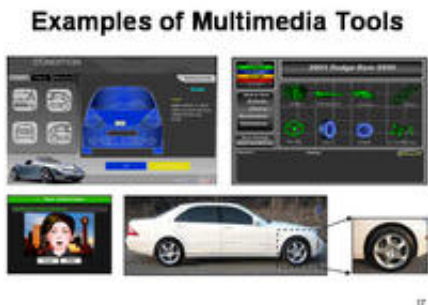


How Can E-commerce be Made More Successful? -- Make it more Sensual, Study Says

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Study looks at how online technologies can replace the physical experience in shopping.

Explosive growth of products for sale on the Internet does not always translate into financial success, due in large part to the fact that customers like to squeeze the produce. That's one finding in a study by UC Riverside professors Angelika Dimoka and Paul A. Pavlou.

“We have found in researching eBay Motors transaction data that a high-quality online product description is twice more influential in reducing product uncertainty than the car's age and mileage,” said Pavlou, assistant professor of Information Systems at UCR's A. Gary Anderson Graduate School of Management.

“E-commerce online markets have not been that successful because the multi-sensory experience is missing. Our study looks at how we can design online technologies to replace the physical experience to help consumers better understand the product.”

Pavlou cites advantages to purchasing products online: variety, convenience, and lower prices due to lower overhead. On the negative side, consumers shopping online have more difficulty deciding whether the product fits their needs. Pavlou points to the early success of e-commerce as an example of reducing product uncertainty for simple products – books, CDs – that can be easily described online.

“In the beginning, everyone was buying books online because books are products that are easily understood from a simple Website description,” he said. “Cars are more difficult and the second most expensive purchase consumers make. That is why the online environment needs to improve for more complex products.”

Using data taken from 331 buyers who bid on a used car on eBay Motors and transaction data from online auctions, the study looks at ways to alleviate product uncertainty through improvements in technology. Purchasing a car, for instance, raises consumer questions such as “How does it look in real life?” and “How does it actually drive?” which is not something that can be easily answered online today. However, with advanced technology the answer can be on the Internet.

“Through the use of advanced technology, the seller can have a multimedia experience with an interactive zoom camera or a video of the car being driven,” he said. “Not only can the experience be improved through technology but the online description can be improved through third parties.”

He suggests the use of independent inspection reports on the vehicle

from third parties who drive and videotape the car, take detailed pictures, and write a diagnostic product description. By having such reports, buyers would be more confident about the quality, performance, and fit of the vehicle, while extended warranty companies can provide more appropriate rates if they know the vehicle's true condition. As a result, the marketplace can become more trustworthy because the information is being provided by unbiased third parties.

“The uncertainty can be alleviated because the information about the car is unbiased, Pavlou said. “A sales person wants you to buy the most expensive product while the third party wants to address your needs and provide a more accurate description of the vehicle. This is the person who can kick the tires on the buyer's behalf.” Pavlou suggests that technologies will become more sophisticated and will be closer and closer to the real-life experience.

And, what about that new car smell?

Pavlou said it will be a number of years before a scratch-and-sniff feature will be developed and commercialized for the Internet. However, many existing technologies, such as interactive 3D zoom and virtual realities, can be used to better describe products in online markets.

Source: University of California, Riverside

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