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International Online Outshopping (IOO) is the virtual movement of consumers from one electronic marketplace to another across the globe with the intention of purchasing goods from the convenience of their homes, at the click of a button. With an increasing number of U.S. consumers looking to shop for apparel-related products at foreign websites, this recent IOO phenomenon has raised questions among e-tailers and academicians as to the characteristics of this new-age, international online outshopper and the nature of an IOO purchase. Though there have been significant efforts to understand the characteristics of an outshopper in prior research, the process of an IOO purchase is yet to be understood comprehensively, especially in identifying the antecedents and consequences of an IOO purchase. Moreover, understanding of the influence of consumers' perception of the e-tailer's country image on their IOO intention is limited. Filling these research gaps, the purpose of this study is to develop and test a comprehensive framework consisting of both the antecedents of initial IOO intention and emotional consequences of an IOO purchase.

Built on Commitment-Trust Theory, Mental Accounting Theory, Commodity Theory, and The Model of Customer Delight. The research framework consisted of two phases. Phase I manipulated and tested the effect of three antecedents (i.e., trust in e-tailer, transaction utility and product uniqueness) on IOO intention and included country image (U.K. image and China image) as the moderator of these effects (H1a-c to H3a-c).

Phase II manipulated and tested the effect of the above three antecedents on the Model of Customer Delight which includes the emotions of surprise, arousal, positive affect, and customer delight (H4a-b to H11a-b). Both phases were tested on U.S. consumers' IOO purchase at Chinese and U.K. e-tailers, the top two IOO destinations for U.S. consumers as well as leading developing and developed country e-tailers, respectively. An experiment was conducted by developing 16 IOO scenarios consisting of all possible combinations of high and low levels of trust (2) x transaction utility (2) x product uniqueness (2) at both Chinese (8 scenarios) and U.K. (8 scenarios) e-tailer settings. Using Qualtrics to conduct the experiment, 539 usable responses (275 Chinese and 264 U.K. e-tailer setting) were collected from college students. Participants were randomly assigned to one of 16 scenarios at either Chinese or U.K. e-tailer setting. Pre-tests were conducted to validate and refine the manipulation of high and low levels of trust, transaction utility and product uniqueness prior to data collection. Upon manipulation of the scenarios, participants' IOO intention and their emotions in the Model of Customer Delight were captured using items on Likert-type scales. The hypotheses in the causal model (research framework) were tested using multiple-sample Structural Equation Modelling (SEM).

The findings of this study showed that, in Phase I, trust in an e-tailer positively influenced IOO intention at both Chinese and U.K. e-tailers (H1 a & b supported), transaction utility positively influenced IOO intention at U.K. e-tailers but not at Chinese e-tailers (H2a unsupported, H2b supported) and product uniqueness did not influence IOO intention at both Chinese and U.K. e-tailers (H3 a & b unsupported). Country image

moderated only the relationship between transaction utility and IOO intention such that it was stronger in the U.K. than Chinese e-tailer settings; however, this effect was opposite to the strength that was hypothesized (H2c unsupported). There was no moderating effect of country image on the relationship between trust and IOO intention, and product uniqueness and IOO intention (H1c and H3c unsupported). The findings of Phase II revealed that trust was the only manipulated factor that influenced surprise while transaction utility and product uniqueness did not influence surprise. However, contrary to the hypothesis, this effect of trust on surprise was negative (H4 – H6 unsupported). Further analysis into this anomaly revealed that trust increased the level of surprise among consumers with no prior experience shopping at foreign websites, whereas it decreased the level of surprise among those with prior IOO experience. Finally, the relationships in the Model of Customer Delight were significant (H7 – H11 supported).

This study extended the research in outshopping literature to understand the phenomenon of IOO by conducting an experimental study, thereby advancing the theoretical understanding of country image, online trust, transaction utility and customer delight. The findings of this study suggest to managers in the e-tailing industry that, developing a trustworthy website is the most important step towards generating purchase intention at that e-tailer's website, regardless of the e-tailer's country image. The limitations of this study and suggestions for future research are also provided.

THE EFFECT OF TRUST, TRANSACTION UTILITY, AND PRODUCT
UNIQUENESS ON INTERNATIONAL ONLINE OUTSHOPPING
(IOO) INTENTION AND CUSTOMER DELIGHT: THE ROLE
OF E-TAILER'S COUNTRY IMAGE

by

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TABLE OF CONTENTS

	Page
LIST OF TABLES	x
LIST OF FIGURES	xii
CHAPTER	
I. INTRODUCTION	1
Background	4
Outshopping	4
U.S. Consumers' IOO Trends	6
E-tailer's Country Image	7
Research Gaps	9
Research Questions	12
Research Objectives	13
Contributions of the Study	15
Limitations of the Study	17
Definitions	19
Outline of the Dissertation	20
II. LITERATURE REVIEW	21
Evolution of Outshopping	21
1 st Phase – Rural Outshopping	23
2 nd Phase – Domestic Online Outshopping	23
3 rd Phase – Cross-Border or International Outshopping	24
The Emerging Phase – International Online Outshopping (IOO)	26
Theoretical Foundations	27
Commitment-Trust Theory	27
Mental Accounting Theory	30
Commodity Theory	32
Model of Customer Delight	35
Major Constructs	40
Antecedents of Initial IOO Intention	40
Trust in E-tailer	40
Transaction Utility	43
Product Uniqueness	45

Consequences of Engaging in IOO.....	46
Surprise	46
Arousal	48
Positive Affect	49
Conceptual Framework.....	49
The Proposed Phase I: Pre-Purchase IOO Intention.....	52
The Main Effect of Trust in E-tailer on Initial IOO Intention	53
The Moderating Effect of E-tailer’s Country Image on the Relationship between Trust in E-tailer and Initial IOO Intention	54
The Main Effect of Transaction Utility on Initial IOO Intention	56
The Moderating Effect of E-tailer’s Country Image on the Relationship between Transaction Utility and Initial IOO Intention	57
The Main Effect of Product Uniqueness on Initial IOO Intention	58
The Moderating Effect of E-tailer’s Country Image on the Relationship between Product Uniqueness and Initial IOO Intention	60
The Proposed Phase II: Post-Purchase IOO.....	61
The Effect of Trust in E-tailer on Surprise	62
The Effect of Transaction Utility on Surprise.....	64
The Effect of Product Uniqueness on Surprise.....	65
The Effects in the Model of Customer Delight.....	66
 III. METHODOLOGY	 70
Pre-Test.....	70
Data Collection	75
Measurement.....	76
Phase I: IOO Intention	78
Phase II: Model of Customer Delight.....	78
Surprise	79
Arousal.....	79
Positive Affect	79
Delight.....	80
Country Image	80
Demographic Information.....	80
Protocol.....	81
Data Analysis	83

IV. DATA ANALYSIS AND RESULTS.....	85
Pre-Test Analysis and Results	85
Description of Participants in Main Study.....	88
Preliminary Analysis.....	91
Outliers and Normality	91
Evaluation of the Measures.....	92
Manipulation Checks	95
Structural Equation Modelling.....	97
Phase I.....	99
Structural Models.....	99
Testing the Main Effect of Trust in E-tailer on Initial IOO Intention (H1 a & b)	104
Testing the Moderating Effect of E-tailer’s Country Image on the Relationship between Trust in E-tailer and Initial IOO Intention (H1c)	105
Testing the Main Effect of Transaction Utility on Initial IOO Intention (H2 a & b)	105
Testing the Moderating Effect of E-tailer’s Country Image on the Relationship between Transaction Utility and Initial IOO Intention (H2c)	106
Testing the Main Effect of Product Uniqueness on Initial IOO Intention (H3 a & b)	106
Testing the Moderating Effect of E-tailer’s Country Image on the Relationship between Product Uniqueness and Initial IOO Intention (H3c)	107
Phase II.....	107
Structural Models.....	107
Testing the Effect of Trust in E-tailer on Surprise (H4 a & b)	112
Testing the Effect of Transaction Utility on Surprise (H5 a & b)	112
Testing the Effect of Product Uniqueness on Surprise (H6 a & b)	112
Testing the Effects in the Model of Customer Delight (H7 a & b through H11 a & b)	113
Supplementary Analyses.....	114
Phase I - ANOVA	115
Testing Main Effects.....	115
Testing Interaction Effects.....	115
Phase II – Multiple Group SEM	117
Summary of Hypotheses Testing.....	123

V. DISCUSSION AND CONCLUSION	125
Summary of Findings.....	125
Discussion of Findings.....	127
Discussion of Findings in Phase I.....	127
Discussion of Findings in Phase II.....	133
Implications.....	138
Theoretical Implications	138
Managerial Implications	142
Limitations and Suggestions for Future Research	146
REFERENCES	151
APPENDIX A. PRE-TEST 1.....	186
APPENDIX B. PRE-TEST 2.....	198
APPENDIX C. EMAIL RECRUITMENT SCRIPT	209
APPENDIX D. COVER LETTER	211
APPENDIX E. QUESTIONNAIRE	213

LIST OF TABLES

	Page
Table 1. The Evolution of Outshopping and Factors Influencing Outshopping in Each Phase	22
Table 2. Eight Scenarios Resulting in all Possible Combinations of High/Low Trust, Transaction Utility, and Product Uniqueness.....	72
Table 3. Summary of Major Constructs, Scale Items, and Sources.....	77
Table 4. Participant Count per Scenario in Both China and U.K. E-tailer Settings	89
Table 5. Participants' Demographic Characteristics.....	90
Table 6. Respondents' Frequency of Shopping from Foreign Websites	91
Table 7. Reliabilities of the Constructs.....	93
Table 8. Means, Standard Deviations, and Pearson Correlations among the Variables used in Hypotheses Testing in the Chinese E-tailer Setting	94
Table 9. Means, Standard Deviations, and Pearson Correlations among the Variables used in Hypotheses Testing in the U.K. E-tailer Setting	94
Table 10. Mean Values to Assess Manipulations	96
Table 11. Assessing Respondents' Difference in Country Image Perception between China and U.K.	97
Table 12. Comparison of Models 1, 2 and 3 in Phase I.....	101
Table 13. Results of Hypotheses Testing in Phase I.....	102
Table 14. Comparison of Models 1 and 2 in Phase II.....	109
Table 15. Results of Hypotheses Testing in Phase II.....	110
Table 16. Results of ANOVA Test on both Chinese and U.K. E-tailer Groups in Phase I.....	117
Table 17. Comparison of Direct Effects in Phase II by Prior Experience	120

Table 18. Comparison of Indirect Effects in Phase II by Prior Experience.....122

Table 19. Summary of Hypotheses Testing in Phase I and II.....124

LIST OF FIGURES

	Page
Figure 1. Model of Customer Delight and Satisfaction	37
Figure 2. The Conceptual Framework	51
Figure 3. The Proposed Phase I: Pre-Purchase IOO Intention Model.	52
Figure 4. The Proposed Phase II: Post-Purchase IOO Model.....	62
Figure 5. Result of Structural Model and Main Effects of Group Assigned to Chinese E-tailer Settings in Phase I	103
Figure 6. Result of Structural Model and Main Effects of Group Assigned to U.K. E-tailer Settings in Phase I	103
Figure 7. Result of Structural Model and Moderating Effects in Phase I.....	104
Figure 8. Result of Structural Model and Main Effects of Group Assigned to Chinese E-tailer Settings in Phase II.....	111
Figure 9. Result of Structural Model and Main Effects of Group Assigned to U.K. E-tailer Settings in Phase II.....	111

CHAPTER I

INTRODUCTION

One of the biggest trends shaping the international retail landscape in recent times is the increasing ability of consumers to acquire products from foreign markets at the click of a button, from the comfort of their homes. In 2014 alone, 82% of global shoppers purchased at least once from a website not from their home country (Forrester, 2014). Not long ago, consumers had to physically cross borders and engage in “international/cross-border outshopping” activities (Piron, 2002) in order to acquire products from foreign marketplaces. Today, the rise of “international online outshopping (IOO)” has led to global consumers spending \$300 on an average on foreign items in a given year only through online shopping, an amount that is set to gradually increase in the near future (Fredrick, 2015).

In 2015, global cross-border sales exceeded \$1 trillion, and this number is projected to climb to \$2 trillion by 2018 (Fredrick, 2015). China currently has the largest cross-border revenue in the world with \$450 billion in 2015, which is expected to more than double to \$990 billion by 2018 (Fredrick, 2015). Realizing the opportunity in the international e- and m- commerce space, a number of online marketplace companies have grown in popularity, such as Alibaba, a Chinese company that owns a number of e-commerce websites (such as www.alibaba.com, www.aliexpress.com, www.taobao.com etc.) that function exclusively to connect local manufacturers and home-grown sellers in

China to the millions of Western consumers. Similarly, the U.K.'s revenue from IOO sales in 2014 was \$70 billion, and is projected to grow to \$100 billion by 2018 (Fredrick, 2015). Following suit, e-commerce companies in the U.K. have capitalized on their ability to build recognizable brands such as Asos (sold through www.asos.com) and offer the same to fashion-thirsty consumers in the global marketplace. Being served by e-tailers from these developed and developing countries, U.S. consumers have recently become one of the largest groups of international online outshoppers, with clothing and accessories being the most purchased product category (Fredrick, 2015). Therefore, understanding U.S. consumers' IOO behaviors of clothing and accessories can provide valuable insights into the nature of international online outshopping.

This study started with a critical question as to why consumers outshop at international e-tailers and what emotion does international online outshopping create in a consumer's mind after an IOO purchase. Specifically, are trust toward international e-tailer, price saving and product uniqueness related to international online outshopping? If so, how does the level of *trust* on a website, amount of *price saving* and *uniqueness of the product* on sale at a foreign website affect an initial IOO purchase? Does this effect differ based on an e-tailer's country image? Do high levels of these factors lead to consumers feeling delighted upon first-time purchase at a foreign website?

Although popular news media (Barns, 2016; Davis, 2014; Stevens, 2015) and market reports (DHL, 2014; Forrester, 2014; Paypal, 2014) have shed light on this recent phenomenon of cross-border online shopping, very little is known about U.S. consumers' process of shopping from a foreign website when the same or similar products are readily

available in the domestic online and offline marketplace. Previous studies in outshopping have mainly focused on identifying demographic and psychographic factors leading to outshopping individually and have failed to explain the entire IOO process comprehensively. To answer the aforementioned critical questions in depth, this study employs an experimental design built on theories, namely, Commitment-Trust Theory, Mental Accounting Theory, Commodity Theory and the Model of Customer Delight. Guided by these theories, trust, price saving and product uniqueness are experimentally manipulated in order to accurately assess their influence on IOO intention and the post-IOO emotion of delight. Therefore, the purpose of this study is to comprehensively examine the entire process of an initial IOO purchase based on a proposed theoretical framework which integrates antecedents of IOO intention and consequences of an IOO purchase. To further understand the impact of international e-tailers' country image, this study compares the proposed framework in U.K. and Chinese e-tailer settings. By understanding U.S. consumers' IOO behaviors in depth, the findings of this study provide theoretical and marketing implications for U.S. e-tailers and small- and medium-sized enterprises (SMEs) that plan to sell American branded products to consumers across the globe. In this chapter, the concepts and theories relevant to this study's purpose are briefly introduced in the following sections: (1) Background, (2) Research Gaps, (3) Research Questions, (4) Research Objectives, (5) Contributions of the Study, (6) Limitations of the Study, (7) Definitions, and (8) Outline of the Dissertation.

Background

Outshopping

Outshopping is defined as the physical movement of consumers from their local trade area to a neighboring region, or oftentimes to a foreign country, with the intention to shop for goods (Hawes & Lumpkin, 1984; Lee, Paswan, Ganesh, & Xavier, 2009; Reidenbach, Cooper, & Harrison, 1984). About half a century ago, consumer and marketing researchers identified consumer market-patronage patterns as a key area to investigate. This traditional perspective of outshopping became popular mainly because consumers' switching behavior between local and neighboring marketplaces affected local retailers in the form of loss of revenues to retailers in neighboring towns and cities (Samli & Uhr, 1974). A consumer was typically considered a rural outshopper if he/she made twelve or more out-of-town shopping trips per year (Reynolds & Darden, 1972). Alternatively, outshoppers were also identified by the proportion of their total shopping expenses that comes from out-of-town expenditures (e.g., Samli & Uhr, 1974). In one of the earliest outshopping studies ever conducted, Herrmann and Beik (1968) found that outshoppers travelled out-of-town to shop primarily for "highly visible items of relatively high cost and important status connotations," such as men's suits, rugs, women's dresses and coats, and curtains. Ten out of the sixteen top outshopped product categories found in this study were apparel- & clothing-related.

With big box retailers on the rise during the 1980s and 90s, focus on rural outshopping was short-lived. However, this did not mark the end of the outshopping phenomenon but the beginning of an evolution of outshopping where literature closely

followed market trends from the micro (rural) to the macro (international). First, the adoption of the internet to conduct business-to-consumer transactions domestically paved way for an in-home shopping trend led by American online retailers (referred to from now on as e-tailers) such as Amazon and eBay. The popularity of online shopping also meant that rural retailers, both mom-and-pop as well as big box, were negatively impacted in terms of loss of revenue to e-tailers, thereby giving rise to online outshopping (Broekemier & Burkink, 2004). Second, increasing global consumer spending on specialty goods such as luxury products (Wang, Doss, Guo, & Li, 2010), combined with reduced travel costs after the events of September 11, 2001 (9/11) (U.S. Department of Transportation, 2005) triggered consumer cross-border travel to neighboring and distant countries in order to shop. What began as a tourism-focused research, eventually translated into a topic of interest to economic and consumer behavior researchers, contributing to the number of cross-border or international outshopping literature (e.g., Asplund, Friberg, & Wilander, 2007; Lau, Sin, & Chan, 2005; Piron, 2002; Timothy & Butler, 1995).

The final and most recent frontier in outshopping is International Online Outshopping (IOO). The globalization of consumer goods trade, combined with an unprecedented access provided by the internet, has further impacted the outshopping phenomenon giving rise to IOO, which is defined in this study as the virtual movement of consumers to distant global marketplaces with the click of a button. IOO, also sometimes referred to as cross-border online shopping, is a phenomenon that has gained immense attention in popular media over the past few years (e.g., Davis, 2013; Minnick, 2015). In

addition to a number of e-tailers worldwide targeting a global consumer base, the recent move by the Chinese e-tailer Alibaba to open the largest IPO ever recorded on the New York Stock Exchange (Mac, 2014) indicates a future of e-tailing where consumers will increasingly purchase from foreign websites.

U.S. Consumers' IOO Trends

Though the IOO phenomenon is global in nature, U.S. consumers have been rated among the top international online outshoppers. A recent market study revealed that about 34.1 million U.S. consumers engaged in IOO in 2013, spending close to \$40.6 billion (Paypal, 2013). In comparison, the second most IOO purchases in 2013 were made by Chinese consumers with only 18 million shoppers (little over half the number of U.S. shoppers), spending about \$33 billion. The number of IOO consumers in the U.S. is expected to rise to 41.8 million consumers spending almost \$80.2 billion by 2018. The study (Paypal, 2013) also identified clothes, shoes and accessories as the most purchased product category by U.S. consumers on foreign websites followed by health and beauty, jewelry and electronics.

When shopping on foreign websites, U.S. consumers do so largely at U.K. and Chinese websites (McDermott, 2015; Paypal, 2013). In realizing the opportunities posed by potential online shoppers in the U.S., e-tailers in China and the U.K. are increasingly targeting their sales strategies to lure these consumers. E-tailers such as the U.K. e-tailer Asos, and the Chinese e-tailer Alibaba offer unique products from unknown as well as popular brands at attractive prices, thereby maintaining the flow of American shoppers to their websites. Considering the current and potential market size of international online

outshoppers in the U.S., this study focuses on understanding IOO behaviors of U.S. consumers at Chinese and U.K. e-tailers.

E-tailer's Country Image

One of the widely explored concepts in international retailing is the effect of a product, brand or retailer's country image on consumer decision making. Country image, defined as "the total of all descriptive, inferential and informational beliefs one has about a particular country" (Martin & Eroglu, 1993, p. 193), acts as a cue in consumers' evaluations, perceptions and beliefs about price (Koschate-Fischer, Diamantopoulos, & Oldenkotte, 2012), quality (Gaedeke, 1973) and risk (Hampton, 1977) associated with purchasing products from a given country. Country image has been viewed as a multi-dimensional construct that reflects the overall image of a country's economy, culture, people and products (Lala, Allred & Chakraborty, 2008; Laroche, Papadopoulos, Heslop & Mourali, 2005; Martin & Eroglu, 1993). Pappu et al. (2007) further suggest that such overall country image effects can be contained in two main dimensions: macro and micro image. Macro image refers to perceptions of a country based on the perceived level of economic development of the country (e.g., Hsieh, Pan & Setiono, 2004). Micro image, also referred to as country-of-origin, indicates the perceptions of a country based on evaluations of products produced and sourced from that country (e.g., Hooley, Shirley & Krieger, 1988). Products sourced in developed countries are typically evaluated more positively and favorably than products sourced in developing countries (Cordell, 1992; Hamzaoui & Merunka, 2006). For instance, Lascu and Giese (1996) found that U.S. consumers perceived a German retailer (developed country retailer) as having a superior

product offering, service and advertising than a Mexican retailer (developing country retailer) based only on the retailer's country image. Therefore, country image effects are perceived in a hierarchical system where the cultural, social, and economic status of a country will determine where the country will be placed on the hierarchy (Lascu & Giese, 1996).

In e-tailing literature, the influence of e-tailer's country image on consumer decision making has been briefly explored. An e-tailer's country image can influence consumers' perception of service quality provided by the e-tailer such that an e-tailer from a developed country is seen to possess better technical infrastructure required to fulfil consumer needs than an e-tailer from a developing country (Cheng, Wang, Lin, Chen, & Huang, 2008). This consumer tendency to favor e-tailers from developed countries over those from developing countries may stem from the popular notion that the presence of advanced technological features and infrastructure of ecommerce is a given when it comes to developed country e-tailers, and the same may not be the case with developing country e-tailers (Dutta, 1997). Interestingly, such a perception also exists among consumers living in developing economies as evidenced by Baker and Ballington (2002). To support this notion, Ulgado (2002) found that in some Latin American countries U.S. websites were preferred to local websites. Though limited studies have been conducted to examine country image effects in IOO contexts, the significance of the effect and the need to explore further is evident.

Research Gaps

By exploring outshopping literature and exploring the evolutionary path taken by the outshopping phenomenon in both practice as well as in academia, this study identifies five major gaps in outshopping literature, particularly in IOO. The research gaps discussed here include a lack of empirical research on (1) the antecedents predicting initial IOO intention, (2) understanding whether and how e-tailer's country image impacts on IOO purchase intention, (3) outshopping using an experimental study based on application of theories, (4) the effect of an initial IOO purchase on customer delight, and (5) the specific causes of the emotions in the customer delight model.

First, in spite of numerous scholarly works within outshopping literature that addresses the demographic and psychographic factors that affect outshopping, there still remains a significant lack of empirical research in IOO. This lack is especially prevalent in identifying and testing factors triggering initial IOO. A number of factors affecting outshopping in the rural (Papadopoulos, 1980; Samli & Uhr, 1974), domestic online (Broekemier & Burkink, 2004; Lennon et al., 2008), and offline cross-border outshopping settings have been identified. When outshopping literature transitioned from rural to domestic online, researchers maintained that the understanding of online outshopping behaviors is crucial since the factors influencing this mode of outshopping may not be the same as those influencing rural outshopping where the behavior occurs offline (Broekemier & Burkink, 2004; Lee et al., 2009). Similarly, studies exploring cross-border shopping argued that the factors affecting such outshopping behaviors are not the same as those affecting domestic outshopping because it involves consumers

physically travelling cross-border, which introduces a number of unique individual-level as well as market-level factors (Piron, 2002). Likewise, by exploring unique aspects of the IOO setting, researchers can unveil factors unique to IOO that did not apply to domestic online or offline cross-border outshopping, primarily since the IOO phenomenon is a combination of the two, i.e. cross-border transactions and the internet.

In previous studies, outshopping intention was predicted by measuring antecedents related to individual characteristics such as price consciousness, brand consciousness and need for uniqueness. However, understanding the nature of international shopping behaviors through the internet requires understanding of specific situational antecedents such as a(n) *(un)trustworthy* e-tailer offering significant *price savings (loss) on unique (commonplace) products*, thereby bringing out the relative impact of these antecedents on initial IOO intention. Such an approach of identifying and manipulating situational antecedents is lacking in the outshopping literature.

Second, since IOO occurs at an international e-tailers' website, it requires an understanding of consumers' reaction to the international website. That is, depending on a country where an e-tailer is located, consumers' IOO may be different. This suggests that country image of the e-tailer may serve as an important moderator between antecedents of IOO and IOO intention. Specifically, an e-tailer's country image can affect consumers' perception of the e-tailer and the products they offer, thereby affecting purchase intention. However, such a proposition is yet to be tested empirically.

Third, the use of an experimental study in understanding outshopping behaviors, especially in IOO, is rarely found in literature. Most outshopping studies employ a

survey-based methodology with the aim of providing a certain level of prediction. However, it has been contended that a controlled experiment can be the most powerful method to provide predictive answers to research questions about cause and effect, unlike a survey method which often results in descriptive research (Grabe & Westley, 2003). In prior studies, by measuring individual-level brand consciousness, price consciousness and need for uniqueness on a survey, outshopping intention has not been predicted accurately enough as it would be in a controlled experiment. Due to the lack of experiments in IOO studies, an understanding of changes in intention and purchase behavior arising from controlling the interaction of levels (high or low) of antecedents in an initial IOO experience has not yet been achieved. Moreover, an understanding of cause and effect relationships through experiments that are based on existing theoretical frameworks is deficient in the IOO literature. Therefore, to provide more robust findings, an experimental approach based on theories is needed in studying IOO.

Fourth, emotions triggered in an individual after an initial IOO experience is yet to be identified in literature. One of the key insights arising from studying consumer shopping behavior is the prediction of consequential behaviors such as repeat purchasing, loyalty and word of mouth. However, in order to predict these behavioral consequences, the prerequisite is to understand the emotional and affective responses such as interest, joy, anger, disgust and guilt that are triggered from a particular shopping experience (Westbrook, 1987). One of the key positive emotions possibly elicited during unexpected or new shopping experiences is the feeling of delight, conceptualized as the highest level of satisfaction (Rust & Oliver, 2000). In an initial IOO purchase, a number of unexpected

and previously unexperienced situations can arise from consumers' interaction with a foreign website. Most studies in the outshopping literature are focused on identifying motivational, attitudinal and environmental factors that affect outshopping behaviors, however limited studies have examined the emotional consequences of an outshopping experience. Unless such an understanding is achieved, it may be hard to predict post-purchase behaviors since emotions such as delight affect goal-directing behaviors (Bagozzi, Gopinath, & Nyer, 1999).

Finally, typical applications of the model of customer delight (Oliver, Rust, & Varki, 1997) in literature has dealt with two main aspects, (1) the interplay of surprise, arousal and positive affect, the three main functions of delight (Finn, 2005), and (2) the consequences of delight such as repurchase intention, and word-of-mouth intention (Magnini, Crotts, & Zehrer, 2011). However, specific causes of surprise, arousal, positive affect and delight are rarely discussed. This may be due to the fact that the model of customer delight was introduced in the service retail literature, and the service industry can produce a plethora of experiences that can result in delight, thereby making the identification of finite factors that lead to delight a challenge.

Research Questions

In order to address the major gaps discussed in the previous section, following four research questions will be investigated.

1. What are the antecedents of initial IOO intention of U.S. consumers?
2. How do these antecedents influence initial IOO intention of U.S. consumers?

3. Is the effect of antecedents on IOO intention same for e-tailers with different country images? If not, how are they different?
4. Do the antecedents of an initial IOO purchase lead to the emotion of delight?

Research Objectives

In answering the four research questions identified above, the overall purpose of this research is to develop and test a conceptual framework that explains the entire process of an initial IOO purchase comprising of antecedents that influence initial IOO intention (pre-purchase) and customer delight (post-purchase). Further, the impact of e-tailer's country image during pre-purchase will be tested. The major constructs in the proposed model will be three antecedents, IOO intention and delight. The following details why each construct is selected and how each will be treated in the proposed model.

First, this study identifies antecedents of initial IOO intention, namely, trust in e-tailer, transaction utility and product uniqueness based on three theories (Commitment-Trust Theory, Mental Accounting Theory and Commodity Theory). These antecedents are chosen to ideally represent situational factors in a typical IOO setting relative to domestic online and offline cross-border settings. Trust is identified as one of the antecedents in this study since consumer trust toward websites and online transactions is shown to be one of the most important factors predicting purchase intention, especially when dealing with foreign websites (Bhattacharjee, 2002). Transaction utility, which is the perceived gain or loss associated with a transaction or deal, is employed as an antecedent, rather than actual product price or consumers' price consciousness, since a

noticeably low or high price relative to a reference price (or consumers' expected price) is found to explain purchase decision more accurately (Urbany, Bearden, Kaicker, & de Borrero, 1997). Product uniqueness, rather than consumers' need for uniqueness, is measured as an antecedent since the availability of a number of unique products in various product categories in foreign e-tailers is deemed to be more critical. In measuring the three antecedents, this study conducts an experiment to systematically manipulate the different levels (high and low) of the antecedents to test their combined relative effects in eliciting U.S. consumers' initial IOO intention.

Second, this study regards e-tailer's country image as the moderator that impacts the strength of the relationship between the antecedents and initial IOO intention of U.S. consumers. To test the moderating effect of country image, China and the U.K. are selected since these are the top two destinations for U.S. consumers to engage in IOO (Paypal, 2013). In addition, country image may be different by e-tailers' economic development level (Hsieh, Pan & Setiono, 2004). Since each represents a leading economically developing and developed country, respectively, testing their moderating effects will be ideal.

Lastly, this study explores how delight, as the positive emotional consequence of an initial IOO purchase at Chinese and U.K. e-tailers, is derived based on the model of customer delight. This will be done by manipulating the different levels of the antecedents mentioned in the first research objective as causes of delight in a controlled experiment.

Contributions of the Study

This study is expected to provide rich contributions to both academic scholars as well as industry professionals. Given the recent exponential growth of the IOO phenomenon, the contributions of this study will amount to significant theoretical, and practical understanding of the phenomenon.

First, exploring the role of trust in creating initial IOO intention will provide valuable insights into the degree of importance of trust in initial shopping stages. Specifically, this study adds a new perspective on how consumer trust during initial purchase leads to purchase intention and post-purchase emotions in an IOO setting. In addition, though studies comparing trust among consumers from various countries exists (Teo & Liu, 2007), this study's attempt is to compare the effect of trust on IOO intention and customer delight between e-tailers with two different country images (China and U.K.). This will provide us with new insights as to how the country image of international e-tailers impact consumers' trust and IOO intention.

Second, studying the influence of different levels of product uniqueness, instead of consumer's desire for unique products, on initial IOO intention can add to the understanding of the effects of product scarcity in the online setting. Moreover, understanding the relative impact of the level of product uniqueness on purchase intention when compared between Chinese and U.K. e-tailers as well as its relative importance in eliciting delight can add valuable contributions to the current understanding of the uniqueness paradigm.

Third, by exploring the impact of transaction utility, rather than product price or consumers' price consciousness, on initial IOO intention, this study adds an understanding of how reference or expected price, deemed as price of a product in home country, plays a part in the perception of price savings, which in turn affects consumers' initial IOO intention. Transaction utility in this study will be measured based on what the consumer knows as the typical price of a given product in their home country compared to the actual product price at the foreign e-tailer. This is an extension of previous studies in which reference price is mostly derived from similar shopping experiences in domestic market. The findings of this study, therefore, will help understand the importance of relative gaining from saving, not absolute low price, in IOO settings. Further, this study compares such impacts in two countries, thus allowing us to understand the impact of relative price saving accurately considering country image.

Fourth, this study is one of the very few studies that will conduct an experiment to systematically manipulate the different levels of the antecedents to test and analyze corresponding changes in initial IOO intention and customer delight. Such an approach to measurement will provide a robust understanding of the relative importance of each of the antecedents in eliciting pre-purchase intention and post-purchase emotions, thereby providing the optimum combination of the antecedents that will result in highest (or lowest) initial IOO intention and the most (or least) delight.

Fifth, this study offers new insights into the role of retailers' country image by applying it to the IOO setting. A number of studies have applied the country image concept to assess consumers' intention to purchase products made in a particular country

or sold at a particular country's retailer. However, this study looks at how an e-tailer's country image moderates the relationship between antecedents of IOO and initial IOO intentions. The findings of this moderating effect can contribute significantly to country image literature by analyzing how consumers make purchase decisions based on an e-tailer's country image, since such an approach is lacking in online shopping literature.

Sixth, the identification of causes of consumer delight in IOO setting is unique since the prior studies have largely focused on the consequences of delight or interplay among surprise, arousal and positive affect within the delight model. Further, this study will identify the relative importance of the three antecedents in eliciting delight. Therefore, the findings of this study will provide an explanation as to how consumer delight is developed in IOO setting.

Finally, global e-tailers can gain significantly from the findings of this study. By understanding how to manipulate the right combinations of the different levels of trust, transaction utility and product uniqueness, e-tailers can significantly increase initial IOO purchases on their websites and trigger delightful emotions. Also, by understanding the order of importance of these factors to specific country e-tailers, firms can focus their marketing efforts on those factors that are most important. Further, if the moderating effect of country image is supported, depending on the e-tailer's country image, their website design strategies can be customized.

Limitations of the Study

The first limitation of this dissertation is that only the initial, first time IOO intention and purchase of a consumer is studied here. That is, this study is an attempt to

understand what factors affect initial IOO intention and what emotions are triggered from this first time purchase experience. Factors affecting, and emotions resulting from, repeat IOO purchases may be different as prior experience of an IOO purchase would be in the memory of the consumer thereby affecting how they react to stimuli. However, this is out of the scope of the current study.

The second limitation of the research relates to the fact that that only U.S. consumers' initial IOO intention will be studied and will be done so particularly in the purchase of products from Chinese and U.K. e-tailers. While U.S. consumers represent a significant portion of the global outshopping population (Paypal, 2013), it is possible that the IOO behaviors of consumers in any other country or culture may differ. Therefore, this should be taken as a starting point and the IOO behaviors of consumers from various other countries must be studied to attain a comprehensive understanding of this global phenomenon.

The third limitation of this study is that only two levels of the antecedents will be manipulated (e.g., high product uniqueness and low product uniqueness) in designing experimental studies. However, it is possible that using an additional level such as medium product uniqueness may result in varied respondent reactions to stimuli.

The fourth limitation concerns the use of college students as respondents in this study. Although a college sample provides the right age group to study online shopping behaviors (Klopping & McKinney, 2004), older consumer groups' perception towards purchasing products from foreign websites may be different, thereby potentially resulting in varying findings.

The fifth and final limitation of this study is that the stimuli to be used in the experimental study will contain a mix of text- and picture-based scenario to manipulate trust, product uniqueness and transaction utility. By constructing an actual hypothetical website, one may be able to manipulate these factors to resemble a more accurate online purchase scenario, thus providing deeper insights.

Definitions

Outshopping is defined as the physical movement of consumers from their local trade area to a neighboring region, or oftentimes to a foreign country, with the intention to shop for goods (Hawes & Lumpkin, 1984; Lee et al., 2009).

International Online Outshopping (IOO) is defined by this study as the virtual movement of consumers to distant global marketplaces to shop for products with the click of a button.

Trust is defined as “a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behavior of another” (Rousseau, Sitkin, Burt, & Camerer, 1998, p. 395).

Transaction Utility is defined as the perceived merits, or in other words gain or loss, associated with a transaction or deal. It is a function of the difference between the selling price and the reference or expected price (Thaler, 1985).

Product Uniqueness is defined as the “the extent to which the customer regards the product as different from other products in the same category” (Franke & Schreier, 2007, p. 95).

Country Image is defined as “the total of all descriptive, inferential and informational beliefs one has about a particular country” (Martin & Eroglu, 1993, p. 193)

Surprise is defined in this study as an unexpected experience or outcome resulting from, or as part of, the purchasing process (Alexander, 2012).

Arousal is defined as “the degree to which a person feels stimulated, active, or alert” (Menon & Kahn, 2002, p. 32).

Positive Affect is defined as the extent to which an individual feels enthusiasm, excitement and inspiration (Verhagen & van Dolen, 2011).

Delight is defined as “a profoundly positive emotional state generally resulting from having one’s expectations exceeded to a surprising degree” (Rust & Oliver, 2000, p. 86).

Outline of the Dissertation

This dissertation consists of five chapters. Chapter I discusses the background of the research topic, identifies research gaps found in literature, poses relevant research questions, develops research objectives, provides contributions of the study along with the possible limitations, and definitions of key terms used throughout the study. Chapter II reviews literature on the theoretical foundations and the major constructs used in the study. Based on this literature review, a proposed research framework is developed and the developed framework will be tested through two phases. Each phase will be illustrated with proposed research hypotheses. Chapter III describes the methodology that will be used in this study. Chapter IV will provide the results of the hypotheses tests using structural equation modelling (SEM) analysis. Chapter V will discuss the findings, theoretical and practical implications, limitations and future directions.

CHAPTER II

LITERATURE REVIEW

This chapter consists of four major parts, namely evolution of outshopping, theoretical foundations, major constructs, and the conceptual framework. First, the evolution of the outshopping phenomenon in literature is mapped. Second, the theoretical foundations include the explanation of each theory used in this study, and its underlying concepts along with the discussion of some relevant applications of the theory in consumer behavior and marketing. Third, the literature review of major constructs includes the definition of each construct, and the discussion of previous research done around each construct. Finally, the conceptual framework combines these theories and constructs and develops specific hypotheses that identify relationships among constructs.

Evolution of Outshopping

The place and boundary of outshopping have evolved through the decades. Such evolutionary paths can be organized as rural outshopping, domestic online outshopping, cross-border or international outshopping and International Online Outshopping (IOO) (the emerging phase) in the order of emergence. Table 1 lists some outshopping studies that emerged during each phase and their findings. A number of demographic and psychographic factors that explain outshopping behavior in each evolutionary phase of the phenomenon have been identified. The following section discusses the evolution of outshopping in terms of the factors found to affect outshopping in each phase.

Table 1. The Evolution of Outshopping and Factors Influencing Outshopping in Each Phase

Outshopping Phase	Author (s) (Year)	Factors Influencing Outshopping
1 st Phase: Rural outshopping	Hermann and Beik (1968)	Income and number of children
	Hawes and Lumpkin (1984)	Income, home ownership, education and physical fitness
	Reidenbach, Cooper and Harrison (1984)	Inadequate assortment of products, perceived friendliness of stores and dissatisfaction with local service
	Hozier and Stem (1985)	Retail patronage loyalty
	Jarratt and Polonsky (1993)	Socially active and innovative
	Jarratt (2000)	Income, education and age
2 nd Phase: Domestic online outshopping	Broekemier and Burkink (2004)	Satisfaction and convenience of shopping
	Lee et al. (2009)	Negative support for local shopping, time pressure and in-home shopping preference
	Lennon et al. (2008)	Dissatisfaction with local retailing
3 rd Phase: Cross-border or international outshopping	Piron (2002)	Competitive prices and parking space
	Dmitrovic and Vida (2005)	Low prices, higher quality and larger assortment of goods
	Guo et al. (2006)	Desire for showing off power, desire for rule of law, egoism and masculinity
	Guo and Wang (2009)	Fashion consciousness, quality of product, service and out-shopping enjoyment
	Nijssen and Herk (2009)	Consumer ethnocentrism and belief about foreign industry
	Wang et al. (2010)	Perceived reliability, enjoyment and expressiveness toward foreign products
The Emerging Phase: International Online Outshopping (IOO)		GAP

1st Phase – Rural Outshopping

Traditionally, outshopping was operationalized as the number of trips a consumer took outside the local market area in search of products (Reynolds & Darden, 1972). Studies profiled outshoppers as having high income levels, home ownership, education, physically fitness and no children (e.g., Hawes & Lumpkin, 1984; Herrmann & Beik, 1968; Jarratt, 2000). In addition, shoppers who formed retail patronage loyalty, negative attitudes towards local merchants, became less loyal to local merchants and were socially active were seen to indulge more in outshopping (Hawes & Lumpkin, 1984; Hozier & Stem, 1985; Jarratt & Polonsky, 1993). Apart from individual characteristics, marketplace characteristics such as inadequate assortment of products and dissatisfying service levels were also identified as factors contributing to consumer outshopping (e.g., Reidenbach et al., 1984). At this point, outshopping research was mostly restricted to rural consumers in the U.S. travelling to neighboring districts to shop. However, with the rise of big-box retailers such as Wal-Mart and Target in the 1980s and 90s, researchers identified a significant decrease in the number of local mom-and-pop retailers (e.g., Goetz & Swaminathan, 2006; Haltiwanger, Jarmin, & Krizan, 2010), therefore possibly contributing to a significant decrease in rural outshopping studies.

2nd Phase - Domestic Online Outshopping

The domestication of the internet in the 1990s and the accessibility provided to the national marketplace resulted in the exponential increase in online shopping wherein online retail sales towards the end of the century crossed \$15 billion annually (USDC 2001). With the internet playing a major role in consumer shopping for various products,

the outshopping perspective was applied to online shopping activities as well, since it resulted in similar consumer motivations and ill-effects on local retailers as does traditional outshopping. Such a change in the mode of economic trade also introduced emerging opportunities for retailers who could expand their operations through the new virtual medium (Lennon et al., 2008). Studies exploring online outshopping behaviors identified in-home shopping preferences, negative support for local retailers and time pressure as key factors contributing to online outshopping (Lee et al., 2009).

Additionally, the adverse effect of such online outshopping behaviors on brick-and-mortar retailers was also heightened. The satisfaction and convenience of shopping online proved to be important factors in predicting online outshopping behaviors (Broekemier & Burkink, 2004). On the other hand, consumers were found to engage in online outshopping also due to dissatisfaction with local retail conditions (Lennon et al., 2008).

3rd Phase – Cross-Border or International Outshopping

With globalization imminent, retailers increasingly exposed consumers to a variety of new and innovative products, the availability of which remained spread throughout the global marketplace (Alden, Steenkamp, & Batra, 2006). The decrease in global travel costs extended consumers' outshopping activity to physically distant marketplaces, giving birth to cross-border or international outshopping. International outshoppers travelled to foreign countries in search of products or brands that were unique to that market or typically sold at a much lower price than in their home markets (Piron, 2002). One of the prime motivators for consumers to travel cross-border to shop is price differences from home market partly owing to the temporary shift in global

exchange rates. The activity of cross-border shopping between the U.S. and Canada, for example, occurs when consumers from both countries consistently cross the border to shop for products like food, medicine and gas that are relatively cheap in the other country (Asplund et al., 2007). A similar trend emerged in the summer of 2015 where American consumers travelled to popular destinations in Europe to purchase luxury products such as Louis Vuitton handbags for as much as 35% cheaper than the same products' price in the U.S., owing to the recent fall of the Euro (Masidlover, 2015). In this case, the cross-border shopping may have also been triggered due to the availability of French brands at a cheaper price in their home country France than in the U.S.

International outshopping trends can also be seen among consumers from developing countries who travel long distances to developed countries with the sole intention to outshop. Some evidence includes the 41 million Chinese consumers who travelled to the Americas and Europe, spending close to \$1000 each on luxury products in 2007 (Wang et al., 2010) and Brazilian shoppers spending close to \$1.63 billion in New York City alone in 2010 (Lyons & Trevisani, 2011).

Studies exploring the marketplace factors influencing cross-border or international outshopping behaviors have found that competitive pricing, ample parking space (Piron, 2002), product and service quality (Guo & Wang, 2009), and large assortment of products (Dmitrovic & Vida, 2007) lead to such behaviors. Other psychographic factors observed in prior studies include consumer ethnocentrism (Nijssen & Herk, 2009), fashion consciousness, desire to show off power, egoism, masculinity

(Guo, Vasquez-Parraga, & Wang, 2006), perceived expressiveness towards foreign products and perceived outshopping enjoyment (Wang et al., 2010).

The Emerging Phase – International Online Outshopping (IOO)

With the growing success of the ecommerce platform globally, American e-tailers such as Amazon and eBay expanded their operations internationally starting in the early 2000s, vying to capture a growing online consumer market in Asia, Europe, Australia and South America (Amazon, 2014; Hsiao, 2009). At the same time, a small number of small- and medium-sized retailers and vendors across the developed and developing world seized the imminent opportunity to reach out to global consumers by selling through these already established e-tailers (Forrester, 2014). Simultaneously, realizing the potential to expand their already growing domestic ecommerce business to international markets, Chinese e-tailer Alibaba leveraged the cost-effective manufacturing strength of local Chinese suppliers to sell to consumers in Western markets such as the U.S. and Europe at low prices (Technode, 2009). Though the competition to gain majority global market shares in the IOO market is increasing among leading e-tailers such as Amazon, Alibaba and eBay, a number of other e-tailers such as Asos and Boohoo from the U.K. have emerged giving virtually unlimited options of products and brands for global consumers to choose from. Today, these global e-tailers have seen a tremendous increase in the influx of foreign customers, with about one-fifth of all traffic generated by these websites coming from shoppers outside their country (McDermott, 2015). According to a study conducted by Forrester Consulting (2014), out of the 9000 respondents surveyed across 17 countries, 82% reported making an online purchase from a website outside their

home country. The global market for IOO is currently estimated to be worth \$230 billion and is expected to reach as much as \$1 trillion in 2020 (Tong, 2015).

One of the main drivers of this boom in IOO is the improved connectivity between consumers and retailers via the internet, combined with the advancement in hand-held technology, making it easier for consumers to virtually cross borders to shop at their convenience (Paypal, 2013). With as much as 70% of global online merchants agreeing for the need to create sophisticated IOO platforms, consumers' user experience in browsing, checkout and delivery is predicted to improve, thereby making this phenomenon increase in popularity (McDermott, 2015). Although there is a lack of academic studies addressing IOO, market research conducted by Paypal (2013) and Forrester Consulting (2014) suggested that the availability of a wide variety of products at competitive prices and flexible shipping options are key reasons for consumers to engage in IOO.

Theoretical Foundations

This section discusses the theoretical foundations of this study. The theories used in this study are: (1) Commitment-Trust Theory, (2) Mental Accounting Theory, (3) Commodity Theory, and (4) the Model of Customer Delight. These theories discussed here will be used as the foundation upon which the conceptual framework of this study will be built.

Commitment-Trust Theory

Originating in the relationship marketing literature, the Commitment-Trust Theory, proposed by Morgan and Hunt, (1994) questions Thorelli's (1986) central

hypothesis of the political economy paradigm. Theorelli (1986) views that power (of a firm), a key concept in network analysis that conditions other firms, explains relationship failures in strategic alliances. Morgan and Hunt (1994) argued that instead of power, there must be a focus on successful relationship marketing with the idea that, in order for a seller to build a successful relationship with a buyer, the formation of trust and commitment is necessary. According to the tenets of Commitment-Trust Theory, the building of commitment and trust in a buyer-seller relationship is crucial because it encourages marketers to “(1) work at preserving relationship investments by cooperating with exchange partners, (2) resist attractive short-term alternatives in favor of the expected long-term benefits of staying with existing partners, and (3) view potentially high-risk actions as being prudent because of the belief that their partners will not act opportunistically” (Morgan & Hunt, 1994, p. 22). In a given strategic relationship, building commitment and trust can directly lead to cooperative behaviors that are favorable to a successful long-term relationship.

Commitment can be defined as a person or consumer’s long-lasting desire to maintain relationship with another individual or firm (Moorman, Zaltman, & Deshpande, 1992). Such commitment is developed only when the consumer considers the relationship with the individual or firm as being important. Popularly used in organizational behavior studies, commitment is considered as contributing to decreased organizational turnover (Porter, Steers, Mowday, & Boulian, 1974), increase in employee motivation (Farrell & Rusbult, 1981) and job equity (Williams & Hazer, 1986). The second element in the theory, trust, is formed when an individual has confidence in a firm’s ability to deliver

with reliability and integrity (Morgan & Hunt, 1994). Moorman et al. (1992) have argued that a person's feeling of trust toward a firm is followed by an inherent willingness to engage in a behavior (i.e., behavioral intention). Therefore, behavioral intention is central to the conceptualization of trust, and hence treated in literature as a key outcome of trust (Mukherjee & Nath, 2007).

In the early stages of its adoption in literature, the Commitment-Trust Theory was used in many organizational relationship-based topics such as international business-business relationships (e.g., Friman, Gärling, Millett, Mattsson, & Johnston, 2002), relationships between non-profit organizations and their funders (e.g., MacMillan, Money, Money, & Downing, 2005) and international collaborative ventures (e.g., Beamish & Killing, 1997). The theory also has a variety of applications in the online firm-consumer trust building scenarios such as consumer purchase from an e-tailer (e.g., Mukherjee & Nath, 2007), customer online banking (e.g., Mukherjee & Nath, 2003), purchase of insurance online (e.g., Eastlick, Lotz, & Warrington, 2006) and purchase of technologies online (e.g., Li, Browne, & Chau, 2006).

Based on the aforementioned applications of the commitment-trust theory, it can be posited that, in the IOO context, consumers intending to shop from foreign websites will at first assess the trustworthiness of a website to develop purchase intention. Further, with subsequent experience shopping from that given website, they will form a level of commitment towards the e-tailer. In the case of this study which is interested in understanding initial IOO intention and behavior, the commitment-trust theory provides a

basis for establishing trust to intention and trust to behavior relationships. Therefore, the commitment-trust theory is applied to the conceptual framework in this study.

Mental Accounting Theory

Mental Accounting Theory has been widely used to understand the psychology of choice under a situation of uncertainty. It is based on Kahneman and Tversky's (1979) Prospect Theory that explains consumer decisions under conditions of uncertainty from a value maximization perspective. Here the value function refers to changes in wealth or welfare of an individual, rather than the evaluation of absolute magnitude i.e. total assets or total wealth. While Prospect Theory's value function is defined over a single unidimensional outcome, Thaler (1985) proposed the Mental Accounting Theory considering compound outcomes. According to the Mental Accounting Theory, consumers use different implicit methods to assign resources to various mental accounts. According to Thaler (1985), "mental accounting is the set of cognitive operations used by individuals and households to organize, evaluate, and keep track of financial activities" (p. 183). By using mental accounts, individuals make decisions using reference points for the account that determines gains or losses in a particular transaction (Grinblatt & Han, 2005). The concept of relative thinking is central to mental accounting principles where the value function, as discussed in Prospect Theory, is defined over gains and losses relative to some reference point (Thaler, 1999).

There are three main components that make up the process of mental accounting (Thaler, 1999). The first component explains how consumers perceive and experience outcomes and how their decisions are made and subsequently evaluated. The second

component involves the assignment of activities to specific accounts. The third component involves the frequency with which these accounts are evaluated. These three components make up the primary process of assigning a value function to specific transactions or purchase scenarios.

According to the tenets of Mental Accounting Theory, individuals analyze transactions in two stages namely, evaluating potential transactions and approving or disapproving these potential transactions. In evaluating potential transactions, Thaler (1985) proposed that the utility of a purchase was calculated as the sum of two kinds of utilities: acquisition utility and transaction utility. Acquisition utility refers to the financial gain or loss from purchasing a particular product. This gain or loss is determined by the *perceived value* of the good received compared to the actual price. The perceived value of a product is the amount of money an individual would need to make him/her indifferent between receiving cash or the product as a gift. On the other hand, transaction utility refers to the perceived merit of the “deal” (Thaler, 1985). Here, the gain or loss in a transaction is determined by the *reference price* of a product compared to the actual price of that product. This reference price is what the individual would expect to pay for that given product in a regular shopping scenario, and is also referred to as expected price.

Since its development, Mental Accounting Theory has been applied in numerous economics and psychology related studies resulting in a better understanding of consumer transaction decision making. For instance, Bei and Simpson (1995) used acquisition and transaction utility to determine consumers’ purchase probability towards recycled

products, and found that consumers who perceived more total utility in purchasing recycled products were more likely to buy these products. Similarly, Milkman and Beshears (2009) found that offering a \$10-off coupon on an online grocery store significantly increased consumer spending on a given product compared to shopping without a coupon for the same product, thereby supporting the increased utility perception of consumer decision making. Many other wider applications of the utility perception (e.g., Chen, Kök, & Tong, 2012; Kivetz, 1999) and the effect of the relationship between service failure and service recovery on customer satisfaction (Chuang, Cheng, Chang, & Yang, 2012) have provided further support to the Mental Accounting Theory and the understanding of the psychology of consumer choice.

With such broad applicability in economic and psychological research, the Mental Accounting Theory can provide a strong basis to understand how utility (savings or loss) perceptions in consumers, related to a given online transaction at a foreign website, can act as a determinant of pre-purchase intention and post-purchase emotions. Specifically, by applying the concept of reference price, which is integral to the transaction utility construct in Mental Accounting Theory, the conceptual framework in this study can be strengthened. The transaction utility construct will be explained in detail in the following section where the major constructs of this study as discussed.

Commodity Theory

Commodity Theory, originally conceptualized by Brock (1968), explains the psychological effects of scarcity on the desirability of a unique product. Liberally utilized as a strategy central to a plethora of marketing and promotional campaigns for decades,

the core idea of Commodity Theory is that any commodity or product will be highly valued and desired by consumers as long as it is perceived to be unavailable or hard to obtain (Brock, 1968). Here, a clear connection between the concept of product scarcity and the consumer need for unique products has been well established in literature (Fromkin, 1971; Snyder, 1992).

There are three main concepts that help in the understanding of the principles of commodity theory. These include, (1) commodity, (2) value, and (3) unavailability. A “commodity” is defined by Brock (1968) as any entity - object, message or experience - that meets three criteria. Firstly, the commodity provides some utility to a person. Secondly, commodities must be transferrable from one person to another. Finally, commodities must be able to be possessed by a person. “Value” of a commodity can be defined as its ability to affect attitudes and behaviors (Brock, 1968). In commodity theory, the word “value” is often associated with “utility” and “desirability.” As value affects attitudes and behaviors, it can be said that the value, utility or desirability of a product increases with the increase in its perceived uniqueness, or in other words, with the increase in the scarcity of the product in a given marketplace. “Unavailability” refers to the level of scarcity of a product. Unavailability includes, (a) limits on the supply of a commodity, (b) limits on the cost of acquiring a commodity, (c) limits in the form of restrictions on possession of a commodity, and (d) limits in the form of delays in providing a commodity.

The application of Commodity Theory in marketing research has been substantial in areas ranging from applied psychology (e.g., Zellinger, Fromkin, Speller, & Kohn,

1975) and social psychology (e.g., Worchel, 1992) to apparel retailing (e.g., Byun & Sternquist, 2008) and consumer behavior (e.g., Fromkin, Olson, Dipboye, & Barnaby, 1971). In retail marketing, commodity theory has been used to explain product uniqueness as a driver of mass customization (Franke & Schreier, 2007; Michel, Kreuzer, Stringfellow, & Schumann, 2009), omni-channel usage (Bickle, Buccine, Makela, & Mallette, 2006) and advertising communication strategies (Eisend, 2008). In order to understand the applicability of Commodity Theory, Lynn (1991) conducted a meta-analysis of 41 empirical studies that test commodity theory and found overall support for the theory's high reliability in predicting consumer purchase behavior by enhancing value of any product that can be possessed.

In the IOO context, consumers may often come across products that can be considered to be easily available at a foreign country's e-tailer but deemed scarce in the domestic market due to various aspects of the product such as artistic design, functionality, technological make-up of the product etc. This may especially apply to apparel-related products where cultural and ethnic influences along with varied production capabilities make products from one country unique to consumers in another. In such a context, Commodity Theory can help translate the demand for such unique products through the quantification of purchase intention and behavior of U.S. consumers. For this reason, the present study incorporates Commodity Theory into the development of the conceptual framework.

Model of Customer Delight

The model of customer delight was popularized in the service retailing literature when the question “Is it sufficient to merely satisfy the customer?” arose. Prior to the conceptualization of the delight model in the 1990s, research in satisfaction was at its peak where academics and practitioners strived to provide satisfying consumption experiences in order to elicit favorable behavioral intentions (Boulding, Kalra, Staelin, & Zeithaml, 1993; Taylor & Baker, 1994). One of the most popularly adopted approaches to assess satisfaction was the expectancy-disconfirmation paradigm which has been described as two processes including expectation creation and the disconfirmation of those expectations with outcome comparison (Oliver, 1977). Individuals develop certain expectation of outcomes of a certain experience and upon experiencing it, will compare the actual outcome to the expectation. This process results in a “better-than/worse-than” evaluation of the experience whereby positive disconfirmation is a result of outcomes being better than expected, negative disconfirmation is a result of outcomes being worse than expected, and confirmation is when outcomes match expectations. Positive disconfirmation is shown to result in satisfaction (Oliver & DeSarbo, 1988) and therefore highly sought after by marketers. However, later research found levels of highly positive satisfaction, the customer’s intentional outcomes of which did not match with that of “mere” satisfaction, resulting in the concept of “zone of tolerance” (Parasuraman, Zeithaml, & Berry, 1994) beyond which higher levels of satisfaction was possible. This consumer response turning from a positive or negative reaction to “extraordinary emotional states” (Oliver, 2014, p. 109) was termed “delight” (Schlossberg, 1990).

In a seminal work aimed at exploring the concept of delight, Oliver, Rust and Varki (1997) (referred to from now on as ORV) developed a structural model of antecedents and consequences of delight. This model has since paved the foundation for future studies addressing satisfaction and delight. ORV observed that, as the academic and managerial concept of satisfaction expands to newer levels, satisfaction is slowly being understood as a measure of more than one single level of emotion. They further support the findings by observing that the highest levels of satisfaction occurred for the group labeled ‘delighted,’ indicating that delight is the highest level of satisfaction, and ‘surprise’ is the factor that differentiates a satisfied customer from a delighted customer.

Delight refers “to a profoundly positive emotional state generally resulting from having one’s expectations exceeded to a surprising degree” (Rust & Oliver, 2000, p. 86). Delight as an extreme level of satisfaction (Kim, Vogt & Knutson, 2015) suggests that ‘merely’ satisfying customers may not suffice in order to generate favorable behavioral responses such as repurchase, loyalty and positive word-of-mouth. Figure 1 shows ORV’s model of delight and satisfaction where the bottom portion of the model has the traditional expectancy-disconfirmation path and the top part is the proposed delight model.

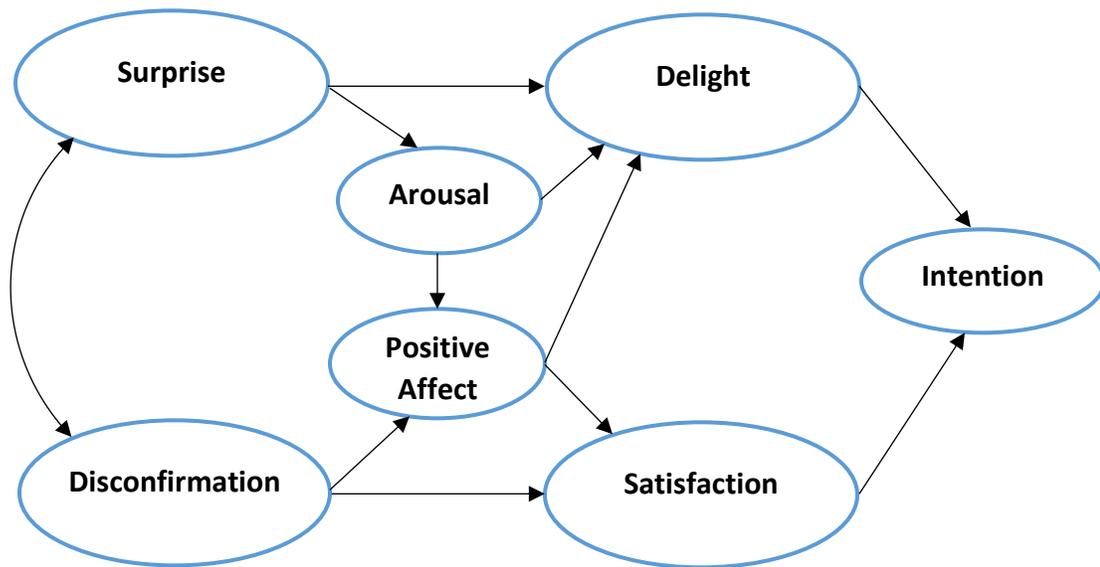


Figure 1. Model of Customer Delight and Satisfaction. Adapted from “Customer Delight: Foundations, Findings, and Managerial Insight,” by R. L. Oliver, 1997, *Journal of Retailing* 73(3), p. 318.

The concept of delight has its basis in numerous emotion theories. One such theory is Plutchik’s (1980) typology, which includes eight basic emotions namely, joy, acceptance, fear, surprise, sadness, disgust, anger, and anticipation. Based on this, delight has been construed as a mixture of joy and surprise, resulting in a ‘pleasant surprise’, and the basis for a pleasantly surprising feeling is the exposure to an ‘unexpected’ experience or outcome (Verma, 2003). Another theoretical basis founded on emotions for ORV’s concept of delight is Russell’s (1980) typology which included two basic dimensions: valence and activation. Valence refers to the level of pleasantness, and activation refers to the level of arousal (or state of alertness). Further re-analysis of these dimensions resulted in the combined dimension, i.e., highly activated positive affect (elation, serenity) or highly activated negative affect (distress, boredom) (Watson & Tellegen, 1985), where

highly activated positive affect is conceptually similar to “delight” (Oliver et al., 1997). As a result of these emotional states, the ORV model of customer delight has been identified as a function of three highly interrelated constituents: surprise, arousal, and positive affect (Oliver et al., 1997), each of which will be discussed in detail under the literature review of major constructs. To illustrate the difference between mere satisfaction and delight, consider the following scenarios.

Scenario 1: A customer orders a product on an ecommerce website. The product’s estimated delivery date is between 5 – 7 business days. The customer receives the product in 5 business days.

Scenario 2: A customer orders the same product in scenario one on an ecommerce website. The product’s estimated delivery date is between 5 – 7 business days. The customer receives the product in 3 business days.

In scenario one, according to the expectancy-disconfirmation paradigm (Oliver, 1977), it can be said that the customer’s expectation of delivery between 5 – 7 business days was met and therefore he/she was satisfied. On the other hand, in scenario two, the performance (in this case, the delivery of the product) well exceeded the expectation, and may have triggered the element of ‘surprise’ in the customer leaving him/her delighted with the purchase experience. According to the model of customer delight, the resulting post-purchase behaviors such as repeat purchase, loyalty and positive word-of-mouth will be higher in the second scenario.

A number of studies testing the concept of customer delight have provided evidence for the need to go beyond satisfying consumers. In the offline retail setting,

providing exemplary interpersonal (salesperson interaction) and non-interpersonal (product or store-atmosphere) experiences to the customer has been shown to result in delightful experiences resulting in higher positive word-of-mouth and increased perception of convenience in shopping (Arnold, Reynolds, Ponder & Lueg, 2005). Also, offering products with hedonic benefits that meet or exceed consumers' expectations and fulfil promotion goals can enhance customer delight (Chitturi, Raghunathan, & Mahajan, 2008). In addition to hedonic product aspects, the functional performance of a product or service can generate highly positive disconfirmation thereby leading to the feeling of delight (Santos & Boote, 2003). Though studies testing the delight concept in the online retail setting are limited, when measuring consumer delight and satisfaction related to a recent online purchase, delight was found to be a construct that is distinct from satisfaction, thereby eliciting separate emotional and cognitive responses that can influence behavioral intentions differently (Finn, 2005, 2011).

Though outshopping research has predominantly focused on identifying antecedents and pre-purchase factors that lead to the intention and/or behavior of outshopping, the resulting emotional consequences of such outshopping behavior is relatively unknown and unexplored. The Model of Customer Delight provides the basis for exploring such emotional consequences, going beyond the traditional notion of satisfaction after purchase. The conceptual framework of this study can benefit from adopting the emotions in the Model of Customer Delight namely, surprise, arousal, positive affect and delight, while being deep-rooted in theory.

Major Constructs

This section reviews major constructs, which are organized into two parts: the antecedents of International Online Outshopping (IOO) intention and the consequences of engaging in IOO.

Antecedents of Initial IOO Intention

Here, the three constructs being studied as antecedents of initial IOO intention are reviewed, and relevant previous research on these constructs are discussed. The three antecedents are trust in e-tailer, transaction utility, and product uniqueness.

Trust in E-tailer

Consumer trust in a retailer has been one of the central aspects of studying consumer purchase decisions in both conventional offline retail setting as well as in online retail setting (Walczuch & Lundgren, 2004). Rousseau et al. (1998) define trust as “a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behavior of another” (p. 395). In order for a customer to feel comfortable when purchasing a product from a retailer, the development of trust in that retailer is crucial, as it reduces any complexity and perceived risks associated with the purchase (Morgan & Hunt, 1994).

Trust has often been examined as a multi-dimensional construct and a number of scholars have used a variety of dimensions such as integrity, reliability, honesty, credibility, benevolence, dependability etc. to explain trust (e.g., Doney & Cannon, 1997; Gabarro, 1978; Ganesan, 1994; Larzelere & Huston, 1980; Rempel, Holmes, & Zanna, 1985; Zaheer, McEvily, & Perrone, 1998). However, most of these dimensions were

originally intended to examine trust in inter-organizational (buyer-supplier) (Doney & Cannon, 1997; Zaheer et al., 1998) and inter-personal (family or work) (Gabarro, 1978; Larzelere & Huston, 1980; Rempel et al., 1985) relationships, and not specifically to study online buyer-seller relationships. To derive the most relevant dimensions out of these previously established dimensions to explain online consumer trust, Bhattacharjee (2002) developed an online trust scale consisting of three dimensions, namely ability, benevolence and integrity. Here, ability refers to the consumers' perception of the e-tailer's competence and knowledge required to complete a transaction. Benevolence is the extent to which the consumer believes the e-tailer intends to do good beyond a profit motive. Integrity refers to the consumers' perception that the e-tailer will follow a set of principles or rules of exchange (such as those mentioned in a privacy policy) and will not deceive the consumer in any way.

The development of trust in a retailer has been shown to be substantially more difficult, and relatively more important in online purchase setting compared to offline (Bhattacharjee 2002). In an offline setting, trust emanates from the customer's experience engaging with the retailer at a finite physical proximity. The ability to touch and feel products enables trust tendencies in offline setting. On the other hand, e-tailers do not have a physical location for customers to easily experience these products before purchase, and moreover, many e-tailers such as Amazon and eBay act as intermediaries between buyers and small-scale sellers making it hard to control and monitor. In addition, unlike in offline settings, in order to conduct online transactions, customers are often required to share sensitive personal (such as address, phone number, email), and financial

information (such as credit card numbers) which are often implicit parts of the transaction in an offline retail setting. These basic requirements heighten the perceived risk in an online transaction, which can potentially affect a consumer's decision to engage in such transactions. This makes it harder for e-tailers to generate trust among consumers and therefore, building a trusting relationship with customers is a prerogative for e-tailers (Mukherjee & Nath, 2007).

A variety of mechanisms have been identified in driving online trust in previous research including website characteristics such as privacy, security, brand strength, navigation, presentation, and absence of errors, and consumer characteristics such as, online expertise, shopping experience, and familiarity (Bart, Shankar, Sultan & Urban, 2005). In addition, consumers' perception-based factors (such as perceived reputation and normality), knowledge-based factors (such as information practices) and experience-based factors (such as experience over time) influence overall trust in an e-tailer (Walczuch & Lundgren, 2004). In addressing strategies for e-tailers to build consumer trust online, studies have shown that utilizing third-party certification, building reputation, and offering guaranteed return policies can positively enhance trust perceptions towards an e-tailer (Chang, Cheung & Tang, 2013). Trust has also been shown to operationalize differently for first time customers and repeat purchasers in that, prior satisfaction and perceived service levels are additional antecedents for repeat purchasers and does not apply to first time customers (Kim, Xu, & Koh, 2004).

Online trust also results in a variety of desirable consumer behaviors such as purchase intention (Bock, Lee, Kuan, & Kim, 2012; Chen & Barnes, 2007; Yoon, 2002),

word-of-mouth communication (Kassim & Abdullah, 2010; Mukherjee & Nath, 2007), positive attitude towards e-tailer (Jarvenpaa, Tractinsky, & Saarinen, 1999), and e-loyalty (Sirdeshmukh, Singh, & Sabol, 2002; Sur, 2015).

Transaction Utility

The transaction utility construct, popularly developed and utilized in the economics literature, is used to explain consumers' financial decision making by using mental accounts to segregate transactions. The construct stems from the notion that consumers' decision to purchase a product or good depends not only on the perceived value of the product or good relative to its selling price, but also on consumers' perception of the quality of the financial terms of the transaction. To explain the concept, let us consider two separate purchase contexts in the following scenario (contexts separated in parenthesis).

A customer is looking to buy a new (pair of sport shoes) (luxury handbag) online. On a domestic e-tailer's website the product costs (\$60) (\$200). While browsing on the internet, the customer comes across a foreign website where a similar (pair of sport shoes) (luxury handbag) is available for (\$30) (\$170). The domestic e-tailer delivers the product in 7 – 10 business days whereas the foreign e-tailer delivers the product in anywhere between 5 – 30 business days. Which e-tailer does he/she choose to buy from?

According to the transaction utility perspective (Thaler, 1983), most customers will be willing to wait 5 – 30 days to save \$30 on a \$60 item as they perceive high utility in the transaction (since they get a similar product for half the price on a foreign website), but relatively fewer consumers will be willing to wait that long to save \$30 on a \$200

item as the relative utility is low even though the absolute saving amount is the same. In order to understand the underlying mechanism, it is important to understand how utility is assessed.

The total utility of a purchase is the sum of the acquisition utility and transaction utility (Thaler, 1983). Acquisition utility is the economic gain or loss from a transaction. Here, let us assume a purchase scenario of a good z . The price of z is p and the value equivalent v , which is defined as “the amount of cash the individual would need to make him indifferent between receiving the cash or z as a gift” (Thaler, 1983, p. 230). When $p > v$, acquisition utility is negative and when $p < v$, acquisition utility is positive. Therefore, if the value equivalent exceeds the price, the customer perceives the purchase of z to be a good deal. On the other hand, transaction utility is the perceived merits related to the financial terms of the transaction or deal. Assume p is the selling price and r is the reference price, the amount of money a customer expects to pay for a good z . Transaction utility is postulated as the difference between the selling price (p) and the reference price (r). Therefore, if $p > r$, the transaction can be perceived as a “rip-off,” resulting in a low transaction utility, and if $p < r$, the transaction can be perceived as a “bargain,” resulting in a high transaction utility. Therefore, transaction utility can be understood as the amount of savings or loss perceived by a consumer as a result of purchasing a product at a given price compared to the reference price (Mayhew & Winer, 1992).

Though the theory suggests the use of both acquisition utility and transaction utility to determine total utility of a purchase, Bearden et al. (1992), who assessed

acquisition utility and transaction utility in the context of apartment rentals, found that, when assessing purchase utility, the addition of the acquisition utility term to the transaction utility term did not incrementally add to the explained variance in total utility, suggesting that the use of transaction utility is sufficient in explaining the total utility of a purchase or transaction. This could be attributed to the complications that may arise in assessing acquisition utility as it may not be practical to accurately manipulate or determine an amount pertaining to the perceived value equivalent, v , whereas the reference price, r , can be easily manipulated or determined. Therefore, this study uses only the transaction utility construct.

In offline purchase scenarios, providing high transaction utility impacted brand choice (Kalwani & Yim, 1992; Kalwani, Yim, Rinne, & Sugita, 1990), satisfaction and pleasure (McNeill, Fam, & Chung, 2014). In online settings, the effect of transaction utility has been demonstrated by Dodonova and Khoroshilov (2004) in their study which showed that a higher ‘buy now’ price listed in an online auction website made customers bid more as a result of a high perceptions of transaction utility. In another study set in the online shopping context, Gupta and Kim (2010) demonstrated that an increase in transaction utility led to an increase in perceived value of the purchase of books online.

Product Uniqueness

The perceived uniqueness of a product is “the extent to which the customer regards the product as different from other products in the same category” (Franke & Schreier, 2007, p. 95). In literature, the concept of product uniqueness appears in different variations such as product innovativeness (Sethi, Smith, & Park, 2001) and

product scarcity (Snyder, 1992). Nevertheless, the core idea behind each of these manifestations is the implication of the localized unavailability or limited availability (either locally or globally) of a product resulting in an increased perceived desirability towards the product. Though very similar, it is important to clarify that, the concept of a product's objective uniqueness that is being used in this study, i.e., the availability or unavailability of a similar or same product in the marketplace, is different from Lynn and Harris' (1997) concept of consumers' need for uniqueness, which is a subjective, individual-level uniqueness seeking character.

Product uniqueness has been shown to be a key driver of customer utility in mass customization (Franke & Schreier, 2007), purchase intention (Wu, Lu, Wu, & Fu, 2012), perceived product utility (Merle, Chandon, Roux, & Alizon, 2010), hedonic value (Holbrook & Hirschman, 1982) and even in developing successful supplier-customer relationships (Wikner & Bäckstrand, 2012). In addition, it is also supposed that the possession of scarce products provides a route for establishing one's specialness or uniqueness in relation to others (Snyder, 1992).

Consequences of Engaging in IOO

The three main constructs discussed here as consequences of engaging in IOO are mainly based on customer delight model. These constructs include surprise, arousal, and positive affect.

Surprise

One of the basic constituents of the customer delight model is the presence of an element of 'pleasant surprise' (Oliver et al., 1997). Surprise is conceptualized as an

unexpected experience or outcome resulting from, or as part of, the purchasing process (Alexander, 2012). In any part of a purchase process, positive surprise can occur as a function of an unexpected positive outcome, and the positive feeling toward that unexpected outcome. The ‘unexpected’ aspect of surprise in a consumption experience is important (Rust & Oliver, 2000; Vanhamme & Snelders, 2001) in that, upon consumption, through recollection, a consumer would realize how surprisingly unusual the event was.

Vanhamme and Snelders (2001) explain surprise as an emotion that is elicited when the inputs coming from an individual’s routine environment do not match their *schema*, or a person’s understanding of their reality. Such discrepancy in the schema is the crucial cognitive surprise-eliciting condition. The more frequent the individual encounters the surprising environment, the lower the intensity of the surprise can get. This is one of the reasons why scholars have addressed the impracticality of surprising a customer all the time (Arnold et al., 2005; Kumar, Olshavsky, & King, 2001), but nevertheless, stressed the importance of surprising in new and innovative ways (Kumar et al., 2001; Rust & Oliver, 2000).

The concept of surprise emerged in consumer behavior literature even before the conceptualization of the customer delight model, especially in the study of satisfaction. Previous research has repeatedly shown surprise as a key element in generating both satisfaction (Vanhamme & Snelders, 2001; Westbrook & Oliver, 1991) as well as delight (Kumar et al., 2001; Oliver et al., 1997).

Arousal

Arousal is considered to be one of the two independent dimensions of emotions (the other being pleasure) (Bigné, Andreu, & Gnoth, 2005). Arousal refers to “the degree to which a person feels stimulated, active, or alert” (Menon & Kahn, 2002, p. 32). In consumer behavior, the concept of arousal has been well established in the various affective states that it influences. Popularized in the Stimulus (S), Organism (O), Response (R) paradigm (Mehrabian & Russell, 1974), also known as SOR model, arousal is influenced by physical stimuli such as color, sound, and temperature. Arousal can also be triggered by external stimuli such as a shopping mall environment (Baker et al., 1992), audio and visual cues in stores (Andersson, Kristensson, Wästlund, & Gustafsson, 2012; Eroglu, Machleit, & Davis, 2003) as well as internal stimulus, such as shopping involvement (Eroglu, Machleit, & Davis, 2001).

Through the application of this paradigm, previous research has found that arousal (along with pleasure), with the help of environmental stimuli in online and offline retail settings, can enhance satisfaction (Bigné et al., 2005; Eroglu et al., 2003; Ha & Lennon, 2010; Spies, Hesse, & Loesch, 1997), approach behavior, purchase intention (Babin & Babin, 2001; Baker et al., 1992; Fiore, Jin, & Kim, 2005), customer evaluation of store environment (Mattila & Wirtz, 2006), shopping enjoyment (Donovan, Rossiter, Marcoolyn, & Nesdale, 1994) and spending more time at a retail store (Donovan et al., 1994) .

Positive Affect

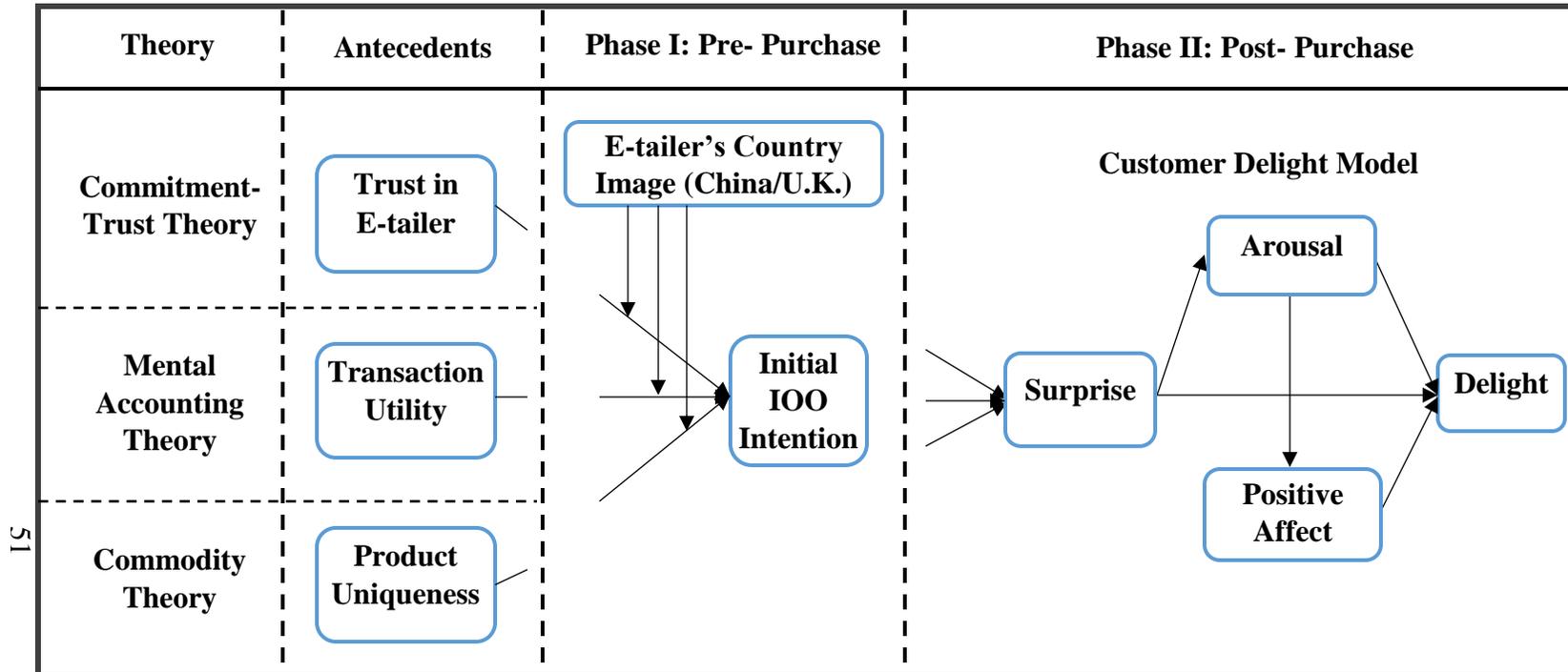
Affect refers to the subjective, positive or negative feelings and moods evoked by internal or external stimuli (Cohen, Pham, & Andrade, 2008). Positive affect is associated with feelings and moods such as contentment, love, pleasure, pride and happiness (Finn, 2005; Richins, 1997), whereas negative affect is associated with anger, disgust, fear, sadness and shame (Cohen et al., 2008; Laros & Steenkamp, 2005). This study uses positive affect as one of the major constructs and defines positive affect as “the extent to which a person feels enthusiastic, excited and inspired” (Verhagen & van Dolen, 2011, p. 320).

The role of the feelings and moods associated with positive affect has been examined in depth in consumer behavior literature. Previous research has shown that consumers’ affective states impact their service evaluations (Andreassen, 2000; Smith & Bolton, 2002), satisfaction (Mano & Oliver, 1993; Westbrook & Oliver, 1991), urge to buy impulsively (Flight, Rountree, & Beatty, 2012; Verhagen & van Dolen, 2011), and positive influence on others (Howard & Gengler, 2001).

Conceptual Framework

Based on the extensive review of literature in the above section, a conceptual framework that shows the entire process of consumer IOO, including both pre-purchase and post-purchase, is developed (Figure 2). In this study, Phase I consists of the pre-purchase model while Phase II explains post-purchase IOO. As Figure 2 presents, three antecedents are selected based on three theories. That is, trust in e-tailer is selected based on commitment-trust theory, transaction utility from mental accounting theory, and

product uniqueness from commodity theory. Phase II (i.e., the right portion of the proposed framework) in Figure 2 is built on the customer delight model. The premise of the conceptual framework is that the presence of high levels of e-tailer trust, transaction utility and product uniqueness lead consumers to IOO intention and surprise after IOO purchase, which in turn will trigger arousal, positive affect and finally delight. Further, the proposed framework posits that the e-tailer's country image (Chinese and U.K. image) moderates the strength of the relationship between each of the three antecedents and initial IOO intention. This country moderating effect will be tested in Phase I. Each of these phases will be tested separately in the Chinese and U.K. e-tailer settings, except when testing the moderating effect of e-tailer's country image in Phase I where the Chinese and U.K. e-tailer models will be tested together as two groups to enable direct comparison of path strengths. The next section details hypotheses proposed by phase.



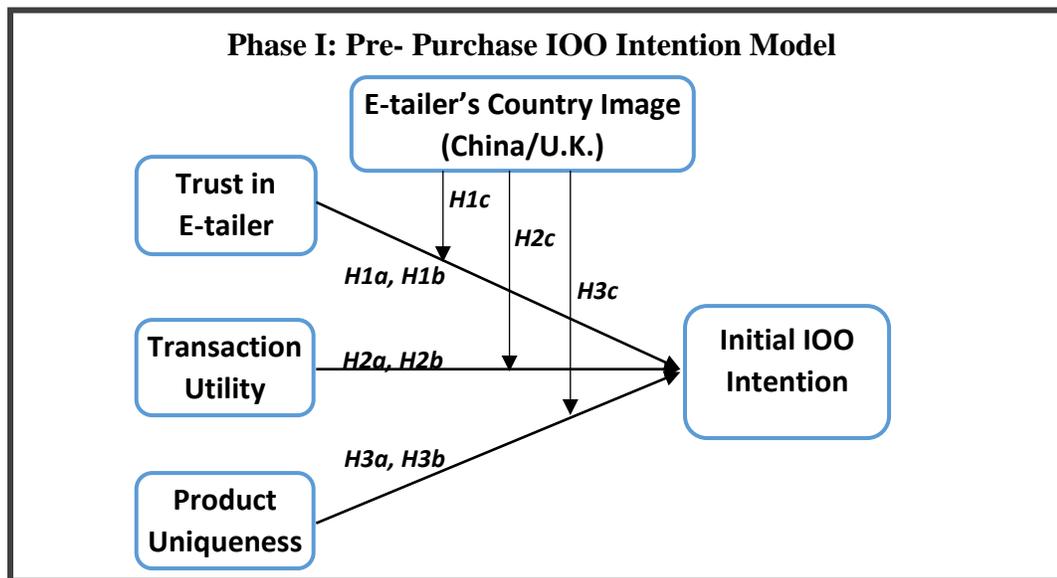
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Note: In this conceptual framework, the three antecedents (trust in e-tailer, transaction utility, and product uniqueness) directly influence initial IOO Intention in Phase I and Surprise in Phase II. Phase I and Phase II will be tested separately; however, to illustrate the entire IOO process including pre-and post-purchase, the whole research framework here shows the two phases together.

Figure 2. The Conceptual Framework

The Proposed Phase I: Pre-Purchase IOO Intention

The proposed Phase I posits how each of the three antecedents lead consumers to IOO intention in two countries. Additionally, Phase I tests how the process is significantly different by two countries. A total of nine hypotheses are developed in Phase I with three hypotheses for each antecedent as shown in Figure 3. Each antecedent carries one hypothesis number (e.g., H1 for trust in e-tailer, H2 for transaction utility and H3 for product uniqueness) under which three sub-hypotheses are formulated (e.g., H1a, H1b and H1c). The first two sub-hypotheses (e.g., H1a and H1b) refer to the relationship as it relates to Chinese and U.K. e-tailers, respectively. The third sub-hypothesis (e.g., H1c) is proposed to test the moderating effect of e-tailer’s country image. Each of the nine hypotheses is explained in the next section.



Note: Here hypothesis number carrying “a” denotes testing the path in Chinese e-tailer, “b” in U.K. e-tailer and “c” testing country image moderating effect.

Figure 3. The Proposed Phase I: Pre-Purchase IOO Intention Model

The Main Effect of Trust in E-tailer on Initial IOO Intention

The first hypothesis relates to the effect of trust in an e-tailer on consumers' intention to engage in IOO for the first time. Trust, a multidimensional concept, has been extensively shown in prior ecommerce studies to be an important factor that can decide consumers' proclivity to shop from a website. Trust in e-tailer has been found to positively affect purchase intention directly (Bart, Shankar, Sultan, & Urban, 2005; Becerra & Korgaonkar, 2011; Kim, Ferrin, & Rao, 2009) as well as indirectly, mediated through factors such as perceived risk, perceived benefit (Kim et al., 2009), commitment toward an e-tailer (Eastlick et al., 2006), perceived usefulness, and attitude (Ha & Stoel, 2009). In addition, Ramkumar and Jin (2016) proposed a positive influence of trust on intention to engage in IOO at developing country e-tailers.

Trust can be significantly more important in predicting purchase intention at a foreign e-tailer than at a domestic e-tailer. In a study supporting such a notion, Cyr et al. (2005) found that consumers exhibited more trust on local websites than on foreign websites. Cyr et al. (2005) have also suggested that the perception of risk will be heightened when shopping at a foreign e-tailer, compared to shopping at a domestic e-tailer. In a related concept, Wang et al. (2010) identified perceived reliability of a foreign retailer to be a strong predictor of consumers' propensity to outshop. These suggestions may arise from the notion that consumers are well-oriented and familiar with shopping at domestic e-tailers such as Amazon and eBay due to the fact that these e-tailers have existed for a long time. In contrast, the same feeling may not be shared with shopping at foreign e-tailers as the uncertainty and risk associated with such "new" e-tailers may be

much higher due to unfamiliarity. In addition, consumers may fear for any breach in security related to their personal and financial information by unknown foreign e-tailers, or even the risk of paying for a product and not receiving it. Therefore, this study posits that trust in an e-tailer will decide consumers' initial IOO intention. This study further postulates that because the importance of online trust remains regardless of an e-tailer's country, the effect will be same for both Chinese and U.K. e-tailers.

***H1:** Consumers' trust in an e-tailer positively influences their initial IOO intention at both (a) Chinese and (b) U.K. e-tailers.*

The Moderating Effect of E-tailer's Country Image on the Relationship between Trust in E-tailer and Initial IOO Intention

When purchasing from a foreign retailer, consumers may decide to purchase or not based on the level of familiarity and uncertainty associated with that foreign retailer (Kaynak & Cavusgil, 1983; Straughan & Albers-Miller, 2001). In unfamiliar and uncertain situations such as purchasing from a foreign e-tailer, consumers' perception of the e-tailer's country image can make or break the purchase decision (Torres & Gutiérrez, 2007). It is common for consumers to maintain certain positive or negative stereotypes and images about foreign countries, and such consumer perceptions of a country's image can vary heavily depending on the level of economic development of the country (macro image), thereby affecting their tendency to trust products (micro image) or e-tailers from that country (Hsieh et al., 2004; Pappu et al., 2007). Consumers have been found to form positive purchase behaviors when their perception of a country's image is also positive (Hsieh et al., 2004). Pappu et al. (2007) found that in a given market (e.g., Australia),

consumers' overall image of a country (e.g., U.S.) affects their perceived equity of a brand from that country (e.g., IBM or Apple). Consumers in a developing country like Tunisia evaluate products from developed countries positively because they believe these products have superior quality and carry symbolic meanings of fashion and status (Hamzaoui & Merunka, 2006). Likewise, this study expects that consumers from developed countries like the U.S. might not trust the ability of retailers in an emerging country to provide goods of quality (e.g., luxury goods from China e-tailers) and safe and secure modes of online transactions. This perception of e-tailer's "ability," or lack thereof, is one of the key dimensions of online trust, defined as consumers' perception of the e-tailer's competence (in terms of product know-how) and knowledge (in terms of processes involved in a secure online transaction) required to complete a transaction (Bhattacharjee, 2002). On the other hand, developed countries, such as the U.K., enjoy a positive reputation in terms of both micro and macro country image which may translate to the positive assessments of consumers trust in the ability of e-tailers from these countries to deliver quality products in a safe and secure manner of transaction.

Therefore, this study posits that, though the relationship between trust in an e-tailer and initial IOO intention may remain true across Chinese and U.K. e-tailers, the strength of this relationship is moderated by the e-tailer's country image. Specifically, when it comes to the purchase of goods from a U.K. e-tailer (developed country) versus a Chinese e-tailer (developing country), the impact of trust on initial IOO intention will be higher in the U.K. than in China.

***H1c:** The positive relationship between trust in e-tailer and initial IOO intention will be moderated by the e-tailer's country image such that the relationship will be stronger in U.K. e-tailers than in Chinese e-tailers.*

The Main Effect of Transaction Utility on Initial IOO Intention

The second main hypothesis relates to the impact of transaction utility on initial IOO intention at Chinese and U.K. e-tailers. Transaction utility, derived from Mental Accounting Theory, is assessed by comparing the actual selling price of a product against a reference price (consumers' expected price of that product based on prior knowledge) (Thaler, 1985). When comparing actual and reference prices, the resulting price difference indicates the amount of savings (or loss) that has been achieved (Mayhew & Winer, 1992). Reference prices can be derived from both internal (from memory of prior purchase experiences) and external (regular prices observed in the environment) sources (Lowengart, 2002). In the context of shopping domestically where reference prices are based on internal and external sources derived from prior domestic purchase experiences, consumers react differently to increase and decrease in a product's market price relative to the price in the home country (Kalyanaram & Winer, 1995). However, in initial IOO purchases where increase or decrease in foreign market prices are yet to be observed since no prior IOO experience exists, reference price originating from knowledge of the domestic market prices for a given product will be compared against the absolute price for which the product is sold at the foreign e-tailer's website.

In previous studies, consumers' intention to purchase a product is found to be positively related to perceptions of transaction utility, or in other word price saving (Della

Bitta, Monroe, & McGinnis, 1981; Grewal, Monroe, & Krishnan, 1998; Urbany & Dickson, 1991). Considerable support also exists in the economics and consumer behavior literature on transaction utility as a predictor of purchase intention in online purchase settings (Gupta & Kim, 2010; Kauffman, Lai, & Ho, 2010; Kim, Xu, & Gupta, 2012). If a product is available at a foreign e-tailer (selling price) for a price much less than a similar product at a domestic e-tailer (reference price), the total transaction utility is high, and the level of possible savings achieved is also high, which will in turn improve their intention to engage in IOO at that foreign e-tailer. Therefore, this study expects a positive impact of transaction utility on initial IOO intention. Such an impact is expected to exist in the IOO setting at both Chinese and U.K. e-tailers, as consumer perception of transaction utility is expected to remain positive if actual prices in either a Chinese e-tailer or a U.K. e-tailer are lower than reference prices in their home country.

H2: Transaction utility positively influences consumers' initial IOO intention at both (a) Chinese and (b) U.K. e-tailers.

The Moderating Effect of E-tailer's Country Image on the Relationship between Transaction Utility and Initial IOO Intention

Consumers' perception of products emanating from certain country e-tailers and product-related associations such as the relative prices of these products at these e-tailers can vary to a high degree based on the e-tailer's country image (Hamzaoui & Merunka, 2006). Products originating from developing country e-tailers, for example, are typically perceived to be less expensive because of the ability of these e-tailers to produce the products at low manufacturing costs, thereby transferring this cost benefit to the

consumer. Cline (1979) found high intercorrelations between a manufacturer's country image and perceived price of products offered by that manufacturer, indicating that products in less-developed countries were expected to be priced lower than similar products in the U.S. or other more-developed countries like the U.K. In one of the earliest studies conducted on product price-image associated with country image, Shimp, Samiee and Madden (1993), through in-depth qualitative interviews of consumers in the U.S., identified that consumers typically associated low-priced products with developing countries such as Yugoslavia (today's Serbia and Montenegro), South Korea, India, Iran and Japan (here, both South Korea and Japan were still perceived as developing countries when this study was conducted).

Therefore, when purchasing products from Chinese e-tailers, consumers may expect a higher level of transaction utility as they expect the product prices at these websites to be much cheaper, when compared to purchasing products from U.K. e-tailers where higher prices are typically expected, resulting in lower transaction utility. In other words, the effect of transaction utility on initial IOO intention will be stronger when shopping at Chinese e-tailers compared to shopping at U.K. e-tailers.

H2c: The positive relationship between transaction utility and initial IOO intention will be moderated by the e-tailer's country image such that the relationship will be stronger in Chinese e-tailers than in U.K. e-tailers.

The Main Effect of Product Uniqueness on Initial IOO Intention

Product uniqueness refers to the extent to which the characteristics of a particular product (such as color, design, styling, brand etc.) available at a given e-tailer cannot be

seen in products available at other e-tailers from that country or any other country, making that product unique and scarce (Wu et al., 2012). This study posits that the underlying effect of exposure to unique products is the increased desirability to purchase that product, as described in the Commodity Theory (Brock, 1968). By virtue of being unusual or unique to consumers' regular shopping environments, the unique characteristics of these products increase the level of consumers' desirability to acquire such products in order to fulfil their ego needs (Guo et al., 2006). Previous research supports that, by creating highly desirable, unique and innovative products, retailers can influence consumers' intention to purchase the products (Holak & Lehmann, 1990; Wu et al., 2012).

In international outshopping studies, the availability of unique products in a country's marketplace has been shown to significantly influence consumers' intention and attitude towards travelling cross-border to purchase the product since they believe a similar product cannot be obtained in their home country. Kim and Littrell (1999) found that American female travelers in Mexico formed positive attitudes towards purchasing textile and clothing products that were unique to the country, thereby affecting their purchase intention. Guo et al.'s (2006) study suggests that Mexican shoppers travelling to the U.S. to outshop do so in order to access the latest fashions and new products that are not available in their local marketplaces.

Studies have suggested that e-tailing as one of many shopping channels available to consumers has been successful largely due to its ability to provide easy access to unique products, especially in apparel and clothing related categories, that may have been

otherwise hard to access (Kim & Kim, 2004). The relationship between product uniqueness and purchase intention is expected to be also true in the IOO setting given the additional costs of acquiring unique products, such as transportation and psychic costs, from foreign countries are virtually nonexistent in IOO where the purchase is made at the click of a button from the consumers' home. Further, the availability of a plethora of unique products in various consumer product categories including apparel and electronics at both Chinese and U.K. e-tailers, such as Asos.com, Boohoo.com, and Aliexpress.com provide a stronger case to establish such a relationship. Therefore, this study hypothesizes that product uniqueness will positively impact initial IOO intention, and this effect is expected to hold true when exposed to unique products at both Chinese and U.K. e-tailers.

H3: Product uniqueness positively influences consumers' initial IOO intention at both (a) Chinese and (b) U.K. e-tailers.

The Moderating Effect of E-tailer's Country Image on the Relationship between Product Uniqueness and Initial IOO Intention

In addressing the effect of country image on the perceptions of product uniqueness, Baker and Ballington (2002) suggested that countries and retailers with unique products, coupled with a positive country image, must draw consumers' attention towards these products. They also found that the general notion of the characteristics of products coming from more-developed countries like Scotland, which is a part of the U.K., include phrases like innovation and sophistication, whereas the consumers who live in developing countries rated their own country's products as less superior and less

innovative. Such a notion was also mirrored by Hamzaoui and Merunka's (2006) observations of country image effects. This exhibits a mix of stereotypical and factual perspectives of consumers towards products offered by retailers in developed countries as more unique, innovative and sophisticated, while perceiving products offered by developing country retailers as more affordable, and therefore mass produced and less unique in characteristics (Dichter, 1985; Koschate-Fischer et al., 2012; Roth & Romeo, 1992).

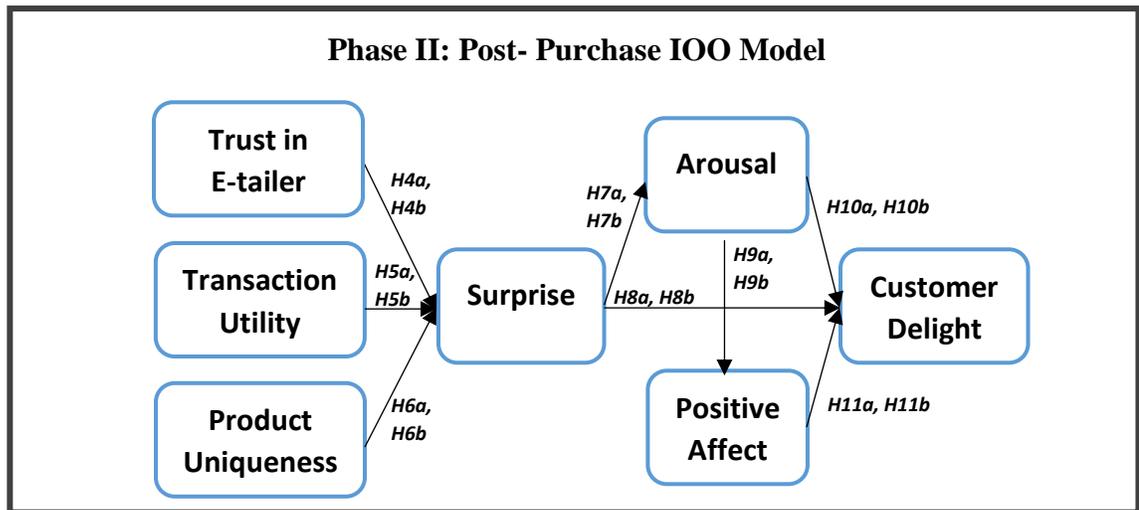
Such a comparison does not suggest a dyadic perception to product uniqueness such that developed country products are unique and developing country products are not unique, but rather a gauge of less unique to highly unique on a continuum. In this continuum, this study posits that a higher uniqueness is expected in products offered at U.K. e-tailers compared to products offered at Chinese e-tailers, which results in stronger moderating effect in U.K. on the relationship between product uniqueness and initial IOO intention.

H3c: The positive relationship between product uniqueness and initial IOO intention will be moderated by the e-tailer's country image such that the relationship will be stronger in U.K. e-tailers than in Chinese e-tailers.

The Proposed Phase II: Post-Purchase IOO

In the proposed framework in Phase II, shown in Figure 4, a total of sixteen hypotheses are established with eight main hypotheses under which two sub-hypotheses are developed. As with Phase I, each hypothesis number carries “a” (denoting Chinese e-tailers) and “b” (denoting U.K. e-tailers). Unlike in Phase I, this Phase does not test the

moderating effect of e-tailer’s country image on any of the hypothesized relationships as no such effect is expected to provide additional strength to the relationships proposed here. In the following section, each of the sixteen hypotheses is explained based on the customer delight model and previous studies.



Note: Here hypothesis number carrying “a” denotes testing the path in Chinese e-tailer and “b” in U.K. e-tailer

Figure 4. The Proposed Phase II: Post-Purchase IOO Model

The Effect of Trust in E-tailer on Surprise

This study asserts that, in an initial IOO purchase scenario, by experiencing a purchase at a highly trustworthy foreign e-tailer, U.S. consumers will anticipate feeling pleasantly surprised by the experience, as it has been shown that consumers typically tend to trust foreign websites much less than they trust domestic websites (Cyr et al., 2005). This means that consumers do not typically expect foreign websites to possess the necessary dimensional qualities such as ability, benevolence and integrity needed to

induce trust (Bhattacharjee, 2002). These qualities are typically elucidated by e-tailers by providing transparent information of privacy policies, accepting product returns, offering refunds whenever required, and providing optimum service which results in positive customer reviews. When such transparencies do not exist, low trust is perceived and therefore no surprise is felt, as they did not expect a foreign e-tailer to be highly trustworthy to begin with, and their actual experience merely matched their initial expectations.

The feeling of surprise is typically elicited when a consumer is exposed to an unexpected experience or outcome resulting from, or as part of, the purchasing process (Rust & Oliver, 2000). Therefore, by definition, one of the most important prerequisites of surprise that has been stressed upon in the customer delight literature is experiencing something ‘unexpected’ (Alexander, 2012; Vanhamme & Snelders, 2001; Verma, 2003). In an initial IOO purchase setting where a consumer is exposed to a highly trustworthy foreign website, this ‘unexpected experience’ is being fulfilled, as consumers typically do not expect these websites to be as trustworthy as domestic websites.

Therefore, it is hypothesized that, U.S. consumers’ trust in an e-tailer will positively impact the degree of anticipated surprise that they might feel after an initial IOO purchase experience. This effect is expected upon purchase at both Chinese and U.K. e-tailers since the provision of an unexpected experience is possible from both e-tailers, and consumers’ level of surprise will be present upon purchase at both country e-tailers under high trust conditions.

H4: Consumers' trust in an e-tailer positively influences their degree of surprise upon engaging in IOO at both (a) Chinese and (b) U.K. e-tailers.

The Effect of Transaction Utility on Surprise

High transaction utility, or in other words, price saving, can be another 'unexpected' experience IOO consumers may encounter. Urbany et al. (1997) observe that, incremental transaction utility, i.e., observing a selling price much lower than expected, can result in the feeling of surprise. When studying the effects of transaction utility provided through price promotions such as refunds and rebates on Chinese respondents, McNeill et al. (2014) observed respondents describing their experience as 'pleasantly surprising.' They also suggest that in situations where savings occur in the form of transaction utility unexpectedly, the feeling of surprise will be heightened.

To illustrate the above discussed relationship between transaction utility and surprise, consider a scenario where a consumer engaging in comparative shopping online comes across an e-tailer carrying the same or similar product that he/she is searching for at a much cheaper price than any other website. In this scenario, the perceived transaction utility or savings that is expected to be achieved by "taking advantage of the financial terms of this price deal," motivates the consumer to purchase the cheaper product (Grewal et al., 1998). Upon purchase, the experience of achieving high transaction utility (savings) can induce a level of surprise in the consumer, and this effect can be even stronger when that cheaper product is found at a foreign e-tailer website, as the consumer did not expect to find, or was not aware of the existence of, such a discounted offering. The unexpected transaction utility resulting in the feeling of surprise can be described as,

“I was surprised to find that the gym shoes that I was looking for was available at this (foreign country’s) website for much cheaper. I never knew that until now.” Therefore, this study posits that transaction utility will impact the degree of anticipated surprise in both Chinese and U.K. e-tailer settings. This effect is expected to be positive when U.S. consumers engage in an initial IOO purchase at both Chinese and U.K. e-tailers, as both represent foreign website purchases, and a high transaction utility availed at either will elicit no less surprise.

H5: Transaction utility positively influences consumers’ degree of surprise upon engaging in IOO at both (a) Chinese and (b) U.K. e-tailers.

The Effect of Product Uniqueness on Surprise

In this study, exposure to a unique product and consequent purchase of that product is expected to trigger the feeling of surprise. In a seminal study of psychological processes involved in “the person, the product and the response,” Jackson and Messick (1965) best explore the reaction of surprise when individuals are exposed to unique, or as they like to call it, “unusual” products. They explain that, “confrontation with an unusual object (product) or event characteristically evokes *surprise* in the viewer. The unusual (product) is attention getting, it catches our eye, its ‘unexpectedness’ may shock or amaze us” (Jackson & Messick, 1965, p. 317). As previously discussed, unexpectedness is the prime characteristic inducing surprise, and to support this, Jackson and Messick (1965) further state that, “the degree and character of surprise is a function of the norms of expectation in much the same manner as is unusualness” (p. 323).

By consistently designing, developing and manufacturing products to include unique and innovative features, manufacturers and retailers can surprise consumers in a positive way (Lee & O'Connor, 2003; Molina-Castillo & Munuera-Aleman, 2009; Ogawa & Piller, 2006). Moreover, in the outshopping context, studies have shown that offering unique products to foreign customers is one of the ways foreign retailers encourage outshopping (Guo et al., 2006; Holak & Lehmann, 1990; Wu et al., 2012), thereby inducing the feeling of surprise upon purchase. Therefore, the following hypothesis states that, by purchasing unique products at both Chinese and U.K. e-tailers, consumers' degree of anticipated surprise is positively affected. This impact is expected to hold true upon purchase at both Chinese and U.K. e-tailers, since the e-tailers in both countries possess the capabilities to provide such innovative and unique products, and a first-time shopper at these websites is expected to experience a degree of surprise if exposed to a highly unique product.

***H6:** Product uniqueness positively influences consumers' degree of surprise upon engaging in IOO at both (a) Chinese and (b) U.K. e-tailers.*

The Effects in the Model of Customer Delight

In the established behavioral model of customer delight (Oliver et al., 1997) and further applications of this model in literature (e.g., Finn, 2005; Loureiro & Kastenholz, 2011), delight was consistently found to be a direct and indirect function of surprise, arousal, and positive affect. Each of these functions are discussed here along with an explanation of how the customer delight model can be applied to the IOO setting.

First, experiencing an unexpectedly high level of surprise initiates the feeling of arousal (Charlesworth, 1969), which is the feeling of stimulation or alertness (Menon & Kahn, 2002). One of the qualities of surprise is that it orients the individual to respond to environmental stimuli, and one of the immediate subconscious responses is arousal (Oliver et al., 1997). For this reason, surprise has also been referred to as a preemotion, in that it triggers further emotions such as arousal (Lazarus, 1991). Experiencing positive surprise through an unexpected purchase experience also provokes the feeling of delight, which is conceptualized as an extreme level of satisfaction (Rust, Zahorik, & Keiningham, 1996). More importantly the feeling of delight was not shown to occur in consumers who did not experience similar surprise (Crofts & Magnini, 2011). Further, Vanhamme (2000) points out that positive surprise is a necessary condition for delight to occur, as surprise and joy are the two main emotional determinants of delight (Rust & Oliver, 2000).

Second, apart from being an effect of surprise, arousal further invokes the pleasure sensation called positive affect (Finn, 2005). This is demonstrated to be true especially when the feeling of arousal is present in the context of a positively surprising purchase experience, thereby resulting in elevated levels of positive affect (Schachter & Singer, 1962). Additionally, arousal also plays an activation role in the emotional process, leading to delight (Loureiro & Kastenholz, 2011). This connection between arousal and delight has its origins in the satisfaction literature with support from the findings that all levels of arousal (low, medium and high) have equal potential to

positively affect the perception of satisfaction (Mano & Oliver, 1993; Oliver, 1989) and therefore delight, which is the highest level of satisfaction.

Finally, positive affect also acts as a direct cause in generating delight levels (Oliver et al., 1997). Also originating in the satisfaction literature, the levels of affect, especially positive affect generated through the feeling of arousal, significantly affects consumer's perceptions of high level satisfaction (Mano & Oliver, 1993) or delight.

The customer delight path model discussed above is expected to apply to the initial IOO setting explored in the present study. In an initial IOO purchase scenario, consumers are typically unaware of what to expect due to a lack of prior experience in purchasing from foreign websites. The only point of reference for these consumers originates from their prior experience purchasing at domestic websites where privacy policies, pricing, products etc. are more-or-less of similar formats. However, realizing the challenges in reaching U.S. consumers, many Chinese and U.K. e-tailers provide flexible delivery options, customized privacy policies, products and price-points in order to attract these consumers (Forrester Consulting, 2014). Therefore, in an initial IOO purchase, a consumer's out-of-the-ordinary experience, arising from variations in these products, prices and services available, unlike what they see at a domestic website, can *surprise* them, thereby eliciting the emotions of *arousal*, *positive affect* and eventually *delight*.

Applying the model of customer delight to an IOO purchase setting at both Chinese and U.K. e-tailers, this study postulates the following hypotheses.

H7: *Consumers' degree of surprise positively influences their level of arousal upon engaging in IOO at both (a) Chinese and (b) U.K. e-tailers.*

H8: Consumers' degree of surprise positively influences their level of delight upon engaging in IOO at both (a) Chinese and (b) U.K. e-tailers.

H9: Consumers' level of arousal positively influences their level of positive affect upon engaging in IOO at both (a) Chinese and (b) U.K. e-tailers.

H10: Consumers' level of arousal positively influences their level of delight upon engaging in IOO at both (a) Chinese and (b) U.K. e-tailers.

H11: Consumers' level of positive affect positively influences their level of delight upon engaging in IOO at both (a) Chinese and (b) U.K. e-tailers.

CHAPTER III

METHODOLOGY

This chapter presents the methodology involved of this experimental study. The chapter is divided into five sections, namely (1) Pre-test, (2) Data Collection, (3) Measurement, (4) Protocol, and (5) Data Analysis.

Pre-Test

In order to measure consumers' IOO intention in Phase I, and level of surprise, arousal, positive affect and delight in Phase II, this study manipulated three antecedent variables, namely, trust in e-tailer, transaction utility and product uniqueness, using vignettes developed in scenario-based experiment. Prior to data collection, it is necessary to perform manipulation checks on the validity of these vignettes (Perdue & Summers, 1986). The purpose of this pre-test it was to establish internal validity and ensure that the vignettes used to manipulate the antecedent variables actually represent the constructs that they were meant to represent, a step that is common in extant experimental studies (Barling & Phillips, 1993; Dvir, Eden, Avolio, & Shamir, 2002; Perdue & Summers, 1986).

This study used a combination of text- and picture-based vignettes to manipulate two levels (i.e., high and low) of the independent variables. A total of 8 (2 x 2 x 2) combinations of scenarios resulted from having two levels in three antecedents (trust in e-tailer, transaction utility and product uniqueness). In order to validate the vignettes used

to manipulate each of the two levels, two pre-tests were conducted. The goal of the first pre-test was to identify pictures of two pairs of athletic shoes: one high on product uniqueness and one low on product uniqueness. To select this picture, a convenience sample of 40 students at a Southeastern University were recruited to participate in this first pre-test. A list of ten pictures each for men and women's athletic shoes were gathered from existing products listed on U.K. and Chinese e-tailer websites. At the beginning of the online survey, the respondents were asked to indicate their gender. Upon selecting their gender, ten pictures of the corresponding gender's athletic shoes appeared, and the respondent was asked to answer the following question for each picture: "Do you find the following pair of athletic shoes unique? Indicate how strongly you disagree or agree that each of the following pairs is unique" on a 5-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree). The pictures that resulted in the highest significant difference on the assessed scale were selected as high and low unique products. Appendix A provides a copy of the first pre-test.

The goal of the second pre-test was to validate the eight total scenarios consisting of all possible combinations of different levels of the antecedent variables, i.e., high/low trust, high/low transaction utility and high/low product uniqueness. Here, trust in e-tailers and transaction utility were manipulated using textual descriptions, and the pictures that resulted from the manipulation of product uniqueness performed in pre-test 1 were used to reconfirm their validation. The eight possible scenarios are shown in Table 2.

Table 2. Eight Scenarios Resulting in all Possible Combinations of High/Low Trust, Transaction Utility, and Product Uniqueness

Combination	Trust	Transaction utility	Uniqueness
1	High	High	High
2	High	High	Low
3	High	Low	High
4	Low	High	High
5	High	Low	Low
6	Low	High	Low
7	Low	Low	High
8	Low	Low	Low

To conduct the second pre-test, an online survey was administered using a convenience sample of 40 students at a Southeastern university. To each respondent, the survey randomly displayed one combination out of the eight total possible combinations of scenarios at either Chinese or U.K. e-tailer settings. This study chose to compare U.S. consumers' IOO specifically at Chinese and U.K. e-tailers since these are the top two IOO destinations for U.S. consumers to shop at (Paypal, 2013). Also, by comparing Chinese and U.K. e-tailers, this study allowed for a comparison between U.S. consumers' IOO behaviors at developing and developed country e-tailers respectively, as characteristics of these e-tailers in terms of products, pricing and shipping durations differ significantly, thereby revealing interesting insights.

Once the survey started, the online shopping scenario was first introduced, and the respondent was asked to assume that he/she was looking to purchase a pair of athletic shoes online, and they had come across a Chinese or U.K. e-tailer's website that sold similar shoes. First, the e-tailer's description, such as typical delivery times and shipping

charges, were mentioned. Below the e-tailer description, a picture of a hypothetical e-tailer website was shown as a visual reference to the respondent. Further, a brief text manipulating trust (high or low) was shown to the respondent. For instance, the following text was used to manipulate high trust.

This website has been in business for over 5 years. Online customer reviews about this website are overall positive. The website offers buyer protection, which means a full or partial refund is guaranteed if:

- Your order does not arrive within the delivery time promised by the seller.
- Your item is significantly different from the seller's product description.
- You receive an item and wish to return it for any reason as long as the item is unused and in perfect condition.

The respondent was then asked to indicate how strongly he/she disagrees or agrees to statements on an established initial trust scale, a 5-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree) developed by Koufaris and Hampton-Sosa (2004), with statements such as "This website is trustworthy" and "I trust this website keeps my best interests in mind."

To validate the manipulations of high and low transaction utility, which is the difference between the selling price and reference price of a product, a brief text indicating the selling price of the athletic shoe at the Chinese/U.K. e-tailer and the reference price, i.e., the typical price at which the same product sells at an e-tailer in the U.S., was displayed. Below this, a picture of the pair of athletic shoes that resulted as high or low unique in the first pre-test was displayed in order to reconfirm that the two pictures of athletic shoes indeed denote high and low uniqueness when presented as part

of the whole scenario. The respondent was then asked to indicate how strongly he/she disagreed or agreed to four statements relating to product uniqueness, such as “This product has styling and features that are rare to find in the U.S.” and three statements relating to transaction utility, such as “I would get a lot of pleasure knowing that I would save money at this price on this website” on a 5-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree). The statements for product uniqueness were developed using key words from Commodity Theory (Brock, 1968), whereas the statements for transaction utility were adapted from Grewal, Monroe and Krishnan's (1998) transaction value scale. Upon analysis, significant differences in scaled items revealed that the text- and picture-based vignettes used did manipulate the right levels (high or low) of trust in e-tailer, product uniqueness and transaction utility.

Finally, since this study expected a moderating effect of Chinese and U.K. e-tailer's country image, a scale consisting of 11 items adapted from Laroche et al. (2005), assessing the respondent's perceptions of country, people, desired interaction and products were measured on a 7-point bipolar, semantic differential scale. Upon analysis, a statistically significant difference confirmed the expectation that U.S. consumers' perceptions of the country image of a developing country is lower than that of a developed country. Appendix B shows a copy of the second pre-test.

Data Collection

Data in this study were collected from undergraduate and graduate students in universities across the Midwestern, Southeastern and Northeastern states of the U.S. A college student sample was deemed appropriate for this study for many reasons. Firstly, college students are the most active web users (Kim, Ma, & Park, 2009) and online shoppers (Klopping & McKinney, 2004), especially of apparel products (Jeong, Fiore, Niehm, & Lorenz, 2009). Moreover, online shopping among this demographic is on the rise (Wang, 2013), making them apt for studying online shopping behaviors. Secondly, the use of a homogenous sample such as a student sample can control for random sources of error and decrease the likelihood of making a type II error (Calder, Phillips, & Tybout, 1981). Lastly, using a student sample can decrease the effects of variance in web-based literacy (Lee & Lin, 2005).

In order to recruit respondents for the study, professors at the universities were contacted and requested to invite their students to participate in the study. Upon gaining permission from the course instructors, an email recruitment script along with the online study link was sent to these instructors who forwarded the same to their students via email. To incentivize the students for participation in the study, \$25 gift cards were awarded to four randomly selected participants upon successful completion of the study.

The data in this study were collected by developing the experiment on the online survey platform Qualtrics. Since the study dealt with online shopping behaviors, using an online platform ensured that data were captured from respondents who are well-versed

and experienced in using the internet to perform activities such as browsing online for products and eliminates non-internet users (e.g., Lim, Sia, Lee, & Benbasat, 2006; Senecal, Kalczynski, & Nantel, 2005). In this study, participants were randomly assigned to one of eight scenarios in either Chinese or U.K. e-tailer setting.

To achieve an optimal, representative sample size in an experimental design, Hair, Black, Babin, and Anderson (2010) recommend that each group's (cell's) sample size equal 30. This study has a total of eight cells (2 x 2 x 2) per country's scenario (i.e. China and U.K.), making it a total of 16 cells including both countries. Therefore, the study needed a total sample size of 480 (30 x 16) respondents. Moreover, it was also crucial to maintain equal sample size in each group as the effectiveness of the analysis is dictated by the smallest group sizes, thus making sample size considerations a primary concern (Hair et al., 2010).

Measurement

Upon manipulating the independent variables, namely, trust in e-tailer, transaction utility, and product uniqueness, the respondent's IOO intention (Phase I) and level of anticipated surprise, arousal, positive affect and delight (Phase II) were measured. Table 3 summarizes the scale items and sources of these major constructs.

All constructs will be measured using valid and reliable existing measures in literature. In Phase I, the dependent variable IOO intention is measured using Yoo and Donthu's (2001) purchase intention scale. In Phase II, Finn's (2005) adaptation of the

Oliver et al.'s (1997) model of delight scale is used to measure surprise, arousal, positive affect, and delight. Country image is measured using Laroche et al.'s (2005) scale.

Table 3. Summary of Major Constructs, Scale Items, and Sources

Construct	Scale Items	Source
Based on the above scenario, please indicate how strongly you disagree or agree with the following statements. (1 = Strongly Disagree to 5 = Strongly Agree)		
IOO Intention	<ol style="list-style-type: none"> 1. I will definitely buy this product from this website. 2. I intend to purchase through this website. 3. It is likely that I will purchase through this website. 4. I expect to purchase through this website. 	Yoo and Donthu (2001)
Assume that you place an order for the pair of athletic shoes from the website in the above scenario. You receive the product at your doorstep/mailbox within the specified delivery duration of 7 – 30 days. The product you received matches the seller's description and picture of the product on the website. If you purchased as above, how likely are you to feel each of the following? (1 = Never to 5 = Always)		
Surprise	<ol style="list-style-type: none"> 1. Astonished 2. Surprised 	Finn (2005)
Arousal	<ol style="list-style-type: none"> 3. Stimulated 4. Excited 5. Enthused 	
Positive Affect	<ol style="list-style-type: none"> 6. Happy 7. Contented 8. Pleased 	
Delight	<ol style="list-style-type: none"> 9. Gleeeful 10. Elated 11. Delighted 	
Please rate your perception of the country China/U.K. on the following items?		
Country Image – Overall Country	<ol style="list-style-type: none"> 12. Poor - Rich 13. Technologically not advanced – Technologically advance 14. Low level of education – High level of education 	Laroche et al. (2005)
Country Image – People Effects	<ol style="list-style-type: none"> 15. Not trustworthy people – Trustworthy people 16. Not hardworking people – Hardworking people 17. Not likeable people – Likeable people 	
Country Image – Product Beliefs	<ol style="list-style-type: none"> 18. Unreliable products – Reliable products 19. Products with poor workmanship – Products with good workmanship 20. Poor quality products – Good quality products 	
Country Image – Desired Interaction	<ol style="list-style-type: none"> 21. We should not have closer ties with China – We should have closer ties with China 22. Not an ideal country – Idea country 	

Phase I: IOO Intention

Upon reading the online shopping scenario at a Chinese/U.K. e-tailer, respondents' intention to purchase from that website (IOO intention) was measured using items adapted from Yoo and Donthu's (2001) online purchase intention scale. Their 4-item scale used statements like, "I will definitely buy products from this site in the near future" and "I expect to purchase through this site in the near future." Since the present study was interested in measuring immediate purchase intention upon being exposed to the scenario-based stimuli, and not purchase intention in the 'near future,' the items were reworded as follows: "I will definitely buy this product from this website" and "I expect to purchase through this website." The reliability of the original scale was acceptable (Cronbach $\alpha = 0.96$). The four items in this construct will be evaluated on a five-point Likert scale (1 = strongly disagree to 5 = strongly Agree).

Phase II: Model of Customer Delight

In order to measure the constructs in the model of customer delight in Phase II, namely, surprise, arousal, positive affect and delight, Finn's (2005) adaptation of Oliver et al.'s (1997) measurement model of delight was used. Upon exposure to the shopping scenario at a Chinese/U.K. e-tailer, respondents were asked to assume that they purchased the pair of athletic shoes from the website in the scenario and indicate the frequency with which they felt the four emotions (constructs) in the model of delight on a 5-point Likert scale (1 = never to 5 = always). The items in each construct are discussed below.

Surprise

The surprise construct measures the degree to which the consumer feels surprised as a result of an unexpected experience during a shopping scenario (Rust & Oliver, 2000). In order to measure their level of surprise, the respondents were asked to indicate how likely they were to feel “Astonished” and “Surprised” during the purchase process based on the scenario. The reliability of the two-item scale was at an acceptable level in Finn’s (2005) study (Cronbach $\alpha = 0.75$).

Arousal

Arousal is the degree to which a person feels stimulated, active or alert (Menon & Kahn, 2002). The respondents’ arousal levels based on the shopping scenario were measured using their likely feeling of three emotions, namely, “Stimulated”, “Excited”, and “Enthused”. In Finn’s (2005) adaptation of the original scale, the reliability for the arousal construct was acceptable (Cronbach $\alpha = 0.85$).

Positive Affect

Positive affect deals with feelings and moods, such as contentment, love, pleasure, pride and happiness (Richins, 1997). To measure the respondents’ feeling of positive affect upon being exposed to the purchase scenario, they were asked to indicate how likely they were to feel “Happy,” “Contented,” and “Pleased” after the shopping experience. Finn’s (2005) adaptation of the positive affect scale was found to be reliable (Cronbach $\alpha = 0.82$).

Delight

A delighted customer is one who experiences a profoundly positive emotional state arising from having his/her expectations exceeded to a surprising degree (Rust & Oliver, 2000). To assess the respondents' level of delight arising from the hypothetical shopping scenario, the frequency with which they were likely to feel the following three emotions were measured: "Gleeful," "Elated," and "Delighted." This construct was found to be reliable in Finn's (2005) adaptation of the original model (Cronbach $\alpha = 0.90$).

Country Image

Consumers' perception of e-tailer's country image is measured using 11 items adapted from Laroche et al.'s (2005) 7-point bipolar, semantic differential scale. The scale captured a comprehensive country image perspective on four dimensions, namely, country beliefs, people effect, direct interaction and product beliefs. For instance, the items required respondents to rate country image on a scale of "technologically not advanced (1) to technologically advanced (7)" and "poor product quality (1) to good product quality (7)."

Demographic Information

Finally, respondents were asked to provide demographic information such as gender, age, ethnicity, education and family income. All items were measured on categorical scales except for age which was measured on a continuous scale.

Protocol

Upon gaining correspondence from the IRB that this experimental study does not require an IRB approval, the respondents received the survey link along with the email recruitment script (in Appendix C) from their course instructor. After clicking the link, respondents first viewed a cover letter (in Appendix D) that detailed the purpose of the study, informed that participation is voluntary and that all information collected will be confidential and anonymous. The cover letter also informed about a chance to enter a prize drawing at the end of the study where four randomly selected participants will each receive a \$25 gift card. See Appendix E for a copy of the questionnaire.

Once the main survey began, respondents first asked to indicate how often they shopped on foreign websites on a 7-point Likert scale (1 = Never to 7 = More than once a week). They were specifically instructed to not include the times when they placed an order at a U.S. website (e.g., Amazon, eBay, etc.) and the order was shipped from a foreign country. Respondents who selected anything but “Never” were then asked to select the type of products they typically purchased from foreign websites ranging from clothing and accessories, beauty and health to automobile parts and technology/software. Then, they were asked to numerically enter their age. The next question asked respondents to indicate their gender. This information helped assign the respondents to the appropriate experiment where the product image used to manipulate product uniqueness corresponded to their gender. Respondents were then exposed to hypothetical online shopping scenarios at either Chinese or U.K. e-tailer settings at a random order,

and were asked to respond to measures of constructs in Phase I and II upon reading the specific e-tailer related scenario.

First, the respondents were asked to consider a hypothetical scenario where they are looking to shop for a pair of athletic shoes online. In the case of the Chinese e-tailer scenario, the introductory paragraph presented the hypothetical shopping scenario as follows.

Consider the following scenario: You are shopping for a pair of athletic shoes online. After searching for a while using a popular search engine, you come across a Chinese e-commerce website (picture of website's homepage shown below) which has a collection of athletic shoes. This website is completely in English, and the product prices are listed in dollars. Products on this website are shipped from China. The website offers free shipping on most products and can take anywhere between 7 - 30 days to be delivered. For quick delivery, an additional shipping charge is added.

In the U.K. e-tailer scenario, the introductory paragraph was as follows.

Consider the following scenario: You are shopping for a pair of athletic shoes online. After searching for a while using a popular search engine, you come across a U.K. (British) e-commerce website, which has a collection of athletic shoes. This website lists product prices in dollars. The website charges a \$4 shipping fee if you shop for less than \$40 and free shipping if you shop for over \$40. In both cases, the product will be delivered within 6 business days. For an additional charge, the website also offers quicker delivery.

A picture of a fake website (Chinese/U.K.) was displayed right below the above scenario description to provide a visual aid to the respondent. Further, trust in e-tailer, transaction and product uniqueness levels were manipulated using texts and pictures validated during the pre-tests. After being exposed to the manipulations, participants

were asked to respond to the measures in Phase I, indicating their IOO intentions (Yoo & Donthu, 2001). In addition, to operationalize Phase II, respondents were told to assume that they placed an order for the pair of athletic shoes from the website shown in the scenario and that the product was received within the promised delivery time with no difference in the product between what was received and what was described on the website. They were then asked to respond to how likely they were to feel the emotions in the model of customer delight, namely, surprise, arousal, positive affect and delight (Finn, 2005). Finally, the respondents were asked to provide demographic information such as ethnicity, family income and level in which they were currently enrolled in the university.

Data Analysis

To test the proposed hypotheses in the research frameworks in Phases I and II, data were analyzed using structural equation modelling (SEM) on Lisrel 9.1. SEM is used to analyze data and test hypotheses in this study since SEM is a “comprehensive, flexible and increasingly familiar approach to hypothesis testing and modelling in the social and behavioral sciences,” where multiple analytic structures can be accommodated to assess the global fit of an a-priori causal model (research framework) (Hoyle, 2012, p. 3). To analyze the main effects and moderating effect in Phase I, i.e., H1 (a, b & c) through H3 (a, b & c), the two groups’ data (i.e., China and U.K.) were run together in one multiple sample SEM. To analyze the main effects in Phase II, i.e., H4 (a & b) through H11 (a & b), the two groups’ data were run together in one multiple sample SEM similar to that in

Phase I with the exception of there being no moderating effect to be tested in Phase II. In both Phases, the model fits between a configural, full and partial (if applicable) invariance models were compared and the path coefficients on the best fitting model were used to interpret the significance of the hypothesized paths. By conducting such direct comparison of model parameters through standard SEM invariance tests, the main and moderating effects were assessed accurately (Byrne & Watkins, 2003).

CHAPTER IV

DATA ANALYSIS AND RESULTS

This chapter includes the following sections: (1) Pre-Test Analysis and Results, (2) Description of Participants in Main Study, (3) Preliminary Analysis, (4) Manipulation Checks, (5) Structural Equation Modelling, (6) Supplementary Analyses, and (7) Summary of Hypothesis testing.

Pre-Test Analysis and Results

A total of two pre-tests were conducted in this study. In the first pre-test, pictures of fifteen pairs of athletic shoes, for both male and female, were compiled from actual Chinese (www.aliexpress.com) and U.K. websites (www.asos.com) in order to identify two pairs of athletic shoes (one high in product uniqueness and one low in product uniqueness) to be used in the main study. The respondents of the pre-test ($N_{male} = 24$, $N_{female} = 62$) were asked to indicate how strongly they agreed or disagreed that each of the athletic shoes were unique. The respondents were college students who were recruited by contacting professors and instructors at a Southwestern university in the U.S. The professors and instructors were requested to pass along an online survey link via Qualtrics to their students. Appendix A shows the complete questionnaire of the first pre-test as administered to both male and female respondents. In order to select the athletic shoes with low and high product uniqueness, a t-test was conducted between the product picture with the highest mean score (indicating high uniqueness) and the product picture

with the lowest mean score (indicating low uniqueness). The results indicated that for males, Product Number 9 was significantly higher in product uniqueness than Product Number 4 ($M_{12} = 4.50$, $M_7 = 1.50$, $t = 14.39$, $p = .00$, $df = 23$) and for females, Product Number 14 was significantly higher in product uniqueness than Product Number 3 ($M_{14} = 4.74$, $M_3 = 2.19$, $t = 20.70$, $p = .00$, $df = 23$) (refer Appendix A for pictures of these products).

In the second pre-test, textual scenarios were developed to test the manipulation of high and low levels of trust and transaction utility (shown in Appendix B). The respondents in this pre-test were different from those that took the first pre-test. Similar to the first pre-test, respondents here were also students at a Southwestern university in the U.S. who were recruited by requesting professors and instructors at the university to pass along an online survey link (via Qualtrics) of the questionnaire to their students. Upon being exposed to the manipulations in either a Chinese or U.K. e-tailer scenario, the respondents were asked to indicate how strongly he/she disagrees or agrees that they trust the particular website using statements on an established initial trust scale developed by Koufaris and Hampton-Sosa (2004). Further, respondents' perception of high and low levels of transaction utility were captured using a transaction value scale developed by Grewal, Monroe and Krishnan (1998). Analysis of data collected from respondents in the Chinese e-tailer setting ($N_{china} = 45$) indicated significant difference between the group that was assigned the low trust scenario and the group that was assigned the high trust scenario ($M_{Ltrustchina} = 1.86$, $M_{Htrustchina} = 3.80$, $t = 6.13$, $p = .00$, $df = 44$); however, there

was no significant difference between the group that was assigned the low transaction utility scenario and the group that was assigned the high transaction utility scenario ($M_{LTUchina} = 3.01$, $M_{HTUchina} = 3.59$, $t = 1.60$, $p = .11$, $df = 44$). Similarly, upon analyzing data collected from respondents in the U.K. e-tailer setting ($N_{UK} = 50$), it was found that there was a significant difference between the group that was assigned the low trust scenario and the group that was assigned the high trust scenario ($M_{LtrustUK} = 2.11$, $M_{HtrustUK} = 3.80$, $t = 5.90$, $p = .00$, $df = 49$), while there was no significant difference between the group that was assigned the low transaction utility scenario and the group that was assigned the high transaction utility scenario ($M_{LTUUK} = 3.94$, $M_{HTUUK} = 3.72$, $t = .82$, $p = .41$, $df = 49$).

Because the pre-test did not reveal the desired significant difference between low and high manipulations of transaction utility, it was speculated that the dollar amounts used in the manipulation may be too high making the scenario not realistic enough. Based on this speculation, the dollar amounts of purchasing at a foreign (Chinese or U.K.) website and a domestic (U.S.) website was revised from \$40 and \$80 to \$15 and \$35, respectively, in the high transaction utility scenario. Similarly, in the low transaction utility scenario, the dollar amounts were revised from \$70 and \$80 to \$30 and \$35, respectively. To collect data to validate the revised transaction utility scenarios, a questionnaire was developed online on Qualtrics and the survey link was sent to students in a Southwestern university with the help of their professors and instructors. Analysis of the new set of data collected using the revised transaction utility scenarios revealed

significant differences between low and high transaction utility in both Chinese ($N_{china} = 44$, $M_{LTUchina} = 2.42$, $M_{HTUchina} = 3.90$, $t = 5.04$, $p = .00$, $df = 43$) and U.K. ($N_{UK} = 42$, $M_{LTUchina} = 2.72$, $M_{HTUchina} = 3.79$, $t = 2.70$, $p = .01$, $df = 43$) e-tailer settings. Therefore, through these pre-tests, the manipulations of all three independent antecedent variables namely trust, transaction utility, and product uniqueness were verified.

Description of Participants in Main Study

Overall, out of the 598 respondents who attempted to participate in this study (i.e., click on the survey link), a total of 539 usable responses were obtained. Table 4 displays the number of respondents that were assigned to each of the 8 scenarios in both Chinese and U.K. e-tailer settings. The 59 responses that were deemed unusable were mostly due to the respondents either not answering all the questions or dropping out of the survey midway. Out of the 539 usable responses, the 8 scenarios together resulted in 275 responses in the Chinese e-tailer setting and 264 responses in the U.K. e-tailer setting. There was an average of 34 respondents in each level of the Chinese e-tailer scenarios and an average of 33 respondents in each level of the U.K. e-tailer scenarios. As recommended by Hair et al. (2010), each group's (cell's) sample size equaled a minimum of 30 usable responses. This recommendation was met in this study.

Table 4. Participant Count per Scenario in Both China and U.K. E-tailer Settings

Manipulated Variables			Number of usable responses	
Trust	Transaction Utility	Product Uniqueness	China	U.K.
High	High	High	37	38
High	High	Low	34	32
High	Low	High	32	33
Low	High	High	34	30
High	Low	Low	35	31
Low	High	Low	37	39
Low	Low	High	33	31
Low	Low	Low	33	30
Total number of responses			275	264

Table 5 displays the demographic characteristics of the participants in this study. Majority of the participants were female ($n = 410, 76.1\%$) with an overall mean age of 22.1. White/Caucasian respondents ($n = 332, 61.6\%$) represented the majority of participants, followed by African American ($n = 98, 18.2\%$), Hispanic/Latino ($n = 51, 9.5\%$), Asian ($n = 37, 6.9\%$), Native American ($n = 3, 0.6\%$) and Pacific Islander ($n = 1, 0.2\%$). Since the sample population constituted college students, family income, instead of individual income, was captured. Close to one third of the participants indicated a family income of \$100,000 and above ($n = 155, 28.8\%$). Most of the participants were sophomores ($n = 156, 28.9\%$) in college, closely followed by juniors ($n = 140, 26\%$).

Table 5. Participants' Demographic Characteristics

Demographic	Categories	Frequency	%
Gender	Male	129	23.9
	Female	410	76.1
	Total	539	100
Age	18-20	292	54.2
	21-24	169	31.4
	25-30	40	7.4
	31-35	12	2.2
	36 and above	26	4.8
	Total	539	100
Ethnicity	White/Caucasian	332	61.6
	Hispanic or Latino	51	9.5
	Black or African American	98	18.2
	Asian	37	6.9
	Pacific Islander	1	0.2
	Native American	3	0.6
	Other	15	2.8
	Missing	2	0.4
Total	539	100	
Family Income	\$19,999 or less	99	18.4
	\$20,000 – \$34,999	30	5.6
	\$35,000 - \$49,999	53	9.8
	\$50,000 - \$64,999	58	10.8
	\$65,000 – \$79,999	64	11.9
	\$80,000 - \$99,999	74	13.7
	\$100,000 and above	155	28.8
	Missing	6	1.1
Total	539	100	
Year in School	Freshman	95	17.6
	Sophomore	156	28.9
	Junior	140	26.0
	Senior	98	18.2
	Master's	35	6.5
	Ph.D.	7	1.3
	Other Diploma	4	0.7
	Missing	4	0.7
Total	539	100	

In addition to the above described demographic information, the respondents were also asked to indicate the frequency with which they shop from foreign websites, i.e., from non-U.S. websites. The results indicated that a majority of the respondents have shopped at foreign websites at least once in the past ($n = 319$, 59.2%), with the remaining respondents indicating that they had never shopped at a foreign website ($n = 220$, 40.8%). Table 6 displays the respondents' frequency of foreign website shopping.

Table 6. Respondents' Frequency of Shopping from Foreign Websites

Frequency of shopping from foreign websites	Frequency	%
Never	220	40.8
Once a year	192	35.6
More than once a month	23	4.3
Once a month	70	13.0
2-3 times a month	27	5.0
Once a week	3	0.6
More than once a week	3	0.6
Missing	1	0.2
Total	539	100.0

Preliminary Analysis

Before conducting the main analysis, this study first examined normality and outliers of the data. Further, the reliability score of each construct was also calculated and reported here.

Outliers and Normality

To screen the data for possible multivariate outliers, the Mahalanobis D^2 measure was used. Mahalanobis D^2 is an accurate measure to identify outliers since it is unitless,

scale-invariant and takes into account the correlations of the data set (Hair et al., 2010). When assessing outliers using this measure, it is recommended that any D^2 value that exceeds D^2/df of 3 or 4 is deemed an outlier. Upon calculating this measure, it was found that none of the data points exceeded this threshold, thereby indicating no possible outlier.

Data were also screened for univariate normality by visually examining histograms, q-q plots and measures of skewness and kurtosis. When assessing skewness and kurtosis, values between -2 and +2 are considered acceptable to show univariate normality (George & Mallery, 2010). Based on this rule of thumb, the skewness measures for all constructs were deemed to be within the limit. However, the kurtosis measure of the variable “Positive Affect” was highly peaked in both the Chinese (2.64) and U.K. (3.32) sample. All other variables were deemed to be within the limit for the measure of kurtosis. A test for multivariate normality is redundant because the assumption of univariate normality was not satisfied. The steps to be taken to adjust or correct for such abnormality in the data will be further discussed in the main analysis section.

Evaluation of the Measures

First, the reliability of each of the following major constructs used in this study was required to be assessed before hypothesis testing: initial IOO intention, surprise, arousal, positive affect, and delight. The reliability scores of these constructs were calculated for both the Chinese and U.K. data sets. As shown in Table 7, all major constructs in both the Chinese and U.K. data sets in the study had a well-acceptable

reliability value (Cronbach's α) of greater than .7 (Hair et al., 2010). Overall the reliability measures ranged from .79 to .96.

Table 7. Reliabilities of the Constructs

Construct	Number of Items	Reliability (Cronbach's α)	
		China	U.K.
Initial IOO intention	4	.96	.95
Surprise	2	.79	.85
Arousal	3	.82	.83
Positive Affect	3	.93	.94
Delight	3	.93	.92

Next, discriminant validity of the constructs was needed to be established in order to ensure that the constructs that theoretically should not be related were, in fact, unrelated. To establish discriminant validity, the correlation coefficient among any two given constructs must be below .80 (Hair et al., 2010). Tables 8 and 9 report the means, standard deviation, and Pearson product-moment correlation between constructs used in hypotheses testing in the Chinese and U.K. e-tailer setting, respectively. The Pearson product-moment correlation coefficients between every two constructs were below .80, thereby establishing discriminant validity among the constructs in both Chinese and U.K. e-tailer settings.

Tables 8 and 9 also show that the correlations among measures in both the Chinese and U.K. e-tailer settings ranged from -.08 to .77, indicating that all correlation coefficients were below the +/- .90 threshold associated with any multicollinearity issues

(Hair et al., 2010). Means and standard deviations of the measures in the Chinese e-tailer setting varied from 2.26 to 3.99 and 0.84 to 1.16 respectively. Similarly, means and standard deviations of the measures in the U.K. e-tailer setting also varied ranging from 2.34 to 3.73 and 0.88 to 1.43 respectively.

Table 8. Means, Standard Deviations, and Pearson Correlations among the Variables used in Hypotheses Testing in the Chinese E-tailer Setting

Variable	Mean	SD	Correlations					
			1	2	3	4	5	
1. Initial IOO Intention	2.26	1.16	1.00					
2. Surprise	3.34	1.01	-.033	1.00				
3. Arousal	3.60	0.84	.15*	.54**	1.00			
4. Positive Affect	3.99	0.86	.13*	.41**	.77**	1.00		
5. Delight	3.51	0.93	.22**	.48**	.73**	.69**	1.00	

Note: *p<.05; **p <.01

Table 9. Means, Standard Deviations, and Pearson Correlations among the Variables used in Hypotheses Testing in the U.K. E-tailer Setting

Variable	Mean	SD	Correlations					
			1	2	3	4	5	
1. Initial IOO Intention	2.34	1.43	1.00					
2. Surprise	3.40	1.07	-.08	1.00				
3. Arousal	3.73	.88	.21**	.46**	1.00			
4. Positive Affect	3.11	.89	.17**	.38**	.74**	1.00		
5. Delight	3.69	.96	.22*	.42**	.77**	.72**	1.00	

Note: *p<.05; **p <.01

Manipulation Checks

Apart from conducting manipulation checks during the pre-tests, manipulation checks were also performed in the main study to ensure that the respondents in the main study perceived the two levels (high and low) of the antecedent variables (namely trust, transaction utility, and product uniqueness) the way they were meant to be perceived. Table 10 displays the means of the manipulated variables.

First, trust in e-tailer was manipulated in high and low levels using text-based scenarios. Mean scores indicated that the respondents rated the high trust scenario as scoring significantly higher on the trust scale than the low trust scenario in both Chinese ($M_{high} = 3.61, SD = 0.86; M_{low} = 1.99, SD = 0.92$) and U.K. ($M_{high} = 3.78, SD = 0.96; M_{low} = 2.10, SD = 0.93$) e-tailer settings. This validated the accuracy of the manipulation of trust in both Chinese and U.K. e-tailer settings.

Second, transaction utility was also manipulated in high and low levels using text-based scenarios. Mean scores indicated that respondents rated high transaction utility as scoring significantly higher on the transaction value scale than the low transaction utility scenario in the U.K. e-tailer setting ($M_{high} = 3.59, SD = 1.06; M_{low} = 3.12, SD = 1.17$); however, the respondents in the Chinese e-tailer settings did not rate high and low transaction utility significantly differently ($M_{high} = 3.32, SD = 1.14; M_{low} = 3.14, SD = 1.04$). This indicated that the manipulation worked in the U.K. e-tailer setting and did not work in the Chinese e-tailer setting revealing a discrepancy. The implication of this manipulation check is explored in the discussion section of this study.

Lastly, product uniqueness was manipulated in high and low levels using pictures of high and low unique athletic shoes selected from the pre-test. The mean scores revealed a significant difference in the respondent's perception of the low and high unique product in both Chinese ($M_{high} = 3.75, SD = 0.75; M_{low} = 1.77, SD = 0.72$) and U.K. ($M_{high} = 3.68, SD = 0.96; M_{low} = 1.78, SD = 0.79$) e-tailer settings. Therefore, the validity of the manipulation of product uniqueness was established. Refer Table 10 for a complete reporting of the above discussed significance tests.

Table 10. Mean Values to Assess Manipulations

Country	Manipulated Variable	Level	Mean	SD	t-value
China	Trust	High	3.61	0.86	15.05***
		Low	1.99	0.92	
	Transaction utility	High	3.32	1.14	1.35
		Low	3.14	1.04	
	Product Uniqueness	High	3.75	0.75	22.08***
		Low	1.77	0.72	
U.K.	Trust	High	3.78	0.96	14.37***
		Low	2.10	0.93	
	Transaction utility	High	3.59	1.06	3.39**
		Low	3.12	1.17	
	Product Uniqueness	High	3.68	0.96	16.72***
		Low	1.78	0.79	

Note: **p <.01; ***p<.001

Based on prior literature, one of this study's main assumption was that U.S. consumer's perception of the country image of China and U.K. will be significantly different such that, they will perceive China, a developing country, to have a lower and less favorable country image than U.K., a developed country, in terms of the desired interaction with that country, overall country, people and product image. To verify this assumption, Laroche et al.'s (2005) country image scale was used to measure respondents' country image perceptions of China and U.K. Table 11 shows that the respondents' perception of the country China ($M = 4.46$) was significantly lower than that of the U.K. ($M = 5.21$), thereby affirming the assumption of this study.

Table 11. Assessing Respondents' Difference in Country Image Perception between China and U.K.

Country	Mean	SD	t-value
China	4.46	0.93	8.74***
U.K.	5.21	1.03	

Note: *** $p < .001$

Structural Equation Modelling

Structural equation modelling (SEM) was used to test the proposed research framework and hypotheses in the main study (Phases I & II). First, hypotheses H1 (a, b & c) through H3 (a, b & c) in Phase I were tested together using multiple group SEM in Lisrel 9.1. Similarly, hypotheses H4 (a & b) through H11 (a & b) in Phase II were also tested together using multiple group SEM in Lisrel 9.1. Because univariate and

multivariate normality of data were found to be violated when conducting tests for normality, it is deemed necessary to perform correction in the data for such abnormality by calculating and interpreting a Satorra-Bentler Scaled (mean-adjusted) Chi-Square value instead of the Maximum Likelihood Ratio Chi-Square value. The Satorra-Bentler Scaled Chi-square, proposed by Satorra and Bentler (1994), is a commonly used correction in order “to improve the chi-square approximation of goodness-of-fit test statistics in non-normal data” (p. 1). Since the Satorra-Bentler Scaled Chi-Square calculation is robust to non-normality, it is used in this study to interpret model fit and compute model comparisons. When deciding between competing models with normally distributed data, chi-square difference tests are typically conducted by comparing the Maximum Likelihood Ratio Chi-Square value and degrees of freedom of the two models. However, in order to conduct comparisons of competing models with non-normal data, such as in the case of this study, a Satorra-Bentler chi-square difference test is performed using chi-square values, scaling correction factor and degrees of freedom from a constrained and a freely estimated model.

First, the scaling correction factor for a given model is obtained by dividing the Maximum Likelihood Ratio Chi-Square value by the Satorra-Bentler Scaled Chi-Square value. Once the scaling correction factor is calculated, the Satorra-Bentler Scaled Chi-Square difference is computed as follows,

$$\chi^2 = (F_0 * c_0 - F_1 * c_1) * (d_0 - d_1) / (c_0 * d_0 - c_1 * d_1)$$

Where:

F_0 = Maximum Likelihood Ratio Chi-Square value from the constrained model

c_0 = Scaling correction factor from the constrained model

d_0 = Degrees of freedom from the constrained model

F_1 = Maximum Likelihood Ratio Chi-Square value from the freely estimated model

c_1 = Scaling correction factor from the freely estimated model

d_1 = Degrees of freedom from the freely estimated model

The analyses of model fits and hypothesized paths for each phase are discussed individually in the following section. From this point on, wherever chi-square values are reported, the value being reported is the Satorra-Bentler Chi-Square value for that model, unless otherwise specified.

Phase I

Structural Models

This phase was composed of a structural model consisting of three main hypothesized paths (H1-H3), i.e., trust → initial IOO intention (H1), transaction utility → initial IOO intention (H2) and product uniqueness → initial IOO intention (H3), respectively. Each of the three paths had three sub-hypotheses, i.e., H1a- H3a as the paths relate to the group assigned to the Chinese e-tailer setting, H1b - H3b as the paths relate to the group assigned to the U.K. e-tailer setting, and H1c - H3c as the paths relate to the moderating effect of country image. In order to test the structural model, first, a freely estimated configural invariance model (Model 1) was specified using a multiple group

SEM technique, where all the three paths were set to be free. In order to generate the Satorra-Bentler scaled chi-square value, the raw data was used along with an asymptotic covariance matrix of both Chinese as well as U.K. groups. The resulting model was a saturated model with perfect fit [$\chi^2(0) = 0.0, p > 0.05$]. Next, a full invariance model was specified in order to constrain all three hypothesized paths and compare the resulting Satorra-Bentler chi-square value with that of the saturated model. The resulting full invariance model (Model 2) was a marginally fitted model [$\chi^2(3) = 11.07, p < 0.5$, RMSEA = 0.05, CFI = 0.90, NNFI = 0.61]. Though an RMSEA of 0.05 indicated a good to excellent fit, the other indices indicated an overall poor fit. In performing a Satorra-Bentler chi-square difference test between Model 1 and 2, the full invariance model (Model 2) had a significantly worse fit than the configural model (Model 1) [$\chi_{diff}^2(3) = 11.07, p < 0.5$]. However, the modification indices in Model 2 indicated a significant chi-square change in both China [$\chi^2(1) = 4.15, p < .05$] and U.K. groups [$\chi^2(1) = 4.16, p < .05$] for the path between transaction utility \rightarrow initial IOO intention (H2). This finding warranted testing an additional partial invariance model where only the transaction utility \rightarrow initial IOO intention path was set to be free. This partial invariance model (Model 3) resulted in a structural model with excellent fit [$\chi^2(2) = 1.28, p > 0.5$, RMSEA = 0, CFI = 1.0, NNFI = 1.0]. In performing a Satorra-Bentler chi-square difference test between the full invariance model (Model 2) and the partial invariance model (Model 3), it was found that Model 3 had a significantly better fit than Model 2 [$\chi_{diff}^2(1) = 13.92, p < 0.001$]. Finally, a Satorra-Bentler chi-square difference test between the freely estimated

configural model (Model 1) and the partial invariance model (Model 3) resulted in no significant difference between the models [$\chi^2_{diff}(2) = 0.62, p > 0.05$]. Table 12 reports the results of the Satorra-Bentler chi-square difference test between Models 1, 2 & 3.

Table 12. Comparison of Models 1, 2 and 3 in Phase I.

Model	NNFI	RMSEA	CFI	χ^2*	Df	χ^2_{diff2}	df _{diff}	Critical value	p-value
1	-	-	-	0.0	0	-	-	-	-
2	0.61	0.05	0.90	11.07	3	11.07	3	7.81	0.011*
2	0.61	0.05	0.90	11.07	3	-	-	-	-
3	1.00	0.0	1.00	1.28	2	13.92	1	10.83	0.00**
1	-	-	-	0.0	0	-	-	-	-
3	1.00	0.0	1.00	1.28	2	1.28	2	5.99	0.53

Note: *p<.05; **p<.001

The chi-square values reported here is a Satorra-Bentler Scaled Chi-Square value which adjusts for non-normality in the data.

For Phase I, the partial invariance model (Model 3) was used to interpret the hypothesized paths in the following section. Table 13 and Figures 5, 6 and 7 report the results of the hypothesis testing using Model 3.

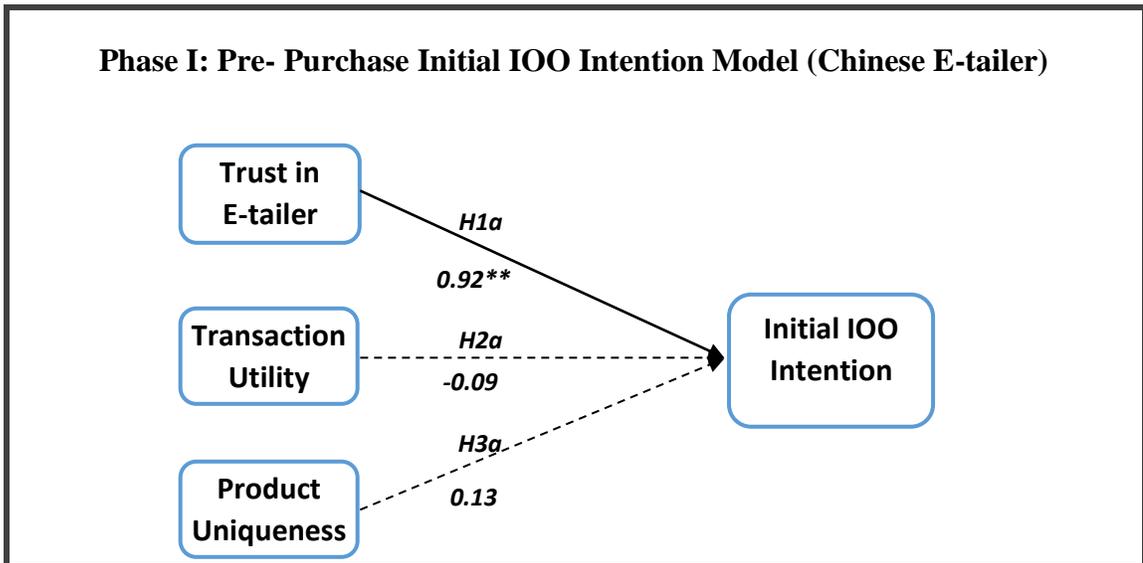
Table 13. Results of Hypotheses Testing in Phase I

Country	Hypothesized Path	Moderator	Coefficient (t- value)	Interpretation of Result
China	H1a: Trust → ↑ Initial IOO intention	-	0.92*** (10.50)	Supported
	H2a: TU → ↑ Initial IOO intention	-	-0.09 (-0.73)	Not Supported
	H3a: PU → ↑ Initial IOO intention	-	0.13 (1.53)	Not Supported
U.K.	H1b: Trust → ↑ Initial IOO intention	-	0.92*** (10.50)	Supported
	H2b: TU → ↑ Initial IOO intention	-	0.27* (2.31)	Supported
	H3b: PU → ↑ Initial IOO intention	-	0.13 (1.53)	Not Supported
Both	H1c: Trust → Initial IOO intention is ↑ in UK	Country Image	-	Not Supported
	H2c: TU → Initial IOO intention is ↑ in China	Country Image	-	Not Supported as Hypothesized
	H3c: PU → Initial IOO intention is ↑ in UK	Country Image	-	Not Supported

Note: *p<.05; **p<.01; ***p<.001. Here TU refers to transaction utility and PU refers to product uniqueness

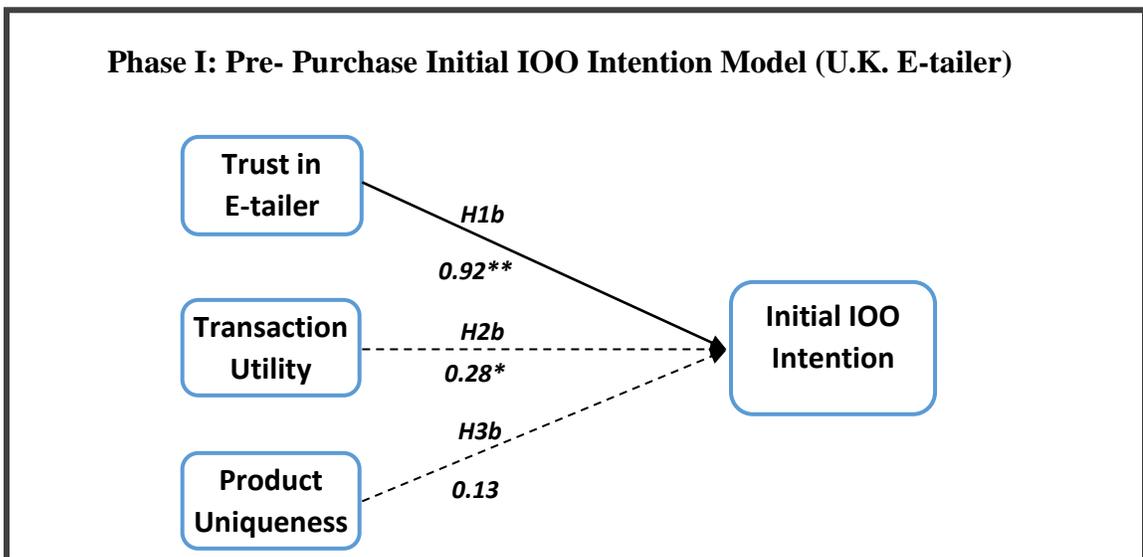
Model fit: $\chi^2(2) = 1.28$, p-value = 0.53; RMSEA = 0.00; CFI = 1.00

The chi-square value reported here is a Satorra-Bentler Scaled Chi-Square value which adjusts for non-normality in the data.



Note: *p<.05; **p<.01; ***p<.001

Figure 5. Result of Structural Model and Main Effects of Group Assigned to Chinese E-tailer Settings in Phase I.



Note: *p<.05; **p<.01; ***p<.001

Figure 6. Result of Structural Model and Main Effects of Group Assigned to U.K. E-tailer Settings in Phase I.

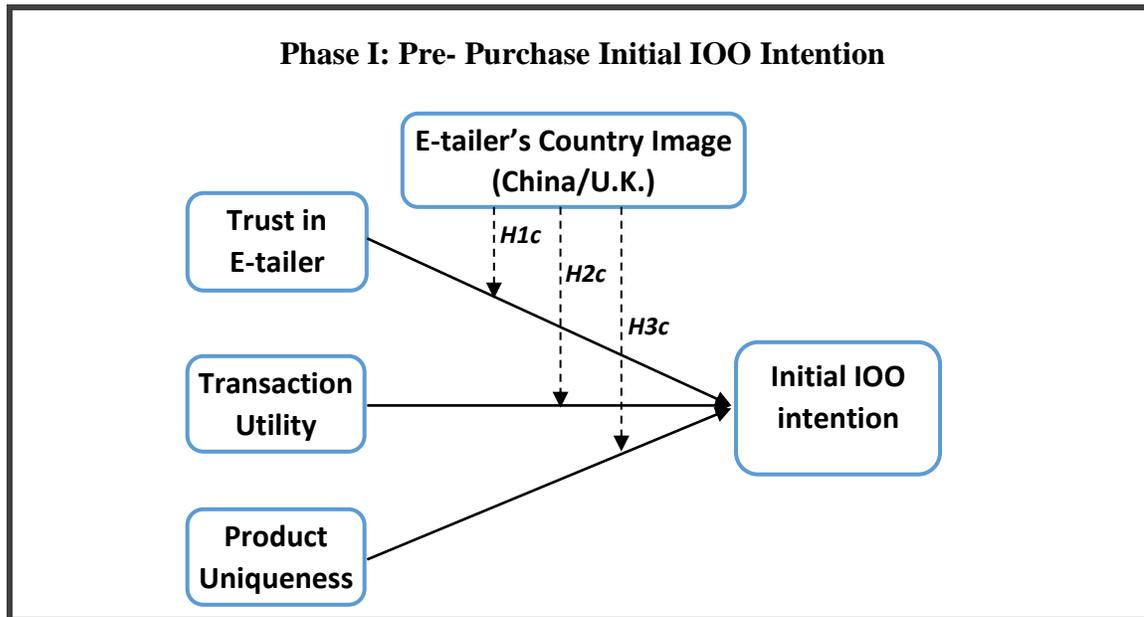


Figure 7. Result of Structural Model and Moderating Effects in Phase I.

Testing the Main Effect of Trust in E-tailer on Initial IOO Intention (H1 a & b)

The first hypothesis relating to H1 proposed a positive relationship between trust in e-tailer and Initial IOO intention at both Chinese (H1a) and U.K. (H1b) e-tailers. Trust in e-tailer had two levels (high and low) that were manipulated through relevant scenarios in both the groups assigned to the Chinese e-tailer setting as well as the U.K. e-tailer setting. The path coefficients of this hypothesized path in the partial invariance model (Model 3) showed statistically strong significance ($\gamma_{China} = 0.92, p < .001$; $\gamma_{UK} = 0.92, p < .001$). Trust in e-tailer positively influences Initial IOO intention at both Chinese and U.K. e-tailers, thereby supporting H1 (a & b).

Testing the Moderating Effect of E-tailer's Country Image on the Relationship between Trust in E-tailer and Initial IOO Intention (H1c)

The hypothesis relating to H1c proposed a moderating effect of e-tailer's country image (China or U.K.) on the path between trust in e-tailer and Initial IOO intention such that the path will be stronger in U.K. than Chinese e-tailer setting. Though the path between trust and Initial IOO intention (H1 a & b) was significant, the modification indices did not indicate a significant chi-square change in this path in both China [$\chi^2(1) = 0.15, p > .05$] and U.K. groups [$\chi^2(1) = 0.15, p > .05$]. This indicates that a moderating effect of e-tailer's country image on the relationship between trust and Initial IOO intention does not exist. Therefore, H1c was not supported.

Testing the Main Effect of Transaction Utility on Initial IOO Intention (H2 a & b)

The second hypothesis, H2 a & b, predicted that transaction utility (or savings) will influence consumers' Initial IOO intention at both Chinese (H2a) and U.K. (H2b) e-tailers. Transaction utility was manipulated in this study on two levels (high and low) in both Chinese and U.K. e-tailer setting. This relationship was not supported in the group assigned to the Chinese e-tailer settings ($\gamma_{China} = -0.09, p > .05$). However, the path coefficient was significant in the group assigned to the U.K. e-tailer settings ($\gamma_{UK} = 0.28, p < .05$), thereby providing support for H2b and not H2a. Therefore, transaction utility positively influences Initial IOO intention at U.K. e-tailers, but not at Chinese e-tailers.

Testing the Moderating Effect of E-tailer's Country Image on the Relationship between Transaction Utility and Initial IOO Intention (H2c)

A moderating effect of e-tailer's country image on the path between transaction utility and Initial IOO intention was proposed in the research framework such that the path was expected to be stronger in Chinese than U.K. e-tailer setting. The modification indices in the full invariance model (Model 2) had indicated a significant chi-square change in the H2 path in both Chinese [$\chi^2(1) = 4.15, p < .05$] and U.K. groups [$\chi^2(1) = 4.16, p < .05$], leading us to specify a partial invariance model (Model 3) by removing the constraint on this particular path. This result indicated a significant moderating effect. However, the strength was significant in the manner opposite to what was hypothesized, i.e., the path was stronger in the U.K. e-tailer setting ($\gamma_{UK} = 0.28, p < .05$) than in the Chinese e-tailer setting ($\gamma_{China} = -0.09, p > .05$) and not the other way as hypothesized. Though a moderating effect existed, the strength was opposite to what was expected. Therefore, H2c was not supported.

Testing the Main Effect of Product Uniqueness on Initial IOO Intention (H3 a & b)

The third hypothesis in Phase I proposed a positive relationship between product uniqueness and consumers' initial IOO intention at both Chinese (H3a) and U.K. (H3b) e-tailer setting. High and low levels of product uniqueness were manipulated using pictures of high and low unique athletic shoes. The path coefficient of this hypothesis indicated no significant relationship between product uniqueness and Initial IOO

intention at both Chinese ($\gamma_{China} = 0.13, p > .05$) and U.K. ($\gamma_{UK} = 0.13, p > .05$) e-tailer settings. Therefore, H3 a & b were not supported.

Testing the Moderating Effect of E-tailer's Country Image on the Relationship between Product Uniqueness and Initial IOO Intention (H3c)

H3c proposed a moderating effect of e-tailer's country image on the relationship between product uniqueness and Initial IOO intention at both Chinese and U.K. e-tailer settings such that the path coefficient was expected to be stronger in U.K. than in Chinese e-tailer setting. Looking at the modification indices, no significant chi-square change was revealed in this path in both the group assigned to the Chinese e-tailer setting [$\chi^2(1) = 0.45, p > .05$] as well as the group assigned to the U.K. e-tailer setting [$\chi^2(1) = 0.45, p > .05$]. This indicates that, H3c was not supported, i.e., there is no moderating effect of e-tailer's country image on the path between product uniqueness and Initial IOO intention.

Phase II

Structural Models

The structural model in this phase consisted of eight hypothesized paths (H4 – H11), i.e., trust → surprise (H4), transaction utility → surprise (H5), product uniqueness → surprise (H6), surprise → arousal (H7), surprise → delight (H8), arousal → positive affect (H9), arousal → delight (H10) and positive affect → delight (H11). Each of the eight paths had two sub-hypotheses, i.e., H4a - H11a as the paths relate to the group assigned to the Chinese e-tailer setting and H4b - H11b as the paths relate to the group assigned to the U.K. e-tailer setting. In order to setup the structural model, first, a

configural invariance model was specified using a multiple group SEM technique, where all hypothesized paths were freely estimated with no constraints. Similar to the method used in Phase I, the raw data was input in the analysis along with the asymptotic covariance matrix for both Chinese and U.K. groups in order to generate the Satorra-Bentler scaled chi-square value. Upon analysis, this configural invariance model, called Model 1, produced an excellent fit [$\chi^2 (23) = 0.0, p > 0.5, RMSEA = 0.04, CFI = 1.00, NNFI = 1.00$]. Next, a full invariance model (Model 2) was specified in order to be compared with the configural invariance model (Model 1) for difference in fit as well as to provide an opportunity to observe and possible significant modification indices. The full invariance model (Model 2) also resulted in an excellent fitting model [$\chi^2 (31) = 0.0, p > 0.5, RMSEA = 0.03, CFI = 1.00, NNFI = 1.00$]. Upon performing a Satorra-Bentler chi-square difference test between the configural invariance model (Model 1) and the full invariance model (Model 2), no significant difference between the two models was found [$\chi^2_{diff} (1) = 0.0, p > 0.05$]. Because no significant difference was found, the full invariance model (Model 2) was used for interpretation of individual hypothesized paths in the following section. Table 14 shows the results of the Satorra-Bentler chi-square difference test between Models 1 and 2. Table 15 and Figures 8 and 9 report the results of the hypothesis testing of Phase II using Model 2.

Table 14. Comparison of Models 1 and 2 in Phase II.

Model	NNFI	RMSEA	CFI	χ^2	df	χ^2_{diff2}	df_{diff}	Critical value	p-value
1	1.00	0.04	1.00	0.0	23	-	-	-	-
2	1.00	0.03	1.00	0.0	31	0.0	8	15.51	1.00

Note: *p<.05; **p<.001

The chi-square values reported here is a Satorra-Bentler Scaled Chi-Square value which adjusts for non-normality in the data.

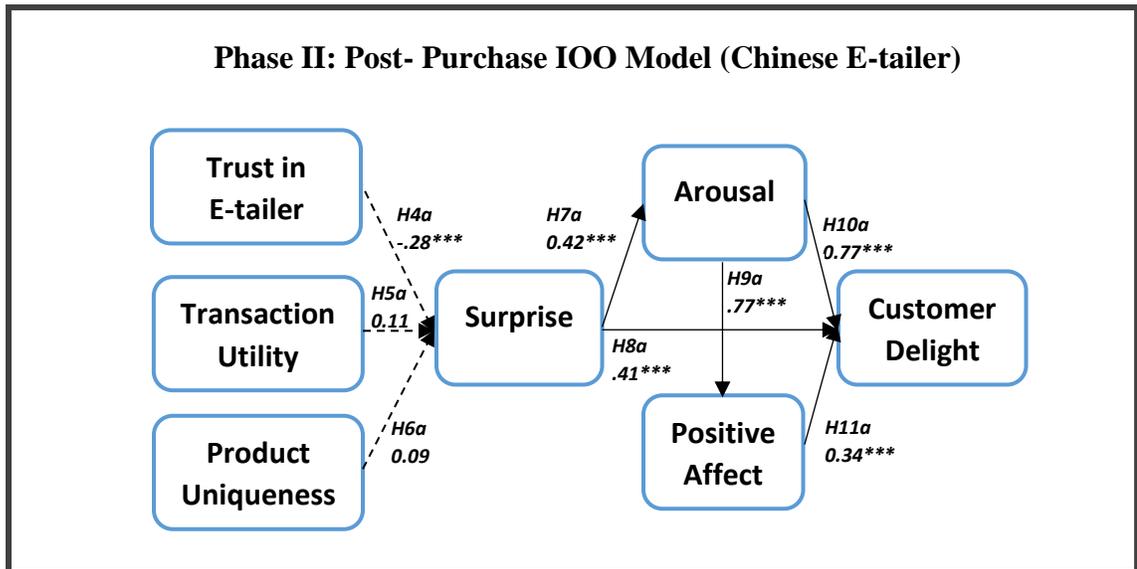
Table 15. Results of Hypotheses Testing in Phase II

Country	Hypothesized Path	Coefficient (t- value)	Interpretation of Result	
China	H4a: Trust → ↑ Surprise	-0.28*** (-3.21)	Not Supported (reverse)	
	H5a: TU → ↑ Surprise	0.11 (1.24)	Not Supported	
	H6a: PU → ↑ Surprise	0.09 (1.03)	Not Supported	
	H7a: Surprise → ↑ Arousal	0.42*** (10.37)	Supported	
	H8a: Surprise → ↑ Delight	0.41*** (9.88)	Supported	
	H9a: Arousal → ↑ Positive Affect	0.77*** (19.64)	Supported	
	H10a: Arousal → ↑ Delight	0.77*** (18.60)	Supported	
	H11a: Positive Affect → ↑ Delight	0.34*** (6.03)	Supported	
	U.K.	H4b: Trust → ↑ Surprise	-0.28*** (-3.21)	Not Supported (reverse)
		H5b: TU → ↑ Surprise	0.11 (1.24)	Not Supported
H6b: PU → ↑ Surprise		0.09 (1.03)	Not Supported	
H7b: Surprise → ↑ Arousal		0.42*** (10.37)	Supported	
H8b: Surprise → ↑ Delight		0.41*** (9.88)	Supported	
H9b: Arousal → ↑ Positive Affect		0.77*** (19.64)	Supported	
H10b: Arousal → ↑ Delight		0.77*** (18.60)	Supported	
H11b: Positive Affect → ↑ Delight		0.34*** (6.03)	Supported	

Note: *p<.05; **p<.01; ***p<.001. Here TU refers to transaction utility and PU refers to product uniqueness

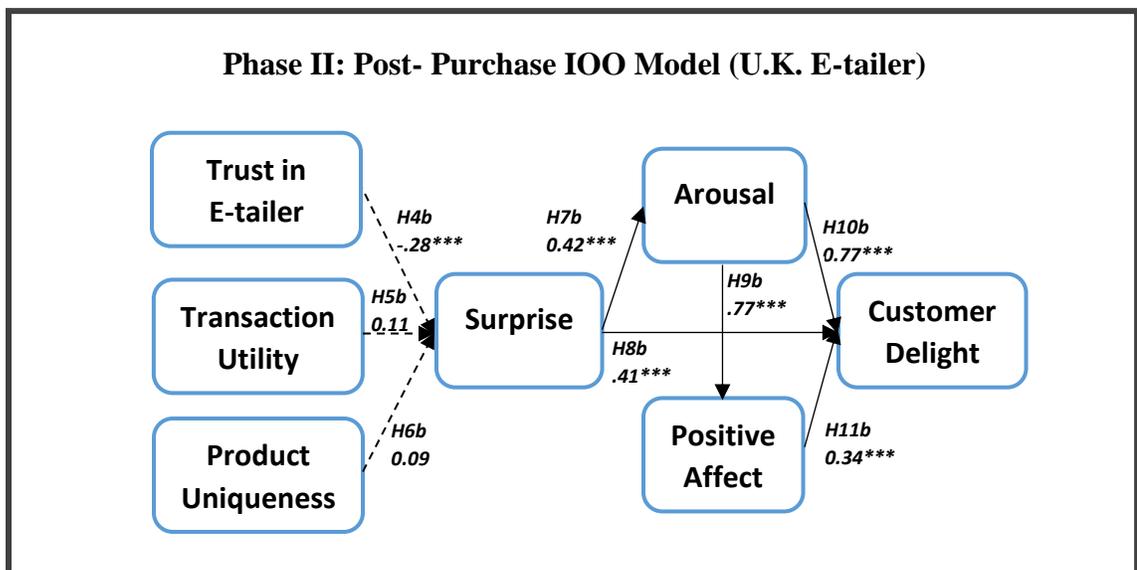
Model fit: $\chi^2(31) = 0.0$, p-value = 1.00; RMSEA = 0.033; CFI = 1.000

The chi-square value reported here is a Satorra-Bentler Scaled Chi-Square value which adjusts for non-normality in the data.



Note: * $p < .05$; ** $p < .01$; *** $p < .001$

Figure 8. Result of Structural Model and Main Effects of Group Assigned to Chinese E-tailer Settings in Phase II



Note: * $p < .05$; ** $p < .01$; *** $p < .001$

Figure 9. Result of Structural Model and Main Effects of Group Assigned to U.K. E-tailer Settings in Phase II

Testing the Effect of Trust in E-tailer on Surprise (H4 a & b)

The first hypothesis in Phase II proposed a positive relationship between trust in e-tailer and consumers' anticipated emotion of surprise at both Chinese (H4a) and U.K. (H4b) e-tailers. The path coefficient revealed a statistically significant estimate, but in the opposite direction of the hypothesis in both the groups assigned to the Chinese e-tailer setting ($\gamma_{China} = -0.28, p < .001$) as well as the group assigned to the U.K. e-tailer setting ($\gamma_{UK} = -0.28, p < .001$). This finding indicates that trust in in e-tailer negatively influences the level of surprise felt by consumers. Therefore, H4 (a & b) was not supported in the direction hypothesized.

Testing the Effect of Transaction Utility on Surprise (H5 a & b)

The next hypothesis in Phase II relates to a positive relationship between transaction utility and surprise at both Chinese (H5a) and U.K. (H5b) e-tailers. This relationship was not supported in either the group assigned to the Chinese e-tailer settings ($\gamma_{China} = 0.11, p > .05$) or the group assigned to the U.K. e-tailer settings ($\gamma_{UK} = 0.11, p > .05$). This means that, transaction utility has no significant positive or negative relationship with surprise. Therefore, H5 (a & b) was not supported.

Testing the Effect of Product Uniqueness on Surprise (H6 a & b)

Hypothesis H6 predicted that the level of product uniqueness will have a positive influence on consumers' anticipated degree of surprise at both Chinese (H6a) and U.K. (H6b) e-tailers. However, the path coefficient did not reveal a significant relationship between product uniqueness and surprise in both the group assigned to the Chinese e-

tailer setting ($\gamma_{China} = 0.09, p > .05$) and the group assigned to the U.K. e-tailer setting ($\gamma_{UK} = 0.09, p > .05$). Therefore, H6 (a & b) was not supported, i.e., product uniqueness had no influence on the level of surprise at both Chinese and U.K. e-tailers.

Testing the Effects in the Model of Customer Delight (H7 a & b through H11 a & b)

The next five hypothesized paths (H7 – H11) in Phase II related to the paths in the model of customer delight, namely, surprise → arousal, surprise → delight, arousal → positive affect, arousal → delight and positive affect → delight. First, H7 hypothesized a positive relationship between surprise and arousal at both Chinese (H7a) and U.K. (H7b) e-tailers. This path was significant at both country e-tailer groups ($\gamma_{China} = 0.42, p < .001$; $\gamma_{UK} = 0.42, p < .001$). Therefore, H7 (a & b) was supported implying that the degree of surprise positively influenced arousal at both Chinese and U.K. e-tailers. Second, H8 predicted a positive relationship between surprise and delight at both Chinese (H8a) and U.K. (H8b) e-tailers. This path was also significant in groups assigned to both country e-tailers ($\gamma_{China} = 0.41, p < .001$; $\gamma_{UK} = 0.41, p < .001$). Therefore, H8 (a & b) was supported, i.e., surprise positively influenced delight at both Chinese and U.K. e-tailers. Third, H9 proposed that arousal will positively influence consumers' level of positive affect at both Chinese (H9a) and U.K. (H9b) e-tailers. The analysis revealed strongly significant path coefficients in both the group assigned to the Chinese e-tailer settings ($\gamma_{China} = 0.77, p < .001$) and the group assigned to the U.K. e-tailer settings ($\gamma_{UK} = 0.77, p < .001$). The significance lent support to the hypothesis that positive affect was positively influenced by level of arousal. Therefore, H9 (a & b) was supported. Fourth, the

hypothesis relating to H10 predicted that consumers' level of arousal will positively influence the degree of delight at both Chinese (H10a) and U.K. (H10b) e-tailers. This path was also found to be statistically significant in both the Chinese e-tailer group ($\gamma_{China} = 0.77, p < .001$) as well as the U.K. e-tailer group ($\gamma_{UK} = 0.77, p < .001$), thereby supporting H10's prediction that arousal positively influences delight. Lastly, H11 hypothesized a positive relationship between positive affect and the level of delight. The path coefficients indicated that the hypothesis was statistically significant in both Chinese ($\gamma_{China} = 0.34, p < .001$) and U.K. ($\gamma_{UK} = 0.34, p < .001$) e-tailer groups, thereby supporting H11 (a & b). Therefore, all hypotheses in the model of customer delight were supported as they related to Chinese and U.K. e-tailer settings.

Supplementary Analyses

In addition to the findings of the structural model and hypothesis testing in Phase I and II, supplementary analyses were conducted to reveal additional findings. The data in Phase I were analyzed using Analysis of Variance (ANOVA) and the data in Phase II were analyzed by separating the data into two groups, namely those who did not have experience shopping at foreign websites and those who had experience shopping at foreign websites at least once in the past, and performing the multiple group SEM on each of these two groups.

Phase I – ANOVA

Testing Main Effects

First, in Phase I, an ANOVA was conducted in order to confirm the main effects observed in the main analysis (using SEM), and to reveal any underlying interaction effects among the three independent variables (namely trust, transaction utility and product uniqueness) on the dependent variable (i.e., initial IOO intention). This procedure was performed twice, once in the group assigned to the Chinese e-tailer setting and once in the group assigned to the U.K. e-tailer setting. Overall, the results of the main effects supported the findings of the structural equation modelling in the main analysis. That is, trust in e-tailer significantly influenced initial IOO intention at both Chinese [$F(1, 267) = 48.65, p < .001$] and U.K. [$F(1, 256) = 57.14, p < .001$] e-tailer settings. Transaction utility did not significantly influence initial IOO intention in the Chinese e-tailer setting [$F(1, 267) = .66, p > .05$], however it significantly influenced initial IOO intention in the U.K. e-tailer setting [$F(1, 256) = 4.81, p < .05$]. Product uniqueness had no significant influence on initial IOO intention at both Chinese [$F(1, 267) = 2.51, p > .05$] and U.K. [$F(1, 256) = 0.38, p > .05$] e-tailer settings. It is to be noted that the significant main effects cannot be interpreted without consideration of possible significant interactions associated with that main effect.

Testing Interaction Effects

The results of the interaction effects in the Chinese e-tailer group showed no two-way interaction effect between trust*transaction utility [$F(1, 267) = .56, p > .05$] or

trust*product uniqueness [$F(1, 267) = .84, p > .05$] on Initial IOO intention. However, there was a significant two-way interaction effect between transaction utility*product uniqueness [$F(1, 267) = 5.66, p < .05$] on initial IOO intention. In addition, there was no three-way interaction effect between trust*transaction utility*product uniqueness on Initial IOO intention [$F(1, 267) = 1.80, p < .05$].

The results of the interaction effects in the U.K. e-tailer group revealed no two-way interaction effect between trust*transaction utility [$F(1, 256) = .07, p > .05$], trust*product uniqueness [$F(1, 256) = 3.54, p > .05$] or transaction utility*product uniqueness [$F(1, 256) = .00, p < .05$] on Initial IOO intention. Lastly, there was no three-way interaction effect between trust*transaction utility*product uniqueness [$F(1, 256) = .08, p < .05$] on initial IOO intention. Table 16 reports the result of the 3-way ANOVA test of main effects and interaction effects in both Chinese and U.K. e-tailer groups.

Table 16. Results of ANOVA Test on both Chinese and U.K. E-tailer Groups in Phase I

Country	Variable	df	F	Significance
China	Trust	1	48.65	0.00***
	TU	1	0.66	0.42
	PU	1	2.51	0.11
	Trust*TU	1	0.56	0.45
	Trust*PU	1	0.84	0.36
	TU*PU	1	5.66	0.02*
	Trust*TU*PU	1	1.80	0.18
	Error	267	-	-
	Total	275	-	-
UK.	Trust	1	57.14	0.00***
	TU	1	4.81	0.03*
	PU	1	0.38	0.54
	Trust*TU	1	0.07	0.79
	Trust*PU	1	3.54	0.06
	TU*PU	1	0.00	0.99
	Trust*TU*PU	1	0.83	0.36
	Error	256	-	-
	Total	264	-	-

*p<.05; **p<.01; ***p<.001

Note: Dependent variable = Initial IOO intention; TU = Transaction utility; PU = Product uniqueness

Phase II – Multiple Group SEM

In the main analysis of Phase II, hypothesis 4, which stated that trust in e-tailer was predicted to have a positive influence on surprise in both Chinese (H4a) and U.K. (H4b) e-tailer setting, was found to have a significant path coefficient, but in the opposite direction to the hypothesis. One of the potential reasons for the hypothesis to be significant in the opposite direction could have been that the data included both respondents who had prior experience shopping on foreign websites as well as those who had no prior experience shopping on a foreign website. Surprise as an emotion is known

to decrease with experience in the particular situation or behavior that is expected to induce the surprise (Jackson & Messick, 1965). In this case, the negative influence of trust on surprise may have been skewed by the group that already had prior experience.

In order to verify this, the data from these two groups (Group 1 - with prior experience in shopping at foreign websites, and Group 2 – with no prior experience in shopping at foreign websites) were separated. Out of the total 539 respondents in this study, 318 respondents fell under Group 1 and 220 respondents fell under Group 2, with 1 respondent not indicating their prior experience level. A multiple group SEM, same as that performed in the main analysis, was conducted on each of the above groups individually. In both groups, an initial configural invariance model (Model 1) was specified by freely estimating all hypothesized paths. This model resulted in excellent fits for both Group 1 ($\chi_{Group1}^2 = 0.00, p > .05$ RMSEA = 0.06, CFI = 1.00, NNFI = 1.00) and Group 2 ($\chi_{Group2}^2 = 12.96, p > .05$ RMSEA = 0.063, CFI = 1.00, NNFI = 1.00). Next, a fully constrained model (Model 2) was specified by constraining all hypothesized paths. This model also resulted in excellent fitting models for both Group 1 ($\chi_{Group1}^2 = 0.00, p > .05$ RMSEA = 0.05, CFI = 1.00, NNFI = 1.00) and Group 2 ($\chi_{Group2}^2 = 15.05, p > .05$ RMSEA = 0.12, CFI = 1.00, NNFI = 1.00). Upon performing a Satorra-Bentler chi-square difference test between the configural invariance model (Model 1) and the full invariance model (Model 2) for both Groups 1 and 2, no significant difference between the two models was found in Group 1 ($\chi_{diffGroup1}^2(8) = 0.0, p > 0.05$) and Group 2

$(\chi_{diffGroup2}^2(8) = 3.54, p > 0.05)$. Since no significant difference was found, the full invariance model (Model 2) was used for interpretation of hypothesized paths.

Looking at the individual hypothesized paths in the full invariance model (Model 2) in both groups 1 and 2 revealed that H4 (trust \rightarrow surprise) had a significantly negative coefficient in Group 1 (those with prior experience shopping at foreign websites) at both Chinese ($\gamma_{China} = -2.30, p < .05$) as well as U.K. ($\gamma_{UK} = -2.30, p < .05$) e-tailer setting, while it had a significantly positive coefficient in Group 2 (those with no prior experience shopping at foreign websites) at both Chinese ($\gamma_{China} = 2.87, p < .01$) and U.K. ($\gamma_{UK} = 2.87, p < .01$) e-tailer setting. This indicated that, for consumers with prior experience in shopping at foreign websites, trust significantly decreased their level of surprise whereas for consumers with no prior experience in shopping at foreign websites, trust significantly increased their level of surprise. All other hypothesized paths (H5, 6, 7, 8, 9, 10 and 11) had the same results as those in the main analysis for both groups, thereby revealing a possible discrepancy only in the H4 path between consumers with prior purchase experience and those with no prior experience. Table 17 displays the results of these direct effects in the multiple group SEM by prior experience.

Table 17. Comparison of Direct Effects in Phase II by Prior Experience

Group	Country	Hypothesized Path	Coefficient (t- value)
Group 1 (Respondents with prior experience in shopping at foreign websites)	China	H4a: Trust → Surprise	-0.26* (-2.30)
		H5a: TU → Surprise	0.13 (1.15)
		H6a: PU → Surprise	0.06 (0.55)
		H7a: Surprise → Arousal	0.40*** (7.12)
		H8a: Surprise → Delight	0.36*** (6.14)
		H9a: Arousal → Positive affect	0.69*** (11.57)
		H10a: Arousal → Delight	0.72*** (10.81)
	H11a: Positive affect → Delight	0.326** (4.15)	
	U.K.	H4b: Trust → Surprise	-0.26* (-2.30)
		H5b: TU → Surprise	0.13 (1.15)
		H6b: PU → Surprise	0.06 (0.55)
		H7a: Surprise → Arousal	0.40*** (7.12)
		H8a: Surprise → Delight	0.36*** (6.14)
		H9a: Arousal → Positive affect	0.69*** (11.57)
H10a: Arousal → Delight		0.72*** (10.81)	
H11a: Positive affect → Delight	0.326** (4.15)		
Group 2 (Respondents with no prior experience in shopping at foreign websites)	China	H4a: Trust → Surprise	0.34** (2.88)
		H5a: TU → Surprise	0.04 (0.32)
		H6a: PU → Surprise	-0.03 (-.024)
		H7a: Surprise → Arousal	0.35*** (6.35)
		H8a: Surprise → Delight	0.35*** (5.83)
		H9a: Arousal → Positive affect	0.88*** (20.51)
		H10a: Arousal → Delight	0.89*** (25.97)
	H11a: Positive affect → Delight	0.31** (4.20)	
	U.K.	H4b: Trust → Surprise	0.34** (2.88)
		H5b: TU → Surprise	0.04 (0.32)
		H6b: PU → Surprise	-0.03 (-.024)
		H7a: Surprise → Arousal	0.35*** (6.35)
		H8a: Surprise → Delight	0.35*** (5.83)
		H9a: Arousal → Positive affect	0.88*** (20.51)
H10a: Arousal → Delight		0.89*** (25.97)	
H11a: Positive affect → Delight	0.31** (4.20)		

Note: *p<.05; **p<.01; ***p<.001. Here TU refers to transaction utility and PU refers to product uniqueness

Group 1 model fit: ($\chi_{\text{Group1}}^{2*}$ (31) = 0.00; p-value = 1.00; RMSEA = 0.05; CFI = 1.00),
 Group 2 model fit: ($\chi_{\text{Group2}}^{2*}$ (31) = 15.05; p-value = 0.99; RMSEA = 0.120, CFI = 1.00)

The chi-square values reported here is a Satorra-Bentler Scaled Chi-Square value which adjusts for non-normality in the data.

To reveal insights beyond the hypothesized paths, indirect effects in the multiple group causal model were compared between the group with prior experience shopping at foreign websites (Group 1) and the group with no prior experience (Group 2). Analysis of the full invariance model (Model 2) of both Groups 1 and 2 revealed that the indirect effect between trust \rightarrow arousal was significantly negative in both Chinese ($\gamma_{China} = -2.34, p < .01$) and U.K. ($\gamma_{UK} = -2.34, p < .01$) e-tailer settings for Group 1, whereas the same indirect effect was significantly positive in both Chinese ($\gamma_{China} = 2.72, p < .01$) and U.K. ($\gamma_{UK} = 2.72, p < .01$) e-tailer settings for Group 2. Similarly, the indirect effect between trust \rightarrow positive affect was also significantly negative in both Chinese ($\gamma_{China} = -2.22, p < .01$) and U.K. ($\gamma_{UK} = -2.22, p < .01$) e-tailer settings for Group 1, while the same indirect effect was significantly positive in both Chinese ($\gamma_{China} = 2.59, p < .01$) and U.K. ($\gamma_{UK} = 2.59, p < .01$) e-tailer settings for Group 2. The same result was also observed in the indirect effect between trust \rightarrow delight such that, there was a significantly negative effect in both Chinese ($\gamma_{China} = -2.28, p < .01$) and U.K. ($\gamma_{UK} = -2.28, p < .01$) e-tailer settings for Group 1 and a significantly positive effect in both Chinese ($\gamma_{China} = 2.59, p < .01$) and U.K. ($\gamma_{UK} = 2.59, p < .01$) e-tailer settings for Group 2. The indirect effects of transaction utility and product uniqueness on these emotions (arousal, positive affect, and delight) revealed no significant effects and differences between Groups 1 and 2. Table 18 displays the results of these indirect effects in this multiple group SEM by prior experience.

Table 18. Comparison of Indirect Effects in Phase II by Prior Experience

Group	Country	Path	Coefficient (t- value)
Group 1 (Respondents with prior experience in shopping at foreign websites)	China	Trust → Arousal	-0.11** (-2.34)
		Trust → Positive Affect	-0.07** (-2.22)
		Trust → Delight	-0.10** (-2.28)
		TU → Arousal	0.05 (1.116)
		TU → Positive Affect	0.04 (1.10)
		TU → Delight	0.05 (1.10)
		PU → Arousal	0.03 (0.54)
		PU → Positive Affect	0.02 (0.55)
		PU → Delight	0.02 (0.55)
	U.K.	Trust → Arousal	-0.11** (-2.34)
		Trust → Positive Affect	-0.07** (-2.22)
		Trust → Delight	-0.10** (-2.28)
		TU → Arousal	0.05 (1.116)
		TU → Positive Affect	0.04 (1.10)
		TU → Delight	0.05 (1.10)
		PU → Arousal	0.03 (0.54)
Group 2 (Respondents with no prior experience in shopping at foreign websites)	China	Trust → Arousal	0.12** (2.72)
		Trust → Positive Affect	0.11** (2.59)
		Trust → Delight	0.12** (2.69)
		TU → Arousal	0.02 (0.32)
		TU → Positive Affect	0.01 (0.32)
		TU → Delight	0.01 (0.32)
		PU → Arousal	-0.01 (-0.24)
		PU → Positive Affect	-0.01 (-0.24)
		PU → Delight	-0.01 (-0.24)
	U.K.	Trust → Arousal	0.12** (2.72)
		Trust → Positive Affect	0.11** (2.59)
		Trust → Delight	0.12** (2.69)
		TU → Arousal	0.02 (0.32)
		TU → Positive Affect	0.01 (0.32)
		TU → Delight	0.01 (0.32)
		PU → Arousal	-0.01 (-0.24)
PU → Positive Affect	-0.01 (-0.24)		
PU → Delight	-0.01 (-0.24)		

Note: *p<.05; **p<.01; ***p<.001. Here TU refers to transaction utility and PU refers to product uniqueness

Group 1 model fit: ($\chi_{\text{Group1}}^{2*} (31) = 0.00$; p-value = 1.00; RMSEA = 0.05; CFI = 1.00),
 Group 2 model fit: ($\chi_{\text{Group2}}^{2*} (31) = 15.05$; p-value = 0.99; RMSEA = 0.120, CFI = 1.00)
 The chi-square values reported here is a Satorra-Bentler Scaled Chi-Square value which adjusts for non-normality in the data.

Summary of Hypotheses Testing

Overall, among the main effects in Phase I, H1 was supported at both Chinese and U.K. e-tailer settings while H2 was supported only at U.K. and not at Chinese e-tailer settings. H3 was not supported at either Chinese or U.K. e-tailer settings. As for the moderating effects in Phase I, only H2 produced a significant moderating effect, albeit with a strength opposite to what was hypothesized and was therefore not supported. In Phase II, H7, 8, 9, 10 and 11 were supported at both Chinese and U.K. e-tailer settings. Though H4 yielded significant results, it was not as predicted and was therefore not supported. Table 19 shows a summary of the hypothesis testing.

Table 19. Summary of Hypotheses Testing in Phase I and II

Country	Hypothesis	Support
Phase I		
China	H1a: Consumers' trust in an e-tailer positively influences their Initial IOO intention.	Yes
	H2a: TU positively influences consumers' Initial IOO intention	No
	H3a: PU positively influences consumers' Initial IOO intention	No
U.K.	H1b: Consumers' trust in an e-tailer positively influences their Initial IOO intention.	Yes
	H2b: TU positively influences consumers' Initial IOO intention	Yes
	H3b: PU positively influences consumers' Initial IOO intention	No
Both	H1c: The positive relationship between trust in e-tailer and Initial IOO intention will be moderated by the e-tailer's country image such that the relationship will be stronger in U.K. e-tailers than in Chinese e-tailers.	No
	H2c: The positive relationship between TU and Initial IOO intention will be moderated by the e-tailer's country image such that the relationship will be stronger in Chinese e-tailers than in U.K. e-tailers.	No
	H3c: The positive relationship between PU and Initial IOO intention will be moderated by the e-tailer's country image such that the relationship will be stronger in U.K. e-tailers than in Chinese e-tailers.	No
Phase II		
China	H4a: Consumers' trust in an e-tailer positively influences their surprise upon engaging in IOO.	No
	H5a: TU positively influences consumers' surprise upon engaging in IOO	No
	H6a: PU positively influences consumers' surprise upon engaging in IOO	No
	H7a: Consumers' degree of surprise positively influences their level of arousal upon engaging in IOO	Yes
	H8a: Consumers' degree of surprise positively influences their level of delight upon engaging in IOO	Yes
	H9a: Consumers' level of arousal positively influences their level of positive affect upon engaging in IOO	Yes
	H10a: Consumers' level of arousal positively influences their level of delight upon engaging in IOO	Yes
	H11a: Consumers' level of positive affect positively influences their level of delight upon engaging in IOO	Yes
U.K.	H4b: Consumers' trust in an e-tailer positively influences their surprise upon engaging in IOO.	No
	H5b: TU positively influences consumers' surprise upon engaging in IOO	No
	H6b: PU positively influences consumers' surprise upon engaging in IOO	No
	H7b: Consumers' degree of surprise positively influences their level of arousal upon engaging in IOO	Yes
	H8b: Consumers' degree of surprise positively influences their level of delight upon engaging in IOO	Yes
	H9b: Consumers' level of arousal positively influences their level of positive affect upon engaging in IOO	Yes
	H10b: Consumers' level of arousal positively influences their level of delight upon engaging in IOO	Yes
	H11b: Consumers' level of positive affect positively influences their level of delight upon engaging in IOO	Yes

CHAPTER V

DISCUSSION AND CONCLUSION

This chapter consists of the following sections that provide the discussion and conclusion of this study: (1) Summary of Findings, (2) Discussion of Findings, (3) Implications, and (4) Limitations and Suggestions for Future Research.

Summary of Findings

This study started by asking “how does the level of *trust* on a website, amount of *price savings*, and *uniqueness of a product* at a foreign website affect an initial IOO purchase? Does this effect differ based on an e-tailer’s country image? Do high levels of these factors lead to consumers feeling delighted upon first-time purchase at a foreign website?” To answer these key questions, a research framework was developed consisting of two phases. Phase I investigated the effects of the three antecedents, trust, transaction utility (price saving), and product uniqueness, on initial IOO intention by incorporating three theories, namely, Commitment-Trust Theory, Mental Accounting Theory, and Commodity Theory, respectively. Also, the moderating effect of country image on the relationship between the three antecedents and initial IOO intention was tested. Phase II tested the effects of the three antecedents on the anticipated emotion of surprise, which in-turn impacted delight directly and indirectly through arousal and positive affect. Both phases in the research framework were tested in both Chinese and U.K. e-tailer settings.

A total of 539 responses (275 in Chinese and 264 in U.K. e-tailer settings) were collected and analyzed using Structural Equation Modelling (SEM) on LISREL 9.1. Upon analysis, the results in Phase I showed that trust positively influenced consumers' initial IOO intention at both Chinese and U.K. e-tailers, transaction utility had no impact on consumers' initial IOO intention at Chinese e-tailers but positively influenced initial IOO intention at U.K. e-tailers, and product uniqueness had no influence on initial IOO intention at both Chinese as well as U.K. e-tailers. Further, there was no moderating effect of country image on the relationship between trust and initial IOO intention, and product uniqueness and initial IOO intention. However, there was a moderating effect of country image on the relationship between transaction utility and initial IOO intention such that the relationship was stronger at U.K. e-tailers than Chinese e-tailers. This effect was opposite to what was expected.

The results in Phase II showed that trust negatively influenced surprise in both Chinese and U.K. e-tailer settings, a result that is opposite to what was expected in the hypothesis. Transaction utility and product uniqueness had no influence on surprise. Further, the relationships in the customer delight model, namely, surprise → arousal, surprise → delight, arousal → positive affect, arousal → delight, and positive affect → delight, were significantly positive in both Chinese and U.K. e-tailer settings.

Discussion of Findings

Discussion of Findings in Phase I

In this phase, the first hypothesis was developed, guided by Commitment-Trust Theory (Morgan & Hunt, 1994), which suggested that trust is an important factor and a prerequisite that directly results in behavioral intention (Mukherjee & Nath, 2007). Based on this, this study hypothesized that, trust in an e-tailer will positively influence consumers' initial IOO intention at both Chinese (H1a) and U.K. (H1b) e-tailer settings. Upon manipulating high and low levels of trust in both Chinese and U.K. e-tailer scenarios, the analysis revealed support for this hypothesis. This support is consistent with Commitment-Trust Theory (Morgan & Hunt, 1994) and prior research that has provided evidence for a positive relationship between trust and purchase intention in the online setting (Bock, Lee, Kuan, & Kim, 2012; Chen & Barnes, 2007; Yoon, 2002). Furthermore, this finding is also consistent with studies that have found support for this relationship when consumers shop at foreign websites (Cyr et al., 2005; Wang et al., 2010), thereby stating that the importance of trust in forming initial IOO intention is true for both developing and developed country e-tailers, which in this study are China and U.K. e-tailers, respectively. In IOO settings, foreign websites typically display varied levels of ability, benevolence, and integrity, the three main dimensions central to the formation of trust in online settings (Bhattacharjee, 2002). This finding indicates that trust is formed through practices such as, providing partial or full refunds in case of delivery of wrong/inconsistent product or non-delivery, offering a secure payment

platform, and safeguarding consumers' personal information. Providing these can lead to positive perceptions of the e-tailer's ability, benevolence, and integrity to perform, thereby creating a highly positive initial IOO intention at that foreign website.

The relationship between trust and initial IOO intention was expected to be moderated by e-tailer's country image such that, the relationship would be stronger in U.K. e-tailers than Chinese e-tailers (H1c). However, there was no support for such a moderating effect. This indicated that, though there was a significant positive influence of trust on initial IOO intention, there was no difference between the strength of this relationship among the two country e-tailers. Although evidence from prior research indicated that consumers' tendency to trust e-tailers from developing countries will be lower than their tendency to trust developed country e-tailers (Hsieh et al., 2004; Pappu et al., 2007), this study's finding was not consistent with prior research. This suggested that, though consumers' perception of country image was in fact lower in China (developing country) than in U.K. (developed country), such a perception did not alter the impact of trust on initial IOO intention. In other words, trust is equally important in forming initial IOO intention at foreign e-tailers regardless of the e-tailers' country image.

The second hypothesis in Phase I was developed using the Mental Accounting Theory (Thaler, 1985), which stated that consumers perceive a purchase as favorable based on the positive utility (in terms of savings) that is expected to arise out of the transaction, such that the actual product price is lower than the reference price (the price that an individual would typically expect to pay for a given product based on past

experiences). Based on this notion, this study predicted that, by manipulating the level of transaction utility (high or low), consumers' initial IOO intention will increase or decrease accordingly, at both Chinese (H2a) and U.K. (H2b) e-tailer settings. The finding revealed that transaction utility did not influence initial IOO intention at Chinese e-tailers; however, it did influence initial IOO intention at U.K. e-tailers. This contradictory finding of this hypothesis, gaining support in U.K. e-tailer settings but not in Chinese e-tailer settings, could be due to a discrepancy revealed by the manipulation check. That is, though the manipulation check of transaction utility was successfully validated in the pre-test, the same manipulation showed no difference between the low and high levels in the Chinese e-tailer scenario in the main study, while there was significant difference in the U.K. e-tailer scenario. This meant that, what was perceived to be distinctively low or high transaction utility in the U.K. e-tailer setting did not hold a parallel perception in the Chinese e-tailer setting, revealing a surprising distinction in the perception of transaction utility or price savings as a function of the e-tailer's country. In other words, the amount of money that was perceived to be a savings or loss was not only a function of the difference between the reference price (price of product in home country) and actual price (price of the same product in the foreign e-tailer's website) as predicted by the hypothesis (Mayhew & Winer, 1992), but also possibly a function of the e-tailer's country image. Since the manipulation of transaction utility was not validated in the Chinese e-tailer scenarios, the discussion of the result of this hypothesis needs to be understood in light of the failed manipulation check. Though it is unknown whether

transaction utility can significantly increase initial IOO intention in the Chinese e-tailer setting in the case of the manipulation check being successful, the failed manipulation reveals that consumers may expect Chinese e-tailers to offer products for much cheaper than they would expect from a U.K. e-tailer since the same manipulation was successfully validated in the U.K. e-tailer setting.

The sub-hypothesis under H2, i.e., H2c, revealed a result that can be explained as an extension of the above finding. According to prior country image literature, consumers in developed countries, such as the U.S., associate products from developing countries as typically low-priced, while perceiving products from other developed countries to be more expensive (Shimp, Samiee & Madden, 1993). Based on this, the present study predicted that the relationship between transaction utility and initial IOO intention will be moderated by country image, such that the relationship will be stronger in Chinese e-tailers than in U.K. e-tailers. However, contrary to what was predicted, the relationship was found to be stronger in U.K. than Chinese e-tailers. The key difference seems to arise between consumers' *expectation* and preconceived *assumption*. That is, though this seems contradictory to the rationale that Chinese e-tailers will be expected to provide higher transaction utility due to their capabilities to produce inexpensive products resulting in high initial IOO intentions, this result may arise due to the fact that, rather than *expecting* Chinese e-tailers to be less expensive, consumers may *assume* the existence of low-priced products at Chinese e-tailers and instead place higher *expectations* of transaction utility at U.K. e-tailers as low-prices are not a given when it

comes to developed country e-tailers (Cline, 1979). Therefore, even though price, or price savings, is a key factor in predicting outshopping behavior (Piron, 2002), the impact of savings on initial IOO intention is stronger when consumers shopped at a developed country e-tailer, such as those from the U.K., than when they shopped at a developing country e-tailer, such as those from China.

The third and last hypothesis in Phase I was guided by Commodity Theory (Brock, 1968), which states that products that are scarce (unavailable or hard to obtain locally) are perceived as unique and therefore create high intention to purchase. Based on this notion, this study anticipated that product uniqueness will positively influence initial IOO intention at both Chinese (H3a) and U.K. (H3b) e-tailers. However, the result revealed no influence of product uniqueness on initial IOO intention at either Chinese or U.K. e-tailers. This result was inconsistent with previous research that found product uniqueness positively influenced purchase intention in domestic shopping (Holak & Lehmann, 1990; Wu et al., 2012) as well as in outshopping scenarios (Guo et al., 2006; Kim & Littrell, 1999). This finding may imply that a product's level of uniqueness does not affect consumers' intention to buy or not to buy from a foreign website. This result is surprising given that consumers in this study clearly differentiated between low and high unique athletic shoes in both the Chinese and U.K. e-tailer scenarios in the manipulation check, but this manipulation did not influence their intention to engage in IOO. The reason for this result might be that, when shopping for apparel-related items such as athletic shoes, consumers may use their knowledge of brands as a cue, in addition to the

product's uniqueness, to form intention to purchase, something which was not part of the manipulation in this study. Zhan and He (2012) mirror this notion by implying that the scarcity effect addressed by commodity theory creates a desire to purchase only when combined with known-brand goods, since an unknown apparel-related brand's product from a foreign marketplace may not be desirable even if it is unique. This may therefore imply the need to measure and manipulate product uniqueness in conjunction with the product's brand information, which will be explored in further detail under theoretical implications.

Next, given that a stereotypical and factual perspective exists among consumers that products offered by retailers in developed countries are typically more unique than those offered by retailers in developing countries (Koschate-Fischer et al., 2012; Roth & Romeo, 1992), this study hypothesized that the relationship between product uniqueness and initial IOO intention will be moderated by country image such that the relationship would be stronger in U.K. than Chinese e-tailers (H3c). In addition to revealing no significant effect of product uniqueness on initial IOO intention, a moderating effect of country image was also not found. This means that a lack of relationship between product uniqueness and initial IOO intention did not differ based on the e-tailer's country image. This is inconsistent with Baker and Ballington's (2002) suggestion that countries and retailers with unique products, coupled with a positive country image, draw significant attention and therefore intention to purchase those products. This inconsistency may arise because the relationship between product uniqueness and initial IOO intention was not

significant to begin with, thereby generating no significant differences in strength based on e-tailer's country image.

Discussion of Findings in Phase II

In the second phase, the first three hypotheses related to the influence of the three antecedents, namely, trust, transaction utility, and product uniqueness on the anticipated emotion of surprise. The first hypothesis (H4) was derived from the notion in the customer delight model (Oliver, Rust & Varki, 1997) that the feeling of positive surprise is elicited when a consumer is exposed to an unexpected experience or outcome of a purchase and that a highly trustworthy foreign website can generate the unexpectedness needed (Cyr et al., 2005). Accordingly, this study hypothesized that trust in an e-tailer will positively influence surprise when shopping at Chinese (H4a) and U.K. (H4b) e-tailers. However, contrary to expectation, the result showed that trust significantly negatively influenced surprise in both Chinese and U.K. e-tailer settings. This was a surprising result, as a highly trustworthy foreign website was expected to *increase* the level of surprise in the consumer and not *decrease* it. The necessity to probe further into this discrepancy is warranted considering Jackson and Messick's (1965) observation that, "though surprise may occur more than once in response to the same object, the second and subsequent exposures never quite match the impact of the first" (p. 317). In other words, the impact of trust on surprise may diminish based on consumers' experience shopping at foreign websites. To test this notion, the data in both the Chinese and U.K. e-tailer settings was segregated into two further groups, consumers with prior experience

shopping at foreign websites (shopped at least once in the past) and those with no prior experience (never shopped at foreign websites). Upon segregating and analyzing further, an interesting finding revealed that in both the Chinese and U.K. e-tailer settings, high trust led to positive surprise among consumers with no experience, whereas high trust led to no surprise among consumers with at least one prior experience shopping at foreign websites. This provided support for Jackson and Messick's (1965) suggestion that surprise reduces with repeated experience in the same surprise-inducing scenario, which in this case is being exposed to a highly trustworthy foreign website. Therefore, surprise is a prominent emotion positively induced by trust during the first-time, initial IOO purchases and is eventually reduced significantly in subsequent IOO purchase scenarios, possibly due to the fact that consumers become accustomed to the experience.

The next hypothesis in Phase II (H5) proposed that transaction utility will positively influence surprise when shopping at both Chinese (H5a) and U.K. (H5b) e-tailers. Existing research has shown that, another unexpected experience that can lead to surprise is transaction utility, i.e., observing a selling price much lower than expected (Urbany et al., 1997). However, contrary to previous findings (Urbany et al., 1997; McNeill et al., 2014), this study did not find any significant influence of transaction utility on surprise, meaning that finding a significantly low or high product price on a foreign website in comparison to a similar product's price domestically, did not surprise consumers. That is, consumers were not surprised to see that shopping on foreign websites can result in high price savings. This may imply that consumers already

perceive, know, or expect product prices on foreign websites (both developed and developing country e-tailers) to be cheaper than prices of similar products in the U.S. This could also highlight one of the key factors for consumers to engage in outshopping, i.e., price (Jarratt & Polonsky, 1993; Piron, 2001; Piron, 2002). If one of the main reasons for engaging in IOO is price or low price, it negates the notion that high transaction utility (savings created by low prices) will surprise the consumer, but on the contrary, it might confirm their beliefs or expectations. Therefore, this finding reveals that low price resulting in high transaction utility on a foreign website is not one of the “unexpected” aspects necessary to induce surprise.

The third hypothesis (H6) in Phase II was guided by prior literature, which showed that by offering unique products, retailers can surprise consumers in positive ways (Lee & O’Connor, 2003; Molina-Castillo & Munuera-Aleman, 2009), and this was shown to be specifically the case in outshopping contexts where foreign retailers encouraged consumers to outshop by selling unique items not available in the consumer’s domestic market (Guo et al., 2006; Holak & Lehmann, 1990; Wu et al., 2012). Accordingly, this study predicted that product uniqueness will positively induce surprise in consumers when shopping at Chinese (H6a) and U.K. (H6b) e-tailers. However, the results did not support the hypothesis, thereby implying that surprise is not a function of a products’ level of uniqueness in IOO settings. This refutes Jackson and Messick’s, (1965) suggestion that unique or “unusual” products can evoke surprise in the consumer. Though consumers clearly differentiated between a product with low and high uniqueness as

evidenced in the manipulation check, the manipulation did not affect their perception of the anticipated feeling of surprise. Although traditional notion indicates that product uniqueness induces surprise, the lack of support for this notion in this study could imply that, when shopping at foreign websites, consumers are not surprised to find unique products since they may have expected foreign websites to sell products unique to that e-tailers' country or region. Conversely, consumers may be surprised to see such unique products in their home country market since they did not know such products existed locally.

The last five hypotheses in Phase II were incorporated from the customer delight model (Oliver, Rust & Varki, 1997), where consumers' level of delight with a purchase was determined by the level of surprise (H8), arousal (H10), and positive affect (H11) that the purchase induced. The model also stated that positive surprise impacted arousal (positive stimulation) levels (H7), and the level of arousal then positively influenced positive affect (H9). The results of this study showed support for the customer delight model, thereby adding support to the use of the model in IOO setting, in addition to other offline and online settings that the model has been applied to in prior research (e.g., Finn, 2005; Loureiro & Kastenholz, 2011; Vanhamme, 2000). This result meant that, by engaging in IOO at a foreign e-tailer (Chinese and U.K.), U.S. consumers are surprised, aroused, positively affected (in terms of feelings and mood), and delighted. Further analysis is required to pin-point the particular factor(s) that will lead to arousal, positive affect, and finally delight, a retailer's desired outcome of a purchase, shown to be more

effective and powerful than mere satisfaction (Kim, Vogt & Knutson, 2015; Rust & Oliver, 2000).

By looking at the indirect effects in the causal model of Phase II, it was revealed that trust was the single most important and significant factor that had indirect effects on arousal, positive affect, and delight in both Chinese and U.K. e-tailer settings (see Table 18). Similar to the previously discussed finding of the direct effect of trust on surprise (H4), this indirect effect of trust on arousal, positive affect, and delight was also different between the group of consumers with prior experience in shopping at foreign websites and the group with no prior experience. The effect was negative in the group with prior experience and positive in the group with no prior experience. This finding suggested an interesting insight that, similar to surprise, the other emotions in the customer delight model, namely, arousal, positive affect, and delight diminished with increasing experience in that particular shopping scenario. Therefore, in an initial IOO purchase, high trust in an e-tailer induced significantly high levels of surprise, arousal, positive affect, and delight. However, in subsequent purchases, these emotions faded into no surprise, no arousal, no affect, and no delight.

Finally, the indirect effects in Phase II revealed that transaction utility did not exert any indirect effect on arousal, positive affect, or delight. This could have resulted due to the fact observed earlier that if consumers mainly engage in IOO for reasons of availability of low-priced, inexpensive products (Jarratt & Polonsky, 1993; Piron, 2001), then they are likely to approach a foreign website with preconceived expectations of low

prices resulting in high savings or transaction utility. In such a case, experiencing high levels of transaction utility may not necessarily surprise the consumer (which was already unsupported in H5), along with insignificant levels of arousal, positive affect, and delight. A similar insignificant effect of product uniqueness was also reported in the results, thereby extending H6 to the effects on arousal, positive affect, and delight. Here, the availability of products unique to a given e-tailer's country may also be a preconceived expectation, thereby not exerting any influence on any of the aforementioned emotions in the delight model.

Implications

This study offers valuable implications for researchers interested in understanding consumer behavior in the recent phenomenon of IOO as well as for small businesses and e-commerce companies that are interested in growing an international consumer base for their websites and products. Each of these implications are discussed in the following sections.

Theoretical Implications

First, most previous research in outshopping collected data using self-report measures through survey methodology. Though these studies were successful in identifying antecedents of outshopping, such as income, quality, price consciousness, desire for unique products, perceived reliability, etc. (e.g., Dmitrovic & Vida, 2005; Hermann & Beik, 1968; Wang et al., 2010), an understanding of the degree or level of the antecedent needed to elicit outshopping intention or purchase was lacking. This study

filled this gap by conducting an experimental study where three antecedents, namely, trust, transaction utility and product uniqueness, were manipulated to high and low levels, thereby revealing how each of these levels influenced initial IOO intention as well as the post-IOO emotion of delight. By manipulating these antecedents, this study has taken a unique approach to understanding the outshopping phenomenon unlike prior outshopping research.

Second, prior research has repeatedly shown trust in an e-tailer as a key factor influencing purchase intention (Bart, Shankar, Sultan, & Urban, 2005; Becerra & Korgaonkar, 2011; Kim, Ferrin, & Rao, 2009). In addition, consumers have shown to exhibit more trust in domestic e-tailers than foreign e-tailers (Cyr et al., 2005). However, research has not explored the existence, or lack of existence, of a difference in consumers' trust levels between foreign websites from two different countries, especially one developing country e-tailer and the other developed country e-tailer. This study manipulated high and low levels of trust in Chinese and U.K. e-tailers, thereby finding no influence of country image on the effect of trust on initial IOO intention. This finding contributes to the online trust literature in relation to trust perceptions of foreign websites by revealing the critical role of trust in IOO purchase intention, regardless of country image.

Third, price consciousness or competitive product price were predominantly identified as antecedents of outshopping in previous research (Dmitrovic & Vida, 2005; Piron, 2002). Though this established the importance of price in outshopping, these

studies did not take into consideration whether the knowledge of the exact price savings achieved by shopping at a foreign website contributed to purchase intention at that site. Taking these considerations into account, this study applied the concept of transaction utility guided by the Mental Accounting Theory (Thaler, 1985), which compares the consumers' reference price (or consumers' expected price) to the actual price of the product available at a foreign website. Despite considerable support in literature on transaction utility as a predictor of purchase intention in online settings (Gupta & Kim, 2010; Kauffman, Lai, & Ho, 2010; Kim, Xu, & Gupta, 2012), there remains a lack of research on the nature of reference and actual prices when consumers shop from foreign websites. In prior usage of transaction utility as an indicator of purchase intention, the reference price and actual price components were derived from prices in the domestic market. However, in outshopping research, especially in initial IOO purchases, reference price is the typical price of a given product in the consumer's home country compared to the actual product price at the foreign e-tailer. This study acknowledged this fact and manipulated transaction utility in Chinese and U.K. e-tailers as the reference price in the U.S. market versus the actual price at the Chinese or U.K. e-tailer. Such an approach enabled this study to directly compare the effect of transaction utility on initial IOO intention at two different country's e-tailers where the reference price was derived from one common source, i.e., the consumers' home market of the U.S. The result of this approach implied that transaction utility was perceived in relation to the e-tailer's country image such that it was of high importance when shopping at developed country e-tailers

where high transaction utility is *expected* and of no importance when shopping at developing country e-tailers where high transaction utility is *assumed*. This unique approach and finding contributes to the Mental Accounting Theory's perspective of transaction utility by better understanding the key aspect of price saving in relation to an e-tailer's country image in outshopping literature.

Fourth, while previous research in the country image literature has highlighted the difference in consumers' perception of brands and products based on their perceived country image (good or bad) of the retailer (Cordell, 1992; Hamzaoui & Merunka, 2006; Lascu & Giese, 1996), there has been a lack of application of the country image concept to understand consumers' perceptions of foreign e-tailers and how this affects their purchase intentions at these e-tailers. This study has filled this gap by extending the body of knowledge in country image literature to the IOO setting by incorporating it as a moderator in the relationship between the antecedents and initial IOO intention. The finding implied that for the same amount of price saving at both developing and developed country e-tailers, consumers had a significant purchase intention at the developed country e-tailer (in this case U.K.), while they had no significant purchase intention at the developing country e-tailer (in this case China). This finding contributes to a unique theoretical understanding of country image in an online setting, in that consumers use country image perception to form expectations and assumptions of low price based on the e-tailer's country image.

Lastly, though the concept of customer delight has been extensively studied in previous research (Arnold, Reynolds, Ponder & Lueg, 2005; Chitturi, Raghunathan, & Mahajan, 2008; Finn, 2005; Finn, 2011; Santos & Boote, 2003), the identification of specific antecedents of the emotions in the delight model has been minimal. This study is one of the first attempts to apply the delight model to explain if, and how, the specific antecedents, namely, trust in e-tailer, transaction utility, and product uniqueness, led to the emotion of delight. Through manipulation and testing of these antecedents, this study went beyond just assessing factors that led to intentions and helped understand whether or not, and how, in a post-IOO setting, engaging in IOO under the conditions of high/low trust, transaction utility and product uniqueness can lead to delight (Rust & Oliver, 2000). Though not part of the hypothesized framework, this study added to the customer delight literature by finding that delight significantly diminishes with subsequent purchases. However, none of the above mentioned effects of antecedents on the delight model differed by e-tailer's country, thereby contributing to the delight literature as it relates to country image theory.

Managerial Implications

The findings in this study provide significant practical implications to various players in the global e-tailing industry, including small- and medium-sized enterprises (SMEs) and business-to-consumer (B2C) e-commerce platforms. First, through this study's findings, e-tailers can understand that the implications of the order of importance of the three antecedents in eliciting initial IOO intention are as follows. Trust was of

utmost importance, thereby implying that e-tailers must first develop a trust-inducing website containing characteristics that will be discussed in the next managerial implication. The second most important antecedent was transaction utility which was only applicable to developed country e-tailers and not to developing country e-tailers, thereby leading to the suggestion that developed country e-tailers must provide consumers with a significantly higher transaction utility when compared to the consumers' domestic market in order to induce initial IOO intention. The failed manipulation check of transaction utility in developing country e-tailer setting may imply that these e-tailers need to offer all-time low prices than any developed country e-tailer, however this needs to be reconfirmed in future studies as discussed in the next section. Finally, product uniqueness is not a necessary antecedent to generate initial IOO intention or post-purchase delight.

Second, this study found that, when a consumer comes across a highly trustworthy website, their intention to shop from that website significantly increases and that the e-tailer's country image does not impact or moderate this intention. Based on this finding, e-tailers are recommended to develop policies that are trustworthy enough to consumers, such as precise promises of expected delivery time and a full or partial refund policy when the order does not arrive within the promised delivery time or if the product is not as described. Such policies, shown by this study, exhibit trust and increases purchase intention. In addition to developing these customer-favorable policies, the website must explicitly communicate these policies through dedicated sections or pages

on the website that guarantee “buyer protection,” in addition to providing accurate customer reviews of each product and the seller offering these products. One of the positive managerial implications of the finding of this study is that an e-tailer’s country image did not seem to affect initial IOO intentions as long as the e-tailer’s website was perceived as trustworthy. Therefore, unlike traditional notions about developing country retailers being perceived as lower than developed country retailers, in the IOO setting, consumers did not let their perception of country image affect their intention to shop when a trustworthy site was presented to them. For developing country e-tailers, this implies that, as long as consumers are offered a trustworthy website with the aforementioned characteristics, they are likely to trust the website and purchase from it as much as they would trust a developed country e-tailer’s website to form purchase intention.

Third, the participants in this study did not perceive transaction utility equally in Chinese and U.K. e-tailers, thereby revealing a country image effect on price. Specifically, transaction utility significantly impacted initial IOO intention at U.K. e-tailers but not Chinese e-tailers, with country image moderating this relationship where it was stronger in the U.K. Therefore, the suggestion for SMEs and e-tailers from developed countries, such as those from the U.S., is that the key to attracting global consumers is to provide similar products that are available at the consumers’ home country, albeit at a significantly low cost. As the manipulations used in this study showed, a price savings of 58% (actual price of \$15 and reference price of \$35) was seen

more highly favorable than a price saving of 15% (actual price of \$30 and reference price of \$35). Though this seems like an obvious result at first, it was clearly not the case, since the same manipulation did not work for the Chinese e-tailer scenario, implying that a much higher price saving is possibly expected by consumers, and therefore required from developing country e-tailers. For developing country e-tailers, the recommendation is that they must consistently provide products of much lower cost than those that are available in other developed country e-tailers such as the U.K. and U.S., in order to maintain a competitive edge, since consumers' perceptions of transaction utility at developing country e-tailers is not the same as their perceptions at developed country e-tailers.

Lastly, this study showed that, trust was the only antecedent that significantly resulted in surprise, arousal, positive affect, and product uniqueness. Moreover, trust only initially increased surprise, arousal, positive affect, and delight to positive levels, but with subsequent purchases which accustomed consumers to the "unexpectedness" of the e-tailer's trustworthiness, these emotions significantly reduced. SMEs and e-tailers, whose goal is to delight their customers, must continually develop and reinvent their services and exhibit higher trust during every purchase to avoid diminishing delight. One method to ensure the sustenance of delight could be the provision of quicker delivery times and even meeting the delivery times at a much quicker rate than promised. Another method can be to offer full refunds when disputes arise between seller and buyer, a strategy that e-tailers like Amazon have been successful in incorporating. Though Amazon has strict return policies in place, their goal as an e-tailer is not only to delight the customer but

also their sellers. For instance, in situations of dispute between sellers and buyers where neither or both are seemingly at fault, Amazon settles the dispute and extends the benefit of doubt to both parties by providing full or partial refund to the buyer while still paying the seller for the transaction. In such a case, though Amazon seems to be at loss, the consequential delight produced to both parties may encourage both parties to continue patronage with Amazon considering their exceptional service. This can be considered as the short-term cost of delighting and retaining a customer for the long-term. Another example of reinventing services to consistently delight the customer is that of Zappos, the U.S. shoe e-tailer, who offers coupons and beneficial advice to dissatisfied customers via social media. Though these examples are of domestic e-tailers, such trust-inducing practices can be translated to the IOO setting, thereby consistently providing consumers with a delightful experience.

Limitations and Suggestions for Future Research

This study had some limitations, which, if improved on, can present opportunities for future studies in IOO. The first limitation is that, in order to measure initial IOO intention and the emotions in the customer delight models, this study asked the participants to consider a hypothetical scenario and assume that they purchased the product from the hypothetical Chinese or U.K. website, when in reality this purchase did not occur. This led the emotions to be interpreted as *anticipated* emotions rather than *actually felt* emotions. Future studies can develop a realistic website where consumers

could browse through various products and their prices, and place an order to help question their emotion levels more accurately.

The second limitation of this study comes in form of the failed manipulation check of the transaction utility measure only in Chinese e-tailer setting. This interesting revelation also contributed to the study's limitation, as the amount of reference price and actual price needed to differentiate between high and low transaction utility was not accurately manipulated. More importantly, while a high transaction utility of \$20 (\$35 reference price - \$15 actual price) and a low transaction utility of \$5 (\$35 reference price - \$30 actual price) was seen as significantly different in the U.K. e-tailer setting, the same was not perceived to be significantly different in the Chinese e-tailer setting. Future studies aiming to further explore the impact of transaction utility manipulation on initial IOO intention can increase the transaction utility amounts in developing country e-tailers to more than that of developed country e-tailers. It must be, however, noted that these amounts must realistically correspond to the product category being sold, such that typically expensive products such as luxury goods can have much higher actual prices and reference prices whereas a product, such as socks, can have much lower actual prices and reference prices.

Third, when introducing each of the scenarios in the U.K. e-tailer setting, respondents were informed of a \$4 shipping fee that will apply on orders less than \$40 to reflect the shipping policy of a typical U.K. website, while in the Chinese e-tailer scenarios, respondents were informed that shipping is free on most products regardless of

the product's price to reflect the shipping policy of a typical Chinese website. However, this variance in shipping fee may have introduced a confound from a methodological standpoint as the shipping fee was not manipulated equally in both cases. In order to eliminate this confound from arising due to differing shipping policies, future studies may consider using the same shipping fee for both Chinese and U.K. e-tailer settings even though in reality this might not be true. This way researchers can ensure that the experiment will simulate the scenarios in such a way that transaction utility perceptions will be induced uniformly.

Fourth, since a Confirmatory Factor Analysis (CFA) was not performed on the constructs, there were no factor loadings derived to calculate and establish convergent validity and Average Variance Extracted (AVE). Although the acceptable Cronbach's α values ranging between .79 and .96 provided some evidence that items were functioning consistently, in the future, studies must use measures to collect data in a way that allows more room to establish convergent validity and compute AVE. By doing so, it can be concretely established that measures or items that should be theoretically related are in fact related to each other.

Fifth, unlike the research framework predicted, product uniqueness did not produce any significant results both in its expected effect on initial IOO intention as well as surprise. As mentioned in the discussion section, product uniqueness may lead to significant purchase intention among consumers only when combined with the knowledge about the product's brand name (Zhan & He, 2012). This means that future

studies can modify the manipulation of product uniqueness to reflect uniqueness at the brand level. In other words, the measurement of uniqueness of a product must include the perception of the unique or non-unique product's brand name also. This way, consumers can form perceptions of the product's level of uniqueness based also on the product's brand name, thereby possibly resulting in significant purchase intention.

Sixth, the data in this study was collected from only college students, which limited the understanding of the IOO process in other demographics. With a diverse sample characteristic, it will be possible for future studies to more accurately factor for income influences in initial IOO intention and whether age impacts perceptions of country image. This can have a significant impact on the findings, especially considering Wayland, Simpson and Kemmerer's (2003) suggestion that the effect of product uniqueness (an antecedent that did not result in any significant results in both phases I and II) on purchase intention may change based on the consumers' income level. Therefore, to reveal such changes, a sample with diverse income groups is necessary.

Lastly, this study used only Chinese and U.K. e-tailer settings to develop the scenarios as a method to compare between developing and developed country e-tailers, respectively, and attempted to understand the entire IOO process as experienced by consumers in the U.S. Though China and U.K. represent one of the most prominent developing and developed countries, respectively, in the current global economy, future research can include other countries in their manipulation, such as France, Germany, and Italy for developed countries, and Brazil, India, and Vietnam for developing countries.

Including these countries can reveal country image effects more clearly and accurately. Similarly, to be able to comprehensively understand the IOO process of global consumers, data from consumers in other developed and developing countries needs to be collected in order to form generalized theoretical conclusions regarding the nature of the perceptions of trust, transaction utility, and product uniqueness, as well as other antecedents that may apply. Moreover, by collecting cross-cultural data, it will be possible to compare the differences between consumers in developing and developed countries in their initial IOO intention at other developing and developed countries.

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APPENDIX A

PRE-TEST 1

Hi,

I am Bharath Ramkumar, a doctoral student in the Department of Consumer, Apparel and Retail Studies at the University of North Carolina at Greensboro. Under the guidance of Dr. ByoungHo Jin, I am conducting a study investigating consumer activity of online shopping for athletic shoes. You are invited to fill out this questionnaire which will take approximately 5-10 minutes to complete.

Please answer each question since incomplete surveys cannot be used for the study.

If you have questions concerning your rights as a research subject, you may contact The Office of Research Integrity at The University of North Carolina at Greensboro 336-256-1482. You may also send an email to Bharath Ramkumar (b_ramkum@uncg.edu) or Dr. ByoungHo Jin (b_jin@uncg.edu).

Thank you.

-----Page Break-----

What is your age? _____

What is your gender?

- Male
- Female

If “male” is selected, the following section will appear

Do you find the following pair of athletic shoes unique? Indicate how strongly you disagree or agree that each of the following pair is unique.

Product No. 1	
Strongly Disagree	Strongly Agree
1	5
2	4
3	3

<p>Product No. 2</p>					
<p>Strongly Disagree</p>	<p>1</p>	<p>2</p>	<p>3</p>	<p>4</p>	<p>Strongly Agree</p>
<p>Product No. 3</p>					
<p>Strongly Disagree</p>	<p>1</p>	<p>2</p>	<p>3</p>	<p>4</p>	<p>Strongly Agree</p>
<p>Product No. 4</p>					
<p>Strongly Disagree</p>	<p>1</p>	<p>2</p>	<p>3</p>	<p>4</p>	<p>Strongly Agree</p>

<p>Product No. 5</p>				
<p>Strongly Disagree 1</p>	<p>2</p>	<p>3</p>	<p>4</p>	<p>Strongly Agree 5</p>
<p>Product No. 6</p>				
<p>Strongly Disagree 1</p>	<p>2</p>	<p>3</p>	<p>4</p>	<p>Strongly Agree 5</p>
<p>Product No. 7</p>				
<p>Strongly Disagree 1</p>	<p>2</p>	<p>3</p>	<p>4</p>	<p>Strongly Agree 5</p>

<p>Product No. 8</p>	
<p>Strongly Disagree 1</p>	<p>2 3 4 Strongly Agree 5</p>
<p>Product No. 9</p>	
<p>Strongly Disagree 1</p>	<p>2 3 4 Strongly Agree 5</p>
<p>Product No. 10</p>	
<p>Strongly Disagree 1</p>	<p>2 3 4 Strongly Agree 5</p>

<p>Product No. 11</p>				
<p>Strongly Disagree 1</p>	<p>2</p>	<p>3</p>	<p>4</p>	<p>Strongly Agree 5</p>
<p>Product No. 12</p>				
<p>Strongly Disagree 1</p>	<p>2</p>	<p>3</p>	<p>4</p>	<p>Strongly Agree 5</p>
<p>Product No. 13</p>				
<p>Strongly Disagree 1</p>	<p>2</p>	<p>3</p>	<p>4</p>	<p>Strongly Agree 5</p>

Product No. 14				
Strongly Disagree				Strongly Agree
1	2	3	4	5
Product No. 15				
Strongly Disagree				Strongly Agree
1	2	3	4	5

If “female” is selected, the following section will appear

Do you find the following pair of athletic shoes unique? Indicate how strongly you disagree or agree that each of the following pair is unique.

Product No. 1				
Strongly Disagree				Strongly Agree
1	2	3	4	5

				
Product No. 2				
Strongly Disagree 1	2	3	4	Strongly Agree 5
				
Product No. 3				
Strongly Disagree 1	2	3	4	Strongly Agree 5
				
Product No. 4				
Strongly Disagree 1	2	3	4	Strongly Agree 5

<p>Product No. 5</p>				
<p>Strongly Disagree 1</p>	<p>2</p>	<p>3</p>	<p>4</p>	<p>Strongly Agree 5</p>
<p>Product No. 6</p>				
<p>Strongly Disagree 1</p>	<p>2</p>	<p>3</p>	<p>4</p>	<p>Strongly Agree 5</p>
<p>Product No. 7</p>				
<p>Strongly Disagree 1</p>	<p>2</p>	<p>3</p>	<p>4</p>	<p>Strongly Agree 5</p>

<p>Product No. 8</p>				
<p>Strongly Disagree 1</p>	<p>2</p>	<p>3</p>	<p>4</p>	<p>Strongly Agree 5</p>
<p>Product No. 9</p>				
<p>Strongly Disagree 1</p>	<p>2</p>	<p>3</p>	<p>4</p>	<p>Strongly Agree 5</p>
<p>Product No. 10</p>				
<p>Strongly Disagree 1</p>	<p>2</p>	<p>3</p>	<p>4</p>	<p>Strongly Agree 5</p>

				
Product No. 11				
Strongly Disagree				Strongly Agree
1	2	3	4	5
				
Product No. 12				
Strongly Disagree				Strongly Agree
1	2	3	4	5
				
Product No. 13				
Strongly Disagree				Strongly Agree
1	2	3	4	5

<p>Product No. 14</p>				
<p>Strongly Disagree</p>	<p>Strongly Agree</p>			
<p>1</p>	<p>2</p>	<p>3</p>	<p>4</p>	<p>5</p>
<p>Product No. 15</p>				
<p>Strongly Disagree</p>	<p>Strongly Agree</p>			
<p>1</p>	<p>2</p>	<p>3</p>	<p>4</p>	<p>5</p>

APPENDIX B

PRE-TEST 2

High and Low Level Manipulation of Trust, Transaction Utility and Product Uniqueness

Manipulated Factor	Stimuli
High Trust	<p>This website has been in business for over 5 years. Online customer reviews about this website are overall positive. The website offers buyer protection which means, a full or partial refund is guaranteed if,</p> <ul style="list-style-type: none"> • Your order does not arrive within the delivery time promised by the seller. • Your item is significantly different from the seller’s product description. • You receive an item and wish to return it for any reason as long as the item is unused and in perfect condition.
Low Trust	<p>This website has been in business for just over a year. Online customer reviews about this website is overall not positive. The website does not offer buyer protection which means, it is <u>not</u> guaranteed that you will receive a refund if,</p> <ul style="list-style-type: none"> • Your order does not arrive within the delivery time promised by the seller. • Your item is significantly different from the seller’s product description. • You receive an item and wish to return it for any reason even if the item is unused and in perfect condition.
High Transaction Utility	<p>On this website, you find the below pair of athletic shoes that sell for \$15. Purchasing a similar product on an e-commerce website in the States (USA) would cost \$35.</p>
Low Transaction Utility	<p>On this website, you find the below pair of athletic shoes that sell for \$30. Purchasing a similar product on an e-commerce website in the States (USA) would cost \$35.</p>

<p>High Product Uniqueness</p>	 <p>- Men</p>  <p>- Women</p>
<p>Low Product Uniqueness</p>	 <p>- Men</p>  <p>- Women</p>

Sample Scenario with High Trust, High Product Uniqueness and High Transaction Utility at Chinese E-tailer

Hi,

I am Bharath Ramkumar, a doctoral student in the Department of Consumer, Apparel and Retail Studies at the University of North Carolina at Greensboro. Under the guidance of Dr. ByoungHo Jin, I am conducting a study investigating consumer activity of online shopping for athletic shoes. You are invited to fill out this questionnaire which will take approximately 10 minutes to complete.

Please answer each question since incomplete surveys cannot be used for the study. At the end of the survey, you will have a chance to enter a prize drawing for a \$20 Amazon gift card.

If you have questions concerning your rights as a research subject, you may contact The Office of Research Integrity at The University of North Carolina at Greensboro 336-256-1482. You may also send an email to Bharath Ramkumar (b_ramkum@uncg.edu) or Dr. ByoungHo Jin (b_jin@uncg.edu).

Thank you.

-----Page Break-----

What is your age? _____

What is your gender? (This question will appear only if “No” is selected in the previous question)

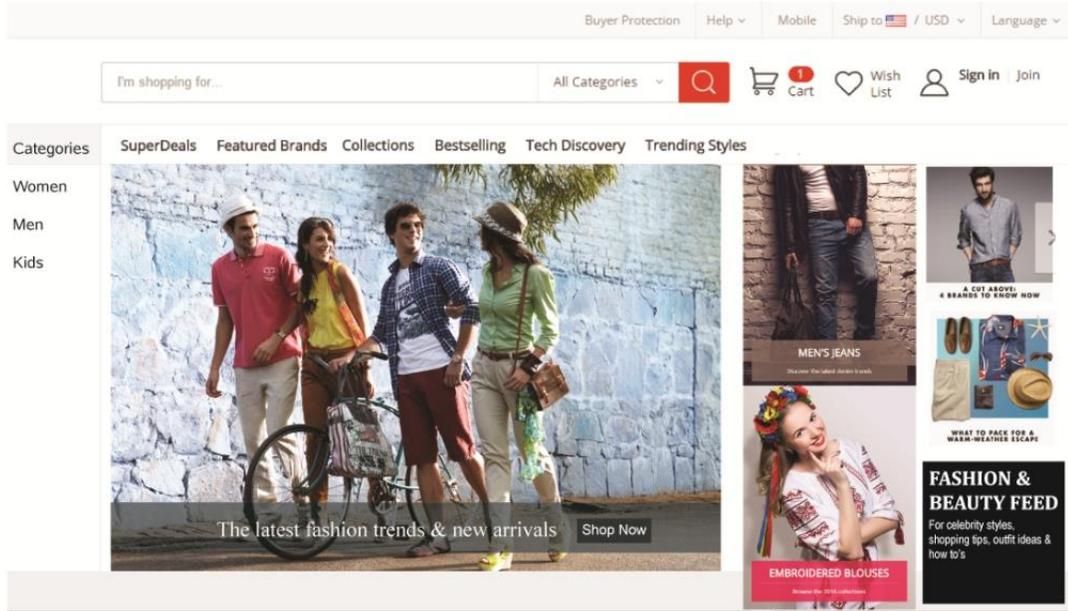
- Male
- Female

-----Page Break-----

Consider the following scenario:

You are shopping for a pair of athletic shoes online. After searching for a while using a popular search engine, you come across a Chinese ecommerce website (picture of website’s homepage shown below) which has a collection of athletic shoes. This website is completely in English and the product prices are listed in dollars. Products on this website are shipped from China. The website offers free shipping on most products and

can take anywhere between 7 - 30 days to be delivered. For quick delivery, an additional shipping charge is added.



This website has been in business for over 5 years. Online customer reviews about this website are overall positive. The website offers buyer protection which means, a full or partial refund is guaranteed if,

- Your order does not arrive within the delivery time promised by the seller.
- Your item is significantly different from the seller's product description.
- You receive an item and wish to return it for any reason as long as the item is unused and in perfect condition.

Based on the above description of the website, indicate how strongly you disagree or agree to the following statements.

	Strongly Disagree			Strongly Agree	
This website is trustworthy.	1	2	3	4	5
I trust this website keeps my best interests in mind.	1	2	3	4	5
This website will keep promises it makes to me.	1	2	3	4	5
I believe in the information that this website provides me.	1	2	3	4	5
This website wants to be known as one who keeps promises and commitments.	1	2	3	4	5

On this website, you find the below pair of athletic shoes that sells for \$15. Purchasing a similar product on an ecommerce website in the States (USA) would cost \$35. (here, based on the respondents' selection of their gender at the beginning of the survey, the below left image appeared for "Male" and right image appeared for "Women").



(or)



Based on the information provided above, indicate how strongly you disagree or agree to the following statements.

Statement	Strongly Disagree			Strongly Agree	
This product has styling and features that are rare to find in the U.S.	1	2	3	4	5
These shoes are unlike any other pair of athletic shoes that I have seen in the U.S.	1	2	3	4	5
Not many people I know own this kind of athletic shoes in the U.S.	1	2	3	4	5
Overall, I find this pair of athletic shoes very unique.	1	2	3	4	5
Taking advantage of a price-deal like this makes me feel good.	1	2	3	4	5
I would get a lot of pleasure knowing that I would save money at this price on this website.	1	2	3	4	5
Beyond the money I save, taking advantage of this price deal will give me a sense of joy.	1	2	3	4	5

Please rate **your perception** of the country China on the following items?

Poor							Rich
1	2	3	4	5	6	7	
Technologically not advanced							Technologically advance
1	2	3	4	5	6	7	
Low level of education							High level of education
1	2	3	4	5	6	7	
Not trustworthy people							Trustworthy people
1	2	3	4	5	6	7	
Not hardworking people							Hardworking people
1	2	3	4	5	6	7	
Not likeable people							Likeable people
1	2	3	4	5	6	7	
Unreliable products							Reliable products
1	2	3	4	5	6	7	
Products with poor workmanship							Products with good workmanship
1	2	3	4	5	6	7	
Poor quality products							Good quality products
1	2	3	4	5	6	7	
We should not have closer ties with China							We should have closer ties with China
1	2	3	4	5	6	7	
Not an ideal country							Idea country
1	2	3	4	5	6	7	

Sample Scenario with Low Trust, Low Product Uniqueness and Low Transaction Utility at U.K. E-tailer

Hi,

I am Bharath Ramkumar, a doctoral student in the Department of Consumer, Apparel and Retail Studies at the University of North Carolina at Greensboro. Under the guidance of Dr. Byoungho Jin, I am conducting a study investigating consumer activity of online shopping for athletic shoes. You are invited to fill out this questionnaire which will take approximately 10 minutes to complete.

Please answer each question since incomplete surveys cannot be used for the study. At the end of the survey, you will have a chance to enter a prize drawing for a \$20 Amazon gift card.

If you have questions concerning your rights as a research subject, you may contact The Office of Research Integrity at The University of North Carolina at Greensboro 336-256-1482. You may also send an email to Bharath Ramkumar (b_ramkum@uncg.edu) or Dr. Byoungho Jin (b_jin@uncg.edu).

Thank you.

-----**Page Break**-----

What is your age? _____

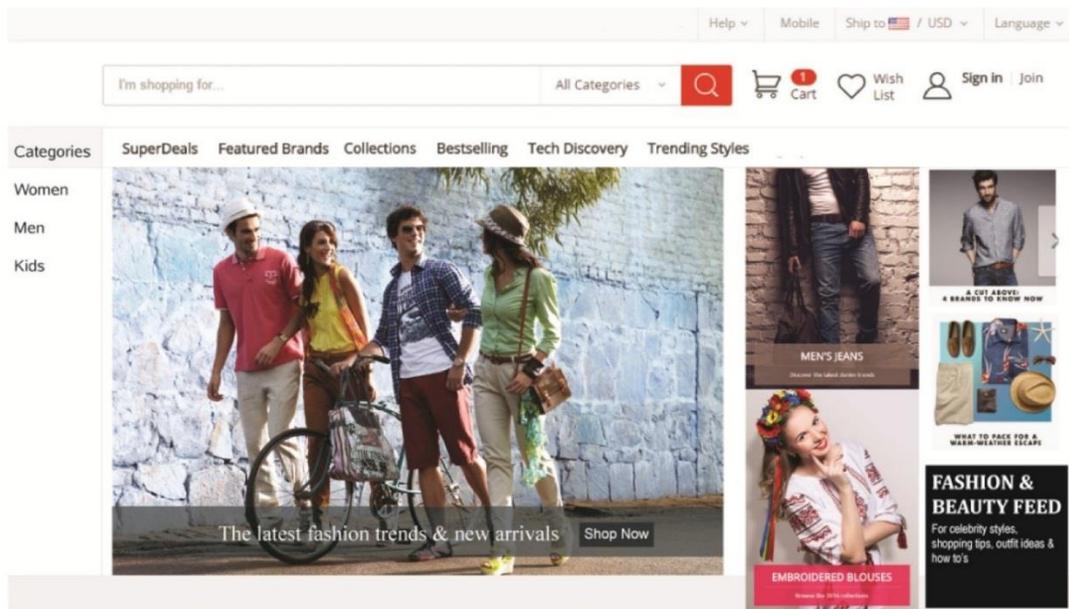
What is your gender? (This question will appear only if “No” is selected in the previous question)

- Male
- Female

-----**Page Break**-----

Consider the following scenario:

You are shopping for a pair of athletic shoes online. After searching for a while using a popular search engine, you come across a U.K. ecommerce website which has a collection of athletic shoes. This website lists product prices in dollars. The website charges a \$4 shipping fee if you shop for less than \$40 and free shipping if you shop for over \$40. In both cases, the product will be delivered within 6 business days. For an additional charge, the website also offers quicker delivery.



This website has been in business for just over a year. Online customer reviews about this website is overall not positive. The website does not offer buyer protection which means, it is not guaranteed that you will receive a refund if,

- Your order does not arrive within the delivery time promised by the seller.
- Your item is significantly different from the seller’s product description.
- You receive an item and wish to return it for any reason even if the item is unused and in perfect condition.

Based on the above description of the website, indicate how strongly you disagree or agree to the following statements.

	Strongly Disagree			Strongly Agree	
This website is trustworthy.	1	2	3	4	5
I trust this website keeps my best interests in mind.	1	2	3	4	5
This website will keep promises it makes to me.	1	2	3	4	5
I believe in the information that this website provides me.	1	2	3	4	5
This website wants to be known as one who keeps promises and commitments.	1	2	3	4	5

On this website, you find the below pair of athletic shoes that sells for \$30. Purchasing a similar product on an ecommerce website in the States (USA) would cost \$35. (here, based on the respondents' selection of their gender at the beginning of the survey, the below left image appeared for "Male" and right image appeared for "Women").



(or)

Indicate how strongly you disagree or agree to the following statements.

Statement	Strongly Disagree					Strongly Agree				
This product has styling and features that are rare to find in the U.S.	1	2	3	4	5	1	2	3	4	5
These shoes are unlike any other pair of athletic shoes that I have seen in the U.S.	1	2	3	4	5	1	2	3	4	5
Not many people I know own this kind of athletic shoes in the U.S.	1	2	3	4	5	1	2	3	4	5
Overall, I find this pair of athletic shoes very unique.	1	2	3	4	5	1	2	3	4	5
Taking advantage of a price-deal like this makes me feel good.	1	2	3	4	5	1	2	3	4	5
I would get a lot of pleasure knowing that I would save money at this price on this website.	1	2	3	4	5	1	2	3	4	5
Beyond the money I save, taking advantage of this price deal will give me a sense of joy.	1	2	3	4	5	1	2	3	4	5

Please rate **your perception** of the country U.K. on the following items?

Poor							Rich
1	2	3	4	5	6	7	
Technologically not advanced							Technologically advance
1	2	3	4	5	6	7	
Low level of education							High level of education
1	2	3	4	5	6	7	
Not trustworthy people							Trustworthy people
1	2	3	4	5	6	7	
Not hardworking people							Hardworking people
1	2	3	4	5	6	7	
Not likeable people							Likeable people
1	2	3	4	5	6	7	
Unreliable products							Reliable products
1	2	3	4	5	6	7	
Products with poor workmanship							Products with good workmanship
1	2	3	4	5	6	7	
Poor quality products							Good quality products
1	2	3	4	5	6	7	
We should not have closer ties with China							We should have closer ties with China
1	2	3	4	5	6	7	
Not an ideal country							Idea country
1	2	3	4	5	6	7	

APPENDIX C
EMAIL RECRUITMENT SCRIPT

Dear Mr./Ms./Dr. X,

I am Bharath Ramkumar, a doctoral student in the Department of Consumer, Apparel and Retail Studies at the University of North Carolina at Greensboro. Under the guidance of my Advisor and Dissertation Chair Dr. ByoungHo Jin, I am conducting a study investigating consumer activity of shopping from foreign websites. I would like to invite your students to participate in the study by filling out an online questionnaire which will take approximately 10-15 minutes to complete.

If you are willing to invite your students to participate in this study, kindly forward the below link to them via email:

To incentivize students, I will provide four \$25 gift cards to randomly selected participants upon successful completion of the study.

If you have any questions about my study you can contact me by email at b_ramkum@uncg.edu or by phone at 336-508-6781. Alternatively, you can also contact my advisor and dissertation chair by email at b_jin@uncg.edu.

I appreciate your help in advance.

Thank you.

Sincerely,

Bharath Ramkumar
Doctoral Student
Consumer, Apparel, and Retail Studies
The University of North Carolina at Greensboro

APPENDIX D
COVER LETTER

Dear Participant,

I am Bharath Ramkumar, a doctoral student in the Department of Consumer, Apparel and Retail Studies at the University of North Carolina at Greensboro. Under the guidance of Dr. Byounggho Jin, I am conducting a study investigating consumer activity of shopping from foreign websites. You are invited to fill out this questionnaire which will take approximately 10-15 minutes to complete.

There are no risks or discomforts associated with this research. You may choose not to respond to any question that makes you uncomfortable. There are no right or wrong answers. The results of this study will be used for academic purposes only. Choosing not to participate or withdrawing from the study will have no effect on your grades or status in the class from which you were recruited.

You must be 18 years or older to participate in this study. Your participation in this study is absolutely voluntary. You are free to withdraw your consent to be in this study at any time without penalty, but we hope you complete all parts of the survey since incomplete surveys cannot be used.

Confidentiality will be maintained at all times. All information obtained in this study is strictly confidential unless disclosure is required by law. Absolute confidentiality of data provided through the Internet cannot be guaranteed due to the limited protections of Internet access. Please be sure to close your browser when finished so no one will be able to see what you have been doing.

Please answer each question since incomplete surveys cannot be used for the study. At the end of the survey, you will have a chance to enter a prize drawing for a \$25 Amazon gift card.

Thank you in advance for your participation. If you have questions concerning your rights as a research subject, you may contact The Office of Research Integrity at The University of North Carolina at Greensboro 336-256-1482. You may also send an email to Bharath Ramkumar (b_ramkum@uncg.edu) or Dr. Byounggho Jin (b_jin@uncg.edu).

Sincerely,

Bharath Ramkumar

APPENDIX E
QUESTIONNAIRE

Sample Questionnaire with High Trust, High Product Uniqueness and High Transaction Utility at Chinese E-tailer

Please indicate how often you shop from foreign websites?

[Please do not count the times when you placed an order at a U.S. website (e.g., Amazon, eBay, etc.) and the order was shipped by an international seller. Here foreign websites refer to non-U.S. websites]

- Never
- Once a year
- More than once a month
- Once a month
- 2-3 times a month
- Once a week
- More than once a week

What products do you typically purchase from foreign websites? (Select all that apply)

- Clothing and accessories (including shoes, watches, bags etc.)
- Beauty & health
- Electronics (including phone or laptop accessories)
- Books
- Entertainment (music, movies, etc.)
- Household Furniture/Furnishings
- Technology/Software
- Automobile parts
- Travel related (airline tickets, hotels, etc.)
- Other (please specify) _____

What is your age? _____

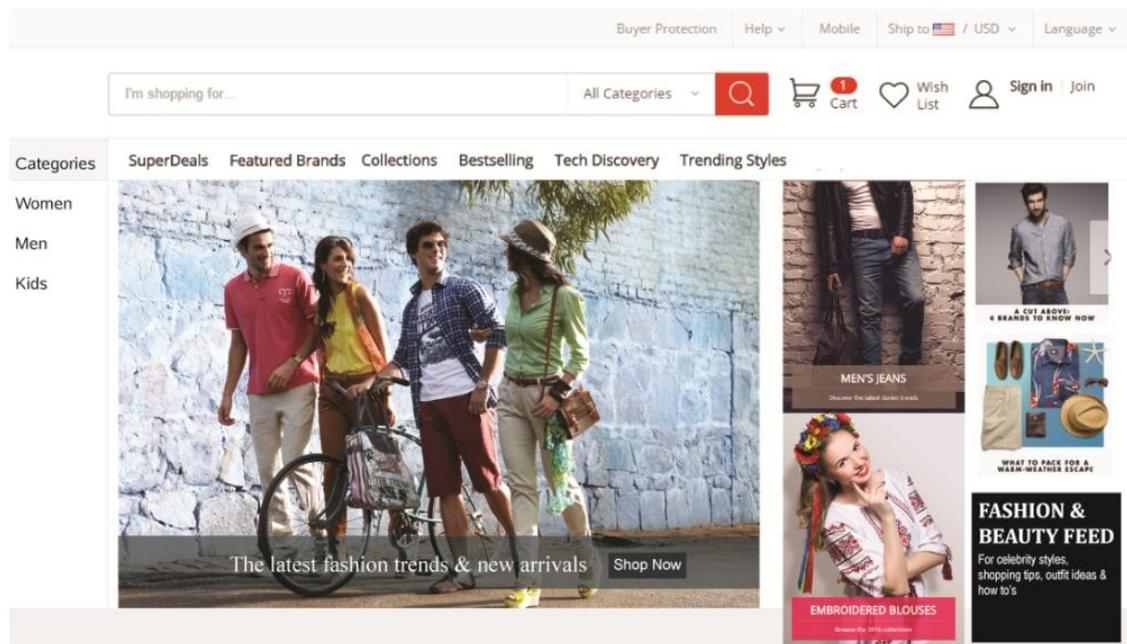
What is your gender?

- Male
- Female

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Consider the following scenario:

You are shopping for a pair of athletic shoes online. After searching for a while using a popular search engine, you come across a Chinese ecommerce website (picture of website's homepage shown below) which has a collection of athletic shoes. This website is completely in English and the product prices are listed in dollars. Products on this website are shipped from China. The website offers free shipping on most products and can take anywhere between 7 - 30 days to be delivered. For quick delivery, an additional shipping charge is added.



This website has been in business for over 5 years. Online customer reviews about this website are overall positive. The website offers buyer protection which means, a full or partial refund is guaranteed if,

- Your order does not arrive within the delivery time promised by the seller.
- Your item is significantly different from the seller's product description.
- You receive an item and wish to return it for any reason as long as the item is unused and in perfect condition.

Based on the above description of the website, indicate how strongly you disagree or agree to the following statements.

	Strongly Disagree			Strongly Agree	
This website is trustworthy.	1	2	3	4	5
I trust this website keeps my best interests in mind.	1	2	3	4	5
This website will keep promises it makes to me.	1	2	3	4	5
I believe in the information that this website provides me.	1	2	3	4	5
This website wants to be known as one who keeps promises and commitments.	1	2	3	4	5

On this website, you find the below pair of athletic shoes that sells for \$15. Purchasing a similar product on an ecommerce website in the States (USA) would cost \$35. (here, based on the respondents' selection of their gender at the beginning of the survey, the below left image appeared for "Male" and right image appeared for "Women").



(or)



Based on the above scenario, indicate how strongly do you disagree or agree to the following statements.

Statement	Strongly Disagree			Strongly Agree	
I will definitely buy this product from this website.	1	2	3	4	5
I intend to purchase through this website.	1	2	3	4	5
It is likely that I will purchase through this website.	1	2	3	4	5
I expect to purchase through this website.	1	2	3	4	5

Indicate how strongly you disagree or agree to the following statements.

Statement	Strongly Disagree					Strongly Agree				
This product has styling and features that are rare to find in the U.S.	1	2	3	4	5	1	2	3	4	5
These shoes are unlike any other pair of athletic shoes that I have seen in the U.S.	1	2	3	4	5	1	2	3	4	5
Not many people I know own this kind of athletic shoes in the U.S.	1	2	3	4	5	1	2	3	4	5
Overall, I find this pair of athletic shoes very unique.	1	2	3	4	5	1	2	3	4	5
Taking advantage of a price-deal like this makes me feel good.	1	2	3	4	5	1	2	3	4	5
I would get a lot of pleasure knowing that I would save money at this price on this website.	1	2	3	4	5	1	2	3	4	5
Beyond the money I save, taking advantage of this price deal will give me a sense of joy.	1	2	3	4	5	1	2	3	4	5

Assume that you place an order for the pair of athletic shoes from the website in the above scenario. You receive the product at your doorstep/mailbox within the specified delivery duration of 7 – 30 days. The product you received matches the seller’s description and picture of the product on the website.

If you purchased as above, how likely are you to feel each of the following?

Statement	Never					Always				
Astonished	1	2	3	4	5	1	2	3	4	5
Surprised	1	2	3	4	5	1	2	3	4	5
Stimulated	1	2	3	4	5	1	2	3	4	5
Excited	1	2	3	4	5	1	2	3	4	5
Enthused	1	2	3	4	5	1	2	3	4	5
Happy	1	2	3	4	5	1	2	3	4	5
Contented	1	2	3	4	5	1	2	3	4	5
Pleased	1	2	3	4	5	1	2	3	4	5
Gleeful	1	2	3	4	5	1	2	3	4	5
Elated	1	2	3	4	5	1	2	3	4	5
Delighted	1	2	3	4	5	1	2	3	4	5

Please rate **your perception** of the country China on the following items?

Poor							Rich
1	2	3	4	5	6	7	
Technologically not advanced				Technologically advance			
1	2	3	4	5	6	7	
Low level of education				High level of education			
1	2	3	4	5	6	7	
Not trustworthy people				Trustworthy people			
1	2	3	4	5	6	7	
Not hardworking people				Hardworking people			
1	2	3	4	5	6	7	
Not likeable people				Likeable people			
1	2	3	4	5	6	7	
Unreliable products				Reliable products			
1	2	3	4	5	6	7	
Products with poor workmanship				Products with good workmanship			
1	2	3	4	5	6	7	
Poor quality products				Good quality products			
1	2	3	4	5	6	7	
We should not have closer ties with China				We should have closer ties with China			
1	2	3	4	5	6	7	
Not an ideal country				Idea country			
1	2	3	4	5	6	7	

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What is your ethnicity?

- White/Caucasian
- Hispanic or Latino
- Black or African American
- Asian
- Pacific Islander
- Native American
- Other, please indicate _____

What is your current combined annual household income (includes parents' income)?

- \$19,999 or less
- \$20,000 – \$34,999
- \$35,000 - \$49,999
- \$50,000 - \$64,999
- \$65,000 – \$79,999
- \$80,000 - \$99,999
- \$100,000 and above

Which level are you currently enrolled in at the university?

- Freshman
- Sophomore
- Junior
- Senior
- Master's
- Ph.D.
- Post-Doctoral
- Other Diploma

Are you an international student?

- Yes (indicate which country you are from)
- No

-----**End of Survey**-----

**Sample Questionnaire with Low Trust, Low Product Uniqueness and Low
Transaction Utility at U.K. E-tailer**

Please indicate how often you shop from foreign websites?

[Please do not count the times when you placed an order at a U.S. website (e.g., Amazon, eBay, etc.) and the order was shipped by an international seller. Here foreign websites refer to non-U.S. websites]

- Never
- Once a year
- More than once a month
- Once a month
- 2-3 times a month
- Once a week
- More than once a week

What products do you typically purchase from foreign websites? (Select all that apply)

- Clothing and accessories (including shoes, watches, bags etc.)
- Beauty & health
- Electronics (including phone or laptop accessories)
- Books
- Entertainment (music, movies, etc.)
- Household Furniture/Furnishings
- Technology/Software
- Automobile parts
- Travel related (airline tickets, hotels, etc.)
- Other (please specify) _____

What is your age? _____

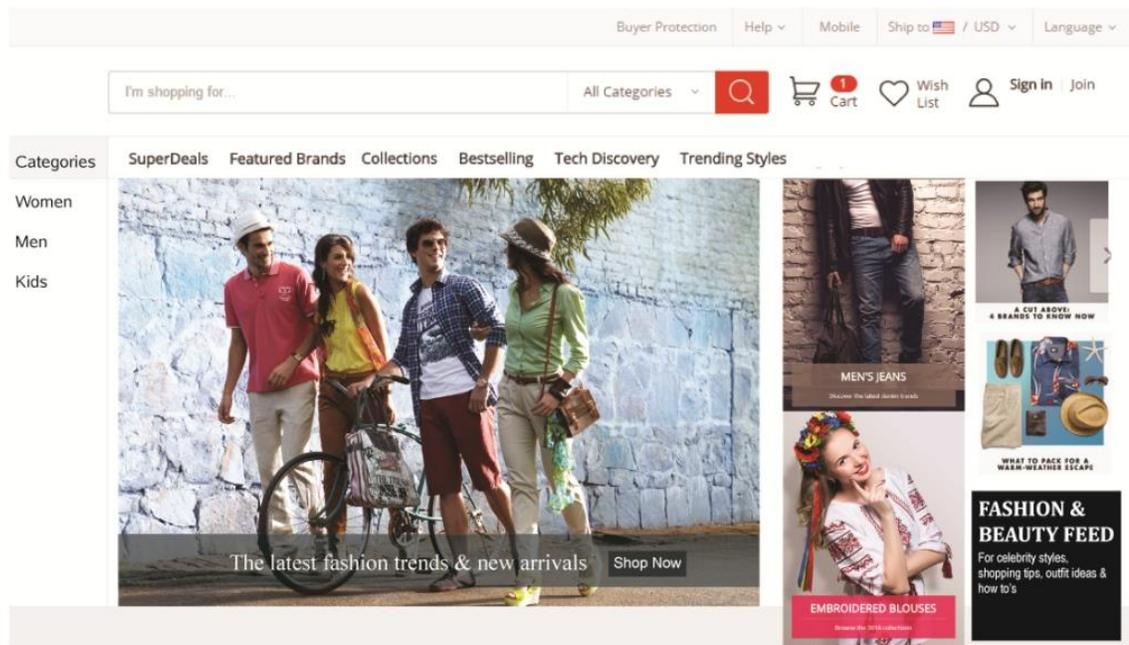
What is your gender?

- Male
- Female

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Consider the following scenario:

You are shopping for a pair of athletic shoes online. After searching for a while using a popular search engine, you come across a U.K. ecommerce website which has a collection of athletic shoes. This website lists product prices in dollars. The website charges a \$4 shipping fee if you shop for less than \$40 and free shipping if you shop for over \$40. In both cases, the product will be delivered within 6 business days. For an additional charge, the website also offers quicker delivery.



This website has been in business for just over a year. Online customer reviews about this website is overall not positive. The website does not offer buyer protection which means, it is not guaranteed that you will receive a refund if,

- Your order does not arrive within the delivery time promised by the seller.
- Your item is significantly different from the seller's product description.
- You receive an item and wish to return it for any reason even if the item is unused and in perfect condition.

Based on the above description of the website, indicate how strongly you disagree or agree to the following statements.

	Strongly Disagree			Strongly Agree	
This website is trustworthy.	1	2	3	4	5
I trust this website keeps my best interests in mind.	1	2	3	4	5
This website will keep promises it makes to me.	1	2	3	4	5
I believe in the information that this website provides me.	1	2	3	4	5
This website wants to be known as one who keeps promises and commitments.	1	2	3	4	5

On this website, you find the below pair of athletic shoes that sells for \$15. Purchasing a similar product on an ecommerce website in the States (USA) would cost \$35. (here, based on the respondents' selection of their gender at the beginning of the survey, the below left image appeared for "Male" and right image appeared for "Women").



(or)

Based on the above scenario, indicate how strongly do you disagree or agree to the following statements.

Statement	Strongly Disagree			Strongly Agree	
I will definitely buy this product from this website.	1	2	3	4	5
I intend to purchase through this website.	1	2	3	4	5
It is likely that I will purchase through this website.	1	2	3	4	5
I expect to purchase through this website.	1	2	3	4	5

Indicate how strongly you disagree or agree to the following statements.

Statement	Strongly Disagree					Strongly Agree				
This product has styling and features that are rare to find in the U.S.	1	2	3	4	5	1	2	3	4	5
These shoes are unlike any other pair of athletic shoes that I have seen in the U.S.	1	2	3	4	5	1	2	3	4	5
Not many people I know own this kind of athletic shoes in the U.S.	1	2	3	4	5	1	2	3	4	5
Overall, I find this pair of athletic shoes very unique.	1	2	3	4	5	1	2	3	4	5
Taking advantage of a price-deal like this makes me feel good.	1	2	3	4	5	1	2	3	4	5
I would get a lot of pleasure knowing that I would save money at this price on this website.	1	2	3	4	5	1	2	3	4	5
Beyond the money I save, taking advantage of this price deal will give me a sense of joy.	1	2	3	4	5	1	2	3	4	5

Assume that you place an order for the pair of athletic shoes from the website in the above scenario. You receive the product at your doorstep/mailbox within the specified delivery duration of 7 – 30 days. The product you received matches the seller’s description and picture of the product on the website.

If you purchased as above, how likely are you to feel each of the following?

Statement	Never					Always				
Astonished	1	2	3	4	5	1	2	3	4	5
Surprised	1	2	3	4	5	1	2	3	4	5
Stimulated	1	2	3	4	5	1	2	3	4	5
Excited	1	2	3	4	5	1	2	3	4	5
Enthused	1	2	3	4	5	1	2	3	4	5
Happy	1	2	3	4	5	1	2	3	4	5
Contented	1	2	3	4	5	1	2	3	4	5
Pleased	1	2	3	4	5	1	2	3	4	5
Gleeful	1	2	3	4	5	1	2	3	4	5
Elated	1	2	3	4	5	1	2	3	4	5
Delighted	1	2	3	4	5	1	2	3	4	5

Please rate **your perception** of the country U.K. on the following items?

Poor							Rich
1	2	3	4	5	6	7	
Technologically not advanced							Technologically advance
1	2	3	4	5	6	7	
Low level of education							High level of education
1	2	3	4	5	6	7	
Not trustworthy people							Trustworthy people
1	2	3	4	5	6	7	
Not hardworking people							Hardworking people
1	2	3	4	5	6	7	
Not likeable people							Likeable people
1	2	3	4	5	6	7	
Unreliable products							Reliable products
1	2	3	4	5	6	7	
Products with poor workmanship							Products with good workmanship
1	2	3	4	5	6	7	
Poor quality products							Good quality products
1	2	3	4	5	6	7	
We should not have closer ties with China							We should have closer ties with China
1	2	3	4	5	6	7	
Not an ideal country							Idea country
1	2	3	4	5	6	7	

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What is your ethnicity?

- White/Caucasian
- Hispanic or Latino
- Black or African American
- Asian
- Pacific Islander
- Native American
- Other, please indicate _____

What is your current combined annual household income (includes parents' income)?

- \$19,999 or less
- \$20,000 – \$34,999
- \$35,000 - \$49,999
- \$50,000 - \$64,999
- \$65,000 – \$79,999
- \$80,000 - \$99,999
- \$100,000 and above

Which level are you currently enrolled in at the university?

- Freshman
- Sophomore
- Junior
- Senior
- Master's
- Ph.D.
- Post-Doctoral
- Other Diploma

Are you an international student?

- Yes (indicate which country you are from)
- No

-----**End of Survey**-----