

An Investigation of Online Customer Experience: Understanding the Drivers and Consequences of a Positive Online Customer Experience in the e-Retailing Context

Associate Professor Susan Rose, Professor Moira Clark,
Professor Phillip Samouel, Associate Professor Neil Hair

April, 2011



This report is produced by the Henley Centre for Customer Management on behalf of its members.

The date on the cover page of this report is the official release date. For the first six months after release, the report remains confidential. During this first period there is no restriction on copying within the research project team and member organisations, provided that the statement of copyright and identification of source is retained on all subsequent copies and no copies are released to non-participating organisations.

After the six-month period of confidentiality, normal copyright practice will be expected of all users of the research results. All published results will carry a copyright notice and an identification of the source, with a request to retain that information on all subsequent copies.

Table of contents

1. Executive Summary	1
2. Introduction	2
3. Building a Model of Online Customer Experience	3
4. Research Method	6
4.1. Research Objectives.....	6
4.2. Research Design.....	6
5. Results	7
6. Findings about the OCE Model	9
7. Implications for Management.....	10
Appendix 1: Summary of hypothesised relationships with the model of OCE.....	12
References	14

Table of figures

Figure 1: A Research Model of Online Customer Experience.....	3
---	---

Table of tables

Table 1: Summary of influential antecedents of OCE	2
Table 2: Sample Profile.....	6
Table 3: Hypotheses and Structural Model Path Coefficients	7
Table 4: Goodness-of-Fit Indices	8
Table 5: Summary of Findings for e-Retailers	10

1. Executive Summary

The Henley Centre for Customer Management views the development of our understanding of online customer behaviour as a strategically important component of a retailer's performance. It has previously studied the drivers of online customer experience (OCE). This report continues this work and develops our understanding of OCE by investigating both the antecedent (pre-conditions) and consequences of a positive OCE.

The study builds a model of OCE that views it as being composed of two experiential states: the cognitive (thinking/rational part of the customer) and the emotional (the feelings of the customer). The model contains a series of 10 antecedent conditions that influence the cognitive and emotional states. Three outcome variables are linked to OCE. These are the customer behaviours that result from a positive OCE and include Satisfaction, Trust and Re-purchase Intention. The model is developed from previous HCCM studies and current thinking in marketing and customer management literature and incorporates 18 hypothesised relationships.

The study uses a quantitative approach and collects data from online customers across the world but predominantly drawn from the UK and the US. The output includes the development of an online questionnaire to identify OCE and the validation of both this research instrument and the OCE model. The OCE model is broadly supported by the data analysis with 13 of the 18 hypotheses being significant.

Managerial implications are provided to e-retailers that include insights into the role of control and empowerment for online customers; the growing importance of the ability for online customers to customise their own web pages; and the importance of contact and connection with other customers within the online retail community. The relationship between satisfaction and re-purchase intention and the role of trust to reduce feelings of vulnerability are also explored.

2. Introduction

In 2009 the Henley Centre for Customer Management reported on the findings of a study that it had undertaken that explored the antecedents of online customer experience (OCE)¹. The study set out to identify the pre-conditions or antecedents that influence whether a customer has a positive experience when using an online retail website. The study found evidence of six factors that strongly affect online experience. These are presented in Table 1 below and we provide a short summary of our description of each.

Table 1: Summary of influential antecedents of OCE

Influencing Antecedent	Description
1. Connectedness	The ability to connect via the website with others e.g. customers, non-customers and those within the organisation to share knowledge, experiences, ideas relating to the retailer's offering.
2. Personally Satisfying	The degree to which the customer is able to customise and personalise their use of the website which provides rewards that satisfy the individual.
3. In-Control	The ability to be in control of the access, navigation and management of information and activities whilst using the website.
4. Simplicity	The degree to which the customer can quickly get up to speed in terms of navigating the site and that it is easy and simple to understand and use.
5. Aesthetically Pleasing	The customer's response to the aesthetics of the website such as the design, style, visual impact or atmospherics generated by the site.
6. Beneficial	The customer's perception of the benefits that result from using the website. This may relate to benefits in terms of the process involved in using the website (e.g. saving time) or in purchasing from the website (e.g. good price, quality or range of products available).

(Adapted from Rose, Clark and Hair (2009) HCCM Report)

Whilst the identification of influencing factors gives us useful insight into how an e-retailer can generate an enhanced experience, further study of these drivers was required, to enable a deeper understanding of component parts of OCE and the relationship between OCE and the outcomes that it generates in terms of customer behaviour. In particular we sought to know what consequences a positive OCE has upon customer behaviour and specifically purchase/repurchase intention. Such knowledge gives a fuller picture to the e-retailer in

¹ "The Key Influences Upon a Positive Online Customer Experience" (HCCM, 24th November, 2009)

terms of both the rationale and consequences of focusing resources upon generating a positive OCE. This report summarises the study which involved the development of a model of OCE that explains this linkage and provides such insight to the e-retailer.

3. Building a Model of Online Customer Experience

Our research study was driven by a model that we developed based on our own prior research, as well as current thinking within the online customer literature. The model was used as the framework for investigating OCE and its outcomes and is shown at Figure 1 below. It is based on the well established ‘stimulus - organism - response’ (SOR) principle of consumer behaviour as utilised in many online purchase intention models (Koufaris, et al. 2001; Shim, et al. 2001). This view of behaviour proposes that external antecedent stimuli impact upon the organism (the customer) which creates responses within the individual which manifest themselves in some form of behaviour, either tangible (e.g. a purchase is made) and/or more intangible (e.g. the generation of an attitude or intention towards the website).

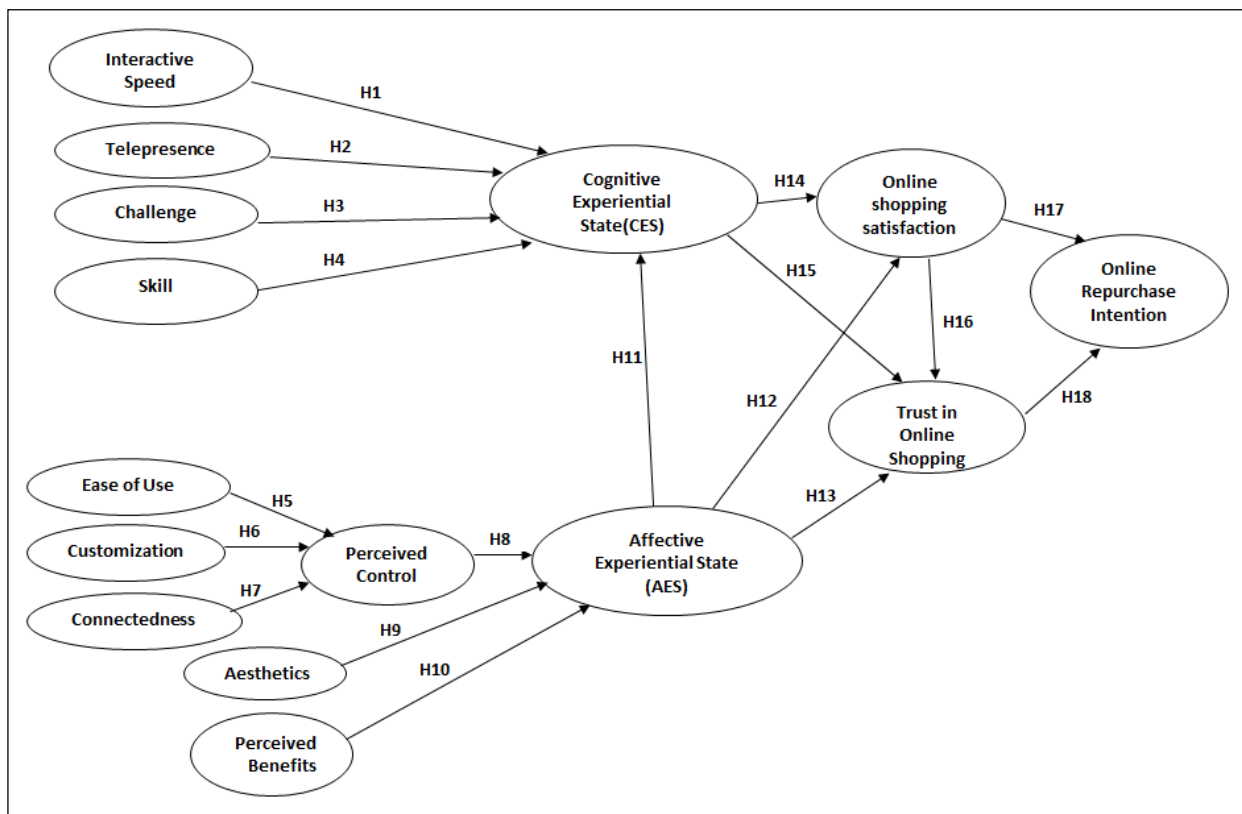


Figure 1: A Research Model of Online Customer Experience

At the heart of the model is the ‘organism’ – the customer. As identified in our earlier study, customer experience has been defined as the “take-away impression formed by people’s encounter with products, services and business” (Carbone and Haeckel (1994, p9). In the e-retail context, impressions are created via the interaction(s) that the customer has with the website, and subsequent order fulfilment or service delivery. We therefore view OCE as a

personal, psychological response that each customer has, at differing levels of involvement, to the website interaction in which they are taking part. We assume OCE to be a subjective response on the part of the customer to the e-retailer's website that results from the degree to which the reality of the interaction is consistent with the customer's prior expectations (Gentile, Spiller, and Noci 2007; Meyer and Schwager 2007).

In our study OCE is viewed as a psychological phenomenon which requires the customer to engage in cognitive and affective (emotional) processing of incoming sensory information from the website, the result of which is the formation of an impression in memory. The role of both cognitive and affective processing means that the OCE of the customer (organism) can be depicted as having two components. Firstly, the customer will be in a "*cognitive experiential state*" (CES) which involves him or her in the use of mental processes to attend to and process the incoming information from the website. Secondly, the customer will be in an "*affective experiential state*" (AES) which involves their emotional responses to what they encounter on the website. In effect, this means that OCE is composed of both "what the customer thinks" and "how the customer feels".

To generate a positive online experience we can assume that the customer's CES must be sufficiently detailed (in order to take in appropriate information) but not overly taxing or complex and that their AES i.e. their emotional state should similarly be positive. There are differing views by psychologists as to the direction of the interactive effect between cognitive and affecting process (Tsal 1985; Zajonc and Markus 1985). In our study we adopt the view that the emotional state of the customer can influence the customer's mental ability and processing when using a website as found in previous studies of the effect of emotion on marketing communication (Bagozzi et al, 1999).

A number of antecedent conditions are assumed to influence the level of CES and AES that occurs. Our proposed antecedent conditions are generated from both our earlier study (as detailed in Table 1) as well as evidence found within the literature. The ten hypothesised relationships between each antecedent variable and CES or AES (shown in Figure 1) are summarised in Appendix 1 (See H1 to H10). Hypothesis H11 depicts the proposed relationship between CES and AES.

Our explanation of the antecedent conditions that influence CES include the concept of "*Flow*" which is a mental state often associated with online activity. It has been described as a cognitive state in which the individual is completely involved in an activity to the extent that they are mentally immersed and oblivious to time or other things around them (Csikszentmihalyi 1997). The *Flow* concept is used "as a way of defining the nature of compelling online experience" by Novak, Hoffman, and Yung (2000, p. 22) (see Hoffman and Novak 2009). Direct determinants of optimum online *Flow* state have been identified as: *the level of skill* of the user; *the degree of Challenge* presented by the website interaction, *the level of Telepresence*² and the *Speed of interaction* of the website. These determinants of OCE are incorporated into our model and are assumed to influence CES.

Six antecedents are assumed to influence AES. As identified in the 2009 study, these include: *Ease of Use*, (Agarwal and Karahanna, 2000; Koufaris, et al. 2001; Perea y Monsuwé, Dellaert and Ruyter 2004), *Customisation* (Chang, Yuan and Hsu (2010), and

² (Note: *Telepresence* is "the perception that the virtual environment with which one is interacting is more real or dominant than the actual physical environment" (Novak, Hoffman and Yung, 2000, p.29)

Connectedness (Kim and Jin 2006; Pentina et al, 2008). We propose that these three variables are mediated in terms of their effect upon AES by the customer's perception of the degree of control that they have. A customer's perception of control has been associated with: convenience and effort reduction (Koufaris, Kambil, and LaBarbera 2001); supporting perceptions of freedom (Wolfenbarger and Gilly 2001); as a determinant of ease-of-use (Perea y Monsuwé, Dellaert, and Ruyter 2004); and as an outcome of ease-of-use and usefulness (Agarwal and Karahanna 2000). Finally, the customer's perceptions of the *Aesthetics* of the website (Wang, et al, 2010) and the *Benefits* (Childers et al, 2001) that will accrue from its use (as identified in the 2009 study) are assumed to have a direct effect upon AES.

Our model hypothesises that three behavioural responses or outcomes emanate from the CES and AES of OCE. These are: *Satisfaction*, *Trust* and *Repurchase Intention*. Significant investigation has taken place regarding these outcomes in online shopping (Janda and Ybarra 2005; So, Wong and Sculli 2005). Both cognition and affect have been identified in the formation of customer satisfaction (Homburg, Koschate, and Hoyer 2006). Jin and Park (2006) confirm that satisfaction in the context of e-retailing results from the customer's evaluation and impression of the website performance across a number of features. Trust on the other hand relates to feelings of vulnerability which can be exacerbated for the online consumer by the remote nature of the relationship with the e-retailer. A study by Bart, et al. (2005) explored the nature of online vulnerability and proposed that the object of the customer's trust becomes the website itself. Trust in the site will build as the customer's feelings of vulnerability decrease. Online trust is created when customers' expectations of information provision and delivery of outcomes are consistently met.

However the relationship between these three outcome variables is not straightforward as evidence exists of the interplay between *Satisfaction* and *Trust* in terms of how it impacts *Repurchase Intention*. Conflicting evidence exists regarding the directional link between these two variables (Jin and Park 2006; Kim, et al. 2008). Kim, et al. (2008, p. 12) found satisfaction stems from perceptions of the e-retailer's attributes, which influence levels of trust which in turn lead to "trust related behaviors such as attitudinal commitment and long-term relationship orientation". In our study we set out to identify whether *Satisfaction* and *Trust* have both a direct and/or an indirect effect upon online *Repurchase Intention*. In this regard we follow the model tested by Ha, Janda, and Muthaly (2008) in which *Satisfaction* and *Trust* are found to have a direct effect upon *Repurchase Intention* and *Satisfaction* indirectly via *Trust*. The hypothesised relationships between CES, AES and outcome variables are shown in Appendix 1 (see H12 to H18).

4. Research Method

4.1. Research Objectives

The aim of the research study was to find evidence to support the proposed model shown in Figure 1 by collecting data from online shoppers regarding their online experiences. The objectives of the research were therefore to:

1. identify the existence of the twin components (CES and AES) of OCE,
2. identify and measure the antecedent variables, OCE component variables and outcome variables of the model
3. test via the use of data, the model of OCE to find support for the proposed causal relationships (hypotheses).

4.2. Research Design

The study used a quantitative approach to investigate the three research objectives which involved surveying online shoppers regarding their recent online experiences. The survey consisted of a web-based questionnaire made available to online shoppers worldwide. The shoppers were identified by a mix of online user groups and professional databases. A total of 220 online customers of e-retailer websites completed the questionnaire and they were required to identify their location of residence and frequency of online shopping. Demographic details of the sample profile are provided in Table 2 below.

The questionnaire developed by the research team consisted of 61 statements created to measure the variables within the model. The ten antecedent variables were measured by 40 statements using a Likert scale where 1 = “Strongly Disagree” through to 7 = “Strongly Agree”. The statements were developed either from previously used statements or developed from new. In developing new statements we drew on the qualitative work conducted in previous studies.

Table 2: Sample Profile

Demographic	% of Sample	
Gender	Male	53%
	Female	47%
Age	18-24	4%
	25-35	27%
	36-45	16%
	46-55	21%
	56-65	22%
	65+	10%
Frequency of online shopping	Every Day	4%
	>once a week	25%
	>once a month	50%
	<once a month	21%
	Never shop online	0%
Location of Residence	US	63%
	Europe	32%
	Rest of the World	5%

5. Results

The data collected from the online survey was analysed using a structural equation modelling technique known as Partial Least Squares (PLS). PLS is a technique particularly suited to data analysis that is used during the early stage of theory development (Tsang, 2002) and has been previously applied in the context of online purchase (Ha, Janda, Muthaly 2010) thus being appropriate to in both areas of our study. The model was assessed from two perspectives. Firstly it was assessed for reliability and validity. Reliability was tested via the traditional Cronbach Alpha test. For all constructs in the model the composite reliability was calculated with all but one exceeding the benchmark level of 0.80 (Nunnally and Bernstein 1994). Two aspects of validity were examined: convergent validity and discriminant validity. For all constructs convergent validity, assessed by the average variance extracted (AVE) met the criterion of .5 set by Fornell and Larcker (1981). Thus each latent variable explains on average more than 50 percent of the variance of its indicators (Götz, Liehr-Gobbers, and Krafft 2009). Furthermore, bootstrapping analysis of 500 subsamples revealed that all the standardized loadings except three exceed 0.60 and were highly significant ($p < 0.001$). Discriminant validity is confirmed for all latent constructs since the square root of each construct's AVE is greater than the bivariate correlation with the other constructs in the model (Chin 1998)

Secondly, the model was assessed in terms of its structure. All of the proposed relationships between the variables in the model were found to have the appropriate directional signs (as shown in Figure 1). This provides support for the theoretically assumed relationships in the model. We then assessed the 18 proposed relationships for significance. Thirteen of the eighteen hypothesized linkages were supported implying a sound theoretical rationale in our model specification (see Table 3).

Table 3: Hypotheses and Structural Model Path Coefficients

Hypotheses and Pathways			Path Coefficients Sample estimates	T-statistic
H ₁ (+)	Interactive	→Cognitive Experiential	0.027	0.421
H ₂ (+)	Telepresence	→Cognitive Experiential	0.340	4.75***
H ₃ (+)	Challenge	→Cognitive Experiential	0.126	1.78*
H ₄ (+)	Skill	→Cognitive Experiential	0.087	1.33
H ₅ (+)	Ease of Use	→Control	0.517	8.24***
H ₆ (+)	Customization	→Control	0.208	3.40***
H ₇ (+)	Connectedness	→Control	0.114	1.81*
H ₈ (+)	Control	→Affective Experiential	0.220	2.75***
H ₉ (+)	Aesthetic	→ Affective Experiential	0.115	1.58
H ₁₀ (+)	Beneficial	→ Affective Experiential	0.193	2.28**
H ₁₁ (+)	Affective Experiential	→Cognitive Experiential	0.136	2.11*
H ₁₂ (+)	Affective Experiential	→Satisfaction	0.343	4.97***
H ₁₃ (+)	Affective Experiential	→Trust	0.082	1.17
H ₁₄ (+)	Cognitive Experiential	→Satisfaction	0.145	1.90*
H ₁₅ (+)	Cognitive Experiential	→Trust	0.087	1.42
H ₁₆ (+)	Satisfaction	→Trust	0.542	5.90***
H ₁₇ (+)	Satisfaction	→Repurchase	0.472	7.90***
H ₁₈ (+)	Trust	→Repurchase	0.153	1.90*

Note: * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$

In the model assessment, the R² statistic indicates whether a predictor variable has a substantial and significant effect upon a predicted variable. Additionally, we also tested for effect size (f²). Five of the predictor variables had little or no effect whilst the remaining thirteen had an effect ranging from small to large. In particular, large effect was seen in Ease of Use upon Perceived Control and Satisfaction upon Trust. Further statistical testing was conducted to verify the relevance of the model

The total effect of each variable on Repurchase Intention was estimated. The variables that were found to have the most impact were: AES with a coefficient of 0.199; Trust with a coefficient of 0.153, and Satisfaction with a coefficient of 0.509. The coefficients on the remaining variables are relatively small ranging from 0.002 for Speed of Interaction to 0.087 for CES. Our conclusion is that the proposed model with its mediation structure provides supporting evidence for our hypothesized relationships (See Table 4).

Table 4: Goodness-of-Fit Indices

Endogenous Constructs	R²	ΔR²	f²	Q^{2∞}
Control	0.46			0.24
Ease of Use		0.24	0.41*	
Customization		0.43	0.06*	
Connectedness		0.45	0.02*	
Affective Experiential	0.19			0.11
Control		0.16	0.04*	
Aesthetic		0.17	0.02*	
Beneficial		0.18	0.01	
Cognitive Experiential	0.24			0.23
Interactive		0.24	0.00	
Telepresence		0.16	0.11*	
Challenge		0.23	0.01	
Skill		0.23	0.01	
Affective Experiential		0.22	0.03*	
Satisfaction	0.16			0.08
Cognitive Experiential		0.14	0.02*	
Affective Experiential		0.05	0.13*	
Trust	0.37			0.21
Satisfaction		0.12	0.40*	
Cognitive Experiential		0.36	0.02*	
Affective Experiential		0.36	0.02*	
Repurchase Intention	0.28			0.16
Satisfaction		0.17	0.15*	
Trust		0.27	0.01	

Note: *p<0.05 using pseudo F-test; ∞ Q² calculated with d=25

6. Findings about the OCE Model

Returning to our objectives for this study, the findings improve gaps in our knowledge of OCE. Firstly they provide support that OCE is made up of cognitive and emotional components which is consistent with the findings in the offline context (Frow and Payne, 2007; Gentile, Spiller and Noci 2007). Secondly, the study provides support for the antecedent conditions of OCE. The factors that determine the cognitive experiential state (CES) include the mental state called *Flow* and the determinants of *Telepresence* and *Challenge*. However, contrary to the original work of Novak, Hoffman and Yung (2000), our study does not find that *Skill* and *Interactive Speed* influence CES. A possible explanation for this may be that in the decade since the original work of Novak, Hoffman, and Yung (2000) the skill level of online shoppers has increased and the interactive speed of websites is consistently superior. The study gives us insight into the importance of *Perceived Control* for the customer. The findings suggest that the customer's perception of their degree of control is an important influence upon how they feel when using an e-retailer website (AES). Three factors influence feelings of control, namely: the degree to which customers are able to connect to each other; the degree to which they can customise their web pages; and how easy the site is to use. The development of Web2.0 functionality will be a key driver in these factors.

Finally, the study shows us the linkage between how people think (CES) and feel (AES) during an online encounter and the effect that this has upon their behaviour. First the study replicates the relationship previously found between the three outcome variables of OCE: *Satisfaction*, *Trust* and *Repurchase Intention*. These findings give us insight into the connection between CES and AES and repurchase intention. CES and AES do not directly influence *Repurchase Intention* but rather customer satisfaction is found to be an important mediator between CES, AES and *Repurchase Intention*. We find that *Satisfaction* has both a direct and indirect relationship with *Repurchase Intention* via trust as found by Ha, Janda, and Muthaly (2010). *Trust* is not found to be directly influenced by CES and AES but is mediated by the customer's level of *Satisfaction* with the online shopping experience. However in our study this relationship is tested and supported using a range of online websites across retail sectors rather than focusing on the travel industry as used in the original work by Ha, Janda, and Muthaly (2010). Additionally, the methodology employed assesses the OCE of customers over time and therefore provides evidence of the cumulative effect of the antecedents upon the outcome variables.

In summary, the study has demonstrated strong theoretical contributions to explaining the antecedents and consequences of OCE. At the same time it extends our understanding of a methodological approach to the investigation of OCE. The study validates a measurement scale for the antecedents, components and consequences of OCE.

7. Implications for Management

The findings of this study provide a number of implications for online customer management by e-retailers. Table 5 below summarises and provides discussion of these for e-retailers.

Table 5: Summary of Findings for e-Retailers

Finding	Suggested Actions
<ul style="list-style-type: none"> • <i>Online customer experience is both a cognitive (how we think) and emotional (how we feel) state which both influence what the customer does in relation to the website.</i> 	<ul style="list-style-type: none"> • The design strategy of a retail website should include a clear statement of what we expect the customer to ‘<i>think, feel and do</i>’ during the course of their interaction with the website. It should state the level of cognitive complexity that the target audience is able to sustain. The website should offer a balance of depth of mental involvement and dissemination of information whilst not creating mental overload. • The design brief should present the expected emotional state of the customer both upon entering the website as well as the ideal state we wish to generate in order to maximise usage and repeat purchase. Interaction with the website must generate positive feelings both in terms of security and privacy of using the site as well as the emotions associated with the product or service itself such as: fun, enjoyment, escapism, feelings of status, luxury etc.
<ul style="list-style-type: none"> • <i>Two key elements of the cognitive experience are the generation of “Telepresence” and the degree of mental challenge it evokes.</i> 	<ul style="list-style-type: none"> • Telepresence is about the customer being psychologically transformed temporarily to an online environment that is as real as an offline, physical retail situation. The customer becomes totally absorbed and experiences the feeling of being separate from the physical environment that is around them. This is achieved via effective branding and design of the website that captures the atmosphere and presence for the customer and draws them into a high level of involvement with the online store. The e-retailer must be able to articulate at the design stage the nature of this anticipated online atmosphere and presence. • The level of mental challenge posed by the site must fit with the profile of the target audience. Too little challenge and the customer will lose interest, too much challenge or mental overload and the customer will not return. Understanding of the customer, their level of prior knowledge and degree of search undertaken will provide useful information when setting the level of cognitive challenge posed by the site.
<ul style="list-style-type: none"> • <i>A sense of control and empowerment by the online customer is important in generating positive feelings.</i> 	<ul style="list-style-type: none"> • An important component of a positive online experience is that the customer maintains a sense of control and empowerment over what they are doing. This influences the emotional feelings generated in the customer during online transaction. Feelings of control come from the website being easy to use in terms of access to information, navigation, information processing and transaction activities. Making an online shopping website overly complex in terms of navigation or too busy in terms of information overload will disrupt the emotional state of the shopper and reduce likelihood to repeat purchase. Creating sites that easily communicate complex product or service information that fits with the customer’s search process will enhance feelings of confidence and calm.

<ul style="list-style-type: none"> • <i>Customisation or personalisation and the ability to interact with other online customers are important to feelings of control.</i> 	<ul style="list-style-type: none"> • The ease-of-use of the site and the ability to customise or personalise the site work together to help the customer feel comfortable and in control of what they are doing whilst shopping. This is similar to allowing the customer to create their own rituals and routines when shopping as they do in a traditional shopping context. Additionally, Web 2.0 facilities now allow customer-to-customer (C2C) interactions. This should be viewed as the equivalent of shoppers talking and exchanging thoughts and ideas when in a store. Part of the development of a relationship with a retailer is through identification with others customers who shop there (“people like me”). This facility needs to be encouraged by e-retailers as it empowers and builds feelings of confidence and control. Having someone to turn to and discuss experiences of buying or consuming a product/service gives the customer confidence to do the same.
<ul style="list-style-type: none"> • <i>Satisfaction has both a direct effect upon repeat purchase as well an indirect effect via the development of feelings of trust.</i> 	<ul style="list-style-type: none"> • A key objective for retail management is the generation of high levels of customer satisfaction when visiting a store or online website. High levels of satisfaction must be achieved continuously over time in order to generate trust in the website. It is not a one-off process. Online customers do not trust a site without this, and it is only by building a continuous feeling of satisfaction (not just on an individual visit) that trust in the site will develop over time. This suggests that activities to provide support and feedback to new customers when visiting the site could play a part in developing strong levels of satisfaction to generate trust. Trust is associated with feelings of vulnerability which are stronger in the online context where personal contact is absent. E-retailers should look to provide easy mechanisms for the online customer to make alternative contact (telephone and/or email) to receive support in order to reduce feelings of vulnerability. • e-retailers can use customer dashboards to monitor and evaluate performance on the identified antecedents of this study as well as levels of satisfaction and trust across the site. For multi-channel retailers this should extend to all channels through which the customer has had exposure during the shopping process (e.g. in-store returns, telephone customer support).

Appendix 1: Summary of hypothesised relationships with the model of OCE

Numbered Hypotheses	Supporting Literature
H1 The greater the speed of interaction when using Internet Shopping websites, the greater the cognitive experiential state (flow).	Csikszentmihalyi (1997); Hoffman and Novak, (2009); Novak, Hoffman and Yung (2000).
H2 The greater the telepresence experienced by using Internet Shopping websites, the greater the cognitive experiential state (flow).	Csikszentmihalyi (1997); Hoffman and Novak, (2009); Novak, Hoffman and Yung (2000).
H3 The greater the challenge posed by using Internet Shopping websites, the greater the cognitive experiential state (flow).	Csikszentmihalyi (1997); Hoffman and Novak, (2009); Novak, Hoffman and Yung (2000).
H4 The greater the level of skill at using Internet Shopping websites, the greater the cognitive experiential state (flow).	Csikszentmihalyi (1997); Hoffman and Novak, (2009); Novak, Hoffman and Yung (2000).
H5 The greater the ease of use of Internet Shopping websites, the greater the level of perceived control.	Agarwal and Karahanna, (2000); Koufaris, Kambil and LaBarbera (2001); Perea y Monsuwé, Dellaert and Ruyter (2004).
H6 The greater the opportunity for customization of Internet Shopping websites, the greater the level of perceived control.	Chang, Yuan and Hsu (2010);
H7 The greater the level of connectedness when using Internet Shopping websites, the greater the level of perceived control.	Kim and Jin (2006); Pentina, Prybutok and Zhang, 2008.
H8 The greater the perception of control when using Internet Shopping websites, the greater the affective experiential state.	Koufaris, Kambil and LaBarbera (2001); Perea y Monsuwé, Dellaert and Ruyter, 2004; Shim et al. (2001); Wolfenbarger and Gilly (2001).
H9 The more aesthetically pleasing Internet Shopping websites are, the greater the affective experiential state.	Wang, Hong and Lou (2010).
H10 The greater the perceived benefits of Internet Shopping websites, the greater the affective experiential state.	Childers et al. (2001)
H11 The affective experiential state of the online shopper will influence the cognitive experiential state of OCE.	Bagozzi, Gopinath and Nyer (1999);
H12 The greater the level of affective experiential state, the greater the level of online shopping satisfaction.	Homburg, Koschate and Hoyer (2006);

H13 The greater the level of affective experiential state, the greater the level of trust in online shopping.	Jin and Park (2006);).
H14 The greater the level of cognitive experiential state, the greater the level of online shopping satisfaction.	Homburg, Koschate and Hoyer (2006);
H15 The greater the level of cognitive experiential state, the greater the level of trust in online shopping.	Jin and Park (2006);
H16 The greater the level of online shopping satisfaction, the greater the level of trust in online shopping.	Janda and Ybarra (2005); So, Wong and Sculli (2005).
H17 The greater the level of online shopping satisfaction, the greater the level of online repurchase intention.	Janda and Ybarra (2005); So, Wong and Sculli (2005); Kim et al. (2008)
H18 The greater the level of trust in online shopping, the greater the level of online repurchase intention.	Janda and Ybarra (2005); So, Wong and Sculli (2005); Bart et al, 2005; Kim et al. (2008)

References

- Agarwal, Ritu and Elena Karahanna (2000). *"Time Flies When You're Having Fun: Cognitive Absorption and Beliefs about Information Technology,"* MIS Quarterly, 24 (4): 665-94.
- Bagozzi, Richard P., Gopinath Mahesh and Prashanth U Nyer (1999). *"The Role of Emotions in Marketing,"* Journal of the Academy of Marketing Science, 27 (2): 184-06.
- Bart, Yakov, Venkatesh Shankar, Sultan Fareena and Urban L Glen (2005). *"Are the Drivers and Role of Online Trust the Same for all Web Sites and Consumers? A Large-scale Exploratory Empirical Study,"* Journal of Marketing, 69, (4): 133-52.
- Carbone, Lewis P. and Stephan H. Haeckel (1994). *"Engineering Customer Experiences,"* Marketing Management, 3 (3): 9-11.
- Chang, Wei-Lun, Soe-Tsyr Yuan and Carole W. Hsu (2010). *"Creating the Experience Economy in E-Commerce,"* Communications of the ACM, 53 (7): 122-27.
- Chin, Wynne W. (1998). *"The Partial Least Squares Approach to Structural Equation Modeling,"* In: G. A. Marcoulides (ed.), Modern Methods of Business Research. London: Lawrence Erlbaum Associates.
- Childers, Terry L., Christopher L. Carr, Joann Peck and Stephen Carson (2001). *"Hedonic and Utilitarian Motivations for Online Retail Shopping Behavior,"* Journal of Retailing, 77, (4): 511-35.
- Csikszentmihalyi, Mihaly (1997). *"Beyond Boredom and Anxiety,"* San Francisco: Jossey-Bass.
- Fornell, Claes, and David F. Larcker (1981). *"Evaluating structural equation models with unobservable variables and measurement error,"* Journal of Marketing Research, 18 (1): 39-50.
- Frow, Pennie and Adrian Payne (2007). *"Towards the 'Perfect' Customer Experience,"* Journal of Brand Management, 15 (2), (November): 89-101.
- Gentile, Chiara, Nicola Spiller and Giuliano Noci (2007). *"How to Sustain the Customer Experience: An Overview of Experience Components that Co-create Value with the Customer,"* European Management Journal, 25 (5), (October): 395-410.
- Götz, Oliver, Kersten Liehr-Gobbers and Manfred Krafft (2009). *"Evaluation of structural equation models using the partial least squares (PLS) approach."* In: V. Esposito Vinzi, W. W. Chin, J. Henseler and H. Wang (Eds), *"Handbook of partial least squares: Concepts, methods and applications,"* Berli, Springer.
- Ha, Hong-Youl, Swinder Janda and Siva K. Muthaly (2008). *"A New Understanding of Satisfaction Model in E-re-purchase Situation,"* European Journal of Marketing, 44 (7/8): 997-1016.
- Hoffman, Donna L. and Thomas P. Novak (2009). *"Flow Online: Lessons Learned and Future Prospects,"* Journal of Interactive Marketing, 23, 23-34.
- Homburg, Christian, Nicole Koschate and Wayne D. Hoyer (2006). *"The Role of Cognition And Affect in the Formation of Customer Satisfaction: A Dynamic Perspective,"* Journal of Marketing, 70, (July): 21-31.

- Janda, Swinder and Alicia Ybarra (2005). "Do Product and Consumer Characteristics Affect The Relationship Between Online Experience and Customer Satisfaction?" *Journal of Internet Commerce*, 4 (4): 133-51.
- Jin, Byoungcho, and Jin Yong Park (2006). "The Moderating Effect of Online Purchase Experience on the Evaluation of Online Store Attributes and the Subsequent Impact On Market Response Outcomes." *Advances in Consumer Research*. 33, 203-11.
- Kim, Hye-Shin and Byoungcho Jin (2006). "Exploratory Study of Virtual Communities of Apparel Retailers," *Journal of Fashion Marketing and Management*, 10 (1): 41-55.
- Kim, Changsu, Weihong Zhao and Kyung Hoon Yang (2008). "An Empirical Study on the Integrated Framework of e-CRM in Online Shopping: Evaluating the Relationships Among Perceived Value, Satisfaction, and Trust Based on Customers' Perspectives," *Journal of Electronic Commerce in Organizations*, 6 (3): 1-19.
- Koufaris, Marios, Ajit Kambil and Priscilla Ann LaBarbera (2001). "Consumer Behavior in Web-based Commerce: An Empirical Study," *International Journal of Electronic Commerce*, 6 (2): 115-38.
- Meyer, Christopher and Andre Schwager (2007). "Understanding Customer Experience," *Harvard Business Review*, 85, 116-26.
- Novak, Thomas P., Donna L. Hoffman and Yiu-Fai Yung (2000). "Measuring the Customer Experience in Online Environments: A Structural Modelling Approach," *Marketing Science*, 19 (1), (Winter): 22-42.
- Nunnally, Jum C., Ira H. Bernstein (1994). *Psychometric Theory* (3rd ed.) New York, NY: McGraw-Hill.
- Perea y Monsuwé, Toñita, Benedict G.C. Dellaert and Ko de Ruyter (2004). "What Drives Consumers to Shop Online? A Literature Review," *International Journal of Service Industry Management*, 15 (1): 102-21.
- Pentina, Iryna, Victor R. Prybutok and Xiaoni Zhang (2008). "The Role of Virtual Communities as Shopping Reference Groups," *Journal of Electronic Commerce Research*, 9 (2): 114-36.
- Rose, Susan, Moira Clark and Neil Hair, (2009) "The Key Influences Upon a Positive Online Experience". The Henley Centre For Customer Management. November 2009.
- Shim, Soyeon, Mary Ann Eastlick, Sherry L. Lotz and Patricia Warrington (2001). "An Online Pre-purchase Intentions Model: the Role of Intention to Search," *Journal of Retailing*, 77 (3): 397-416.
- So W.C. May, T.N. Danny Wong and Domenic Sculli (2005). "Factors Affecting Intentions To Purchase via the Internet," *Industrial Management & Data Systems*, 105 (9): 1225-44.
- Tsal, Yehoshua (1985). "On the Relationship Between Cognitive and Affective Processes: A Critique of Zajonc and Markus." *Journal of Consumer Research*, 12 (3): 358-362.
- Tsang, Eric (2002). "Acquiring knowledge by foreign partners from international joint ventures in a transition economy: Learning-by-doing and learning myopia," *Strategic Management Journal*, 23 (9): 835-54.

Wang, Yong J., Soonkwan Hong and Hao Lou (2010). *“Beautiful Beyond Useful? The Role Of Web Aesthetics,”* Journal of Computer Information Systems, (Spring), 121-29.

Wolfenbarger, Mary and Mary C. Gilly (2001). *“Shopping Online for Freedom, Control and Fun,”* California Management Review, 43 (2): 34-55.

Zajonc, Robert. B. and Hazel Markus (1985). *“Must all Affect Be Mediated by Cognition”* Journal of Consumer Research, 12, (3): 363-364.

The Henley Centre for Customer Management

The primary objective of the Henley Centre for Customer Management is to promote customer focus and service excellence best practice through observing practice in leading companies and synthesising this into useful knowledge that helps members to improve their own customer management and customer service plans and implementations.

Members

Each year, the Centre aims to attract a membership of between 10 and 20 organisations, each a leader in their sector.

Members in 2012 were:

Capita (main sponsor)

Arise

Atos

Capital One

Environment Agency

GSK

ING

Janssen-Cilag

Kelly Services

Mercedes-Benz Financial Services

Microsoft

NHS Blood and Transplant Services

Oracle

Royal Bank of Scotland

SAS

Centre Contacts:

Director	Assistant Director	Client Relationship Executive
Professor Moira Clark	Tony Harrington	Sandy Martin
Tel: 01491 571494	Tel: 07815 938534	Tel: 01491 418710
moira.clark@henley.ac.uk	tony_harrington@btinternet.com	sandy.martin@henley.ac.uk

Henley Business School,
Greenlands, Henley-on-Thames, Oxfordshire RG9 3AU

The Henley Centre for Customer Management is supported by members representing a diverse range of organisations.

CAPITA

Capita plc, the UK's leading provider of business process outsourcing and integrated professional support service solutions, is our main sponsor for the 2012 programme.

