer's presence on the Internet is important. An association between bringing in new customers and meeting customers' expectations was found through cluster analysis.

For companies not presently on the Internet, merchants generally implied that the primary reason for not pursuing an Internet presence was a lack of resources (e.g., distribution infrastructure and/or technical knowledge/support). Only two merchants expressed their lack of need for a Web site. Thus, merchants overwhelmingly recognized the importance of having a presence on the Internet. Although information was not gathered in relation to specific business strategies, the Internet is, or could be, providing companies with access to new market share as well as providing a potentially efficient way of targeting their current customers.

Traditional bricks-and-mortar merchants reported an awareness of the impact that the Internet currently has on their business. In addition, they expressed the knowledge that the e-commerce impact will continue. The majority of merchants participating in this study recognized the need for a presence on the Internet and have taken steps to have a Web site or are in the process of developing one.

Consumers reported using the Internet for product information search, thus expressing the expectation that merchants will have a presence online. However, only 5% of the participants in this study actually purchased products via the Internet. Presently, the Internet is being used for information search rather than purchase. The results of this study cannot be generalized to other populations, but potential trends and attitudes have been noted. Future predictions (Ernst & Young, 2001b) reveal that the number of consumers participating in e-commerce will continue to increase as the number of personal computers increases and consumers become more comfortable with e-commerce. The advantages for traditional retailers to have a presence online have been identified. The future for e-commerce appears to be progressing toward a possible dominance by clicks-and-mortar retailers or multi-channels.

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