

Online marketing schemes can still lure in customers

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Despite warnings and legislation, online consumers may still be susceptible to post-transaction marketing schemes, according to Penn State researchers.

At least 40 percent of consumers who made an online purchase in a study bought an additional product, even though it offered no extra value, said Jens Grossklags, assistant professor of [information sciences](#) and technology.

"The focus of this study was to determine the likelihood that a consumer would accept an offer after they had already made a purchase," said Grossklags. "What stood out was the vast number of people who actually accepted the offer."

A post-transaction sale is a common online marketing tactic that switches a customer after an initial purchase is made to an affiliated marketer who offers a separate promotion. The problem for consumers, however, is that they may believe the new offer is still part of the initial transaction, according to Grossklags, who worked with Alan Nochenson, doctoral candidate in information sciences and technology.

These offers usually require customers either to sign up for an additional offer—opt-in—or they are required to request not to take part in an offer—opt-out. The original marketer may even pass on information to the affiliate marketer's offer screen, increasing the likelihood that customers believe that they are still completing the primary transaction.

In parts of the online experiment, the researchers created this effect by automatically adding—or pre-populating—a text box with the consumer's [email address](#).

In the study, all participants were shown the same offer page. However, different groups of participants viewed boxes that were changed based on the opt-in, opt-out and email population options. Grossklags said how the email addresses were populated in the opt-in, opt-out statuses played key roles in luring consumers into approving post-transaction sales.

For example, the option that required the participant to opt-out without pre-populating their email address converted the highest number of participants to buy the service. More than 68 percent of the people who were shown the offer without their email shown, failed to opt-out and instead bought the worthless service. The option that automatically populated the user's email address prompted the second highest conversion rate of 45.3 percent.

Grossklags said that pre-population of data also influences consumers because it takes less effort to approve and provides a visual suggestion that the primary transaction is still taking place.

"When a customer's information appears it further emphasizes that they are still taking part in the primary purchase," he said.

The researchers, who present their findings at the European Conference on Information Systems today (June 9), set up an online music store and gave 550 participants a budget of \$1.50 to buy and download a 99-cent song. The participants could keep any money they did not spend on the purchase. After the participant bought the song, a post-transaction offer page appeared, promising safe delivery of the song that was already downloaded. The safe delivery service cost 50 cents.

"Since the person already downloaded the song, we essentially deemed this a worthless purchase," said Grossklags.

In a survey after the experiment, about 50 percent of the participants in the study said they either believed the follow-up offer was connected with the original company, or could not tell which marketer was carrying out the offer.

The Restore Online Shoppers' Confidence Act—ROSCA, which became law in 2010—targets the more aggressive forms of the opt-out treatments, according to the researchers. For example, the legislation seemingly outlaws transactions with behind-the-scenes data passes for items, such as [credit card numbers](#), and requires consumers to consent by pressing a button.

"However, it remains unclear whether the restrictions compelled by ROSCA significantly lower the likelihood that [consumers](#) will fall for offers that they do not want and do not need," the researchers said. "The design space for potentially deceptive post-transaction offers remains significant."

Provided by Pennsylvania State University

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