



UNIVERSITY OF GOTHENBURG  
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# Country of origin effect on websites

## -does it exist?

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A mixed method thesis on consumer behaviour

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## Abstract

The aim of this thesis was to explore if the country of origin effect exists in relation to websites and if so, what consumer behaviours are related to the awareness level of retail website nationality. The country of origin effect has not been studied in an online context, and not for websites, which was the identified gap in previous research which the thesis aimed to explore. Due to the explorative nature of the thesis, a mixed method approach was used with a qualitative part consisting of focus groups and a quantitative part consisting of a self-questionnaire survey. Focus groups were held in order to deepen the understanding of the topic and generate propositions. The propositions were then tested statistically. The combined result of the study showed that the country of origin effect does indeed exist in relation to websites. Furthermore, the awareness level of retail website nationality correlated strongly to the personal traits of the respondents, but not to practical barriers. The three personal traits that were statistically confirmed to correlate to the awareness level of website nationality were level of online experience, attitude towards purchases from psychically distant countries and finally whether they value previous knowledge of retail websites or not. These findings aim to help shed a new light on the country of origin effect in a modern setting, and contributes theoretically by confirming its existence in relation to websites. Furthermore, the study identified three consumer behaviour attitudes that directly impacted the shown level of awareness of website nationality.

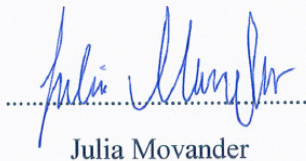
**Key words:** e-commerce, country of origin, international consumer behaviour, trust online, international trade barriers

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# 1. Introduction

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*In this chapter the research topic will be presented by providing a background and problem discussion on the concerning area of research. The purpose of the study will then be provided, which leads up to the research question of the thesis. The chapter ends with a description of the delimitations of the study.*

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## 1.1 Background

Humans have traded goods and services for centuries and to this modern day we remain fascinated by the forces behind international trade. Up until the 20th century, the focus of barriers to trade was very much practical or directly focused. Factors affecting trade often involved availability of natural resources, political instability and technological advancement levels (Findlay & O'Rourke, 2007). However, this focused slowly switched in the late 21st century as the world once again became more interconnected again following the war (Findlay & O'Rourke, 2007, pp. 527-548) and global organizations such as the World Trade Organization helped reduce direct trade barriers related to political and institutional difficulties (Schooler, 1965). When the direct trade barriers were reduced drastically in the late 20th, emphasis was instead put on researching other types of barriers in international trade and marketing research (Hymer, 1976; Zaheer, 1995; Schooler, 1965; Schooler & Sunoo, 1969). One of the first, and most well-studied indirect trade-barriers include the country of origin effect (Schooler, 1965; Schooler & Sunoo, 1969). The effect was discovered as Schooler realized that consumers have different indirect and direct biases towards nationalities affecting consumer product choice, i.e. related to the products' country of origin (Schooler, 1965). The study had big influence in the field of international marketing, and sparked an interest for decades to come in terms of indirect barriers to trade and consumer preferences and choice. The country of origin effect has been found to be affected by many variables such as consumer ethnocentrism, level of knowledge and access to information about websites and products (Schooler, 1965). Since then, some of the studies on the subject includes comparisons of developed and less developed countries (Krishnakumar, 1974), demographic variables (Tongberg, 1972) different consumer personality perspectives (Anderson & Cunningham, 1972; Wang, 1978) and a perceived risk perspective (Hampton 1977; McKnight et al., 2002).

However, much has happened since the 1970's when Schooler first started studying the country of origin effect. Companies, consumers and the world itself has more or less been reinvented in

terms of trade, much due to the technological surge of the late 1990's (Findlay & O'Rourke, 2007 pp. 527-546). Companies are no longer trading in only local regions, but are producing multinationally and branding themselves globally (McKinsey, 2017; PwC, 2018); . The World Trade Organization has even changed its rules on labelling with regards to the ever more complex topic of where the products should be labelled as originating from in multinational production chains and ensuring fair tariff systems (World Trade Organization, 2018). One of the largest drivers of the globalization that is taking place is the internet. It connects people around the world and makes it easier to conduct business globally regardless where your business is located (Mohapatra, 2013, p.14). The internet helps facilitate internationalization of companies and has opened up the possibility for smaller companies to become global almost instantaneously because of low entry barriers and the possibility to reach a global consumer base (ibid). E-commerce is a necessity today for companies in order to be able to compete because of the high importance of online shopping for modern consumers (Mohapatra, 2013, pp, 10-11). Customers not only have many choices of where to make their purchases, but also have a lot of information and possibility to compare and vast amounts of touchpoints where competition between companies take place in comparison to online offline competition (Yoo, Donthu & Lee, 2000; PwC, 2018; Vásquez et al. 2014; Baxendale et al, 2015). E-commerce offers a wide range of products and services, and consumers can shop wherever and whenever they want to (ibid). Consumers today have multiple touch points in their purchase journey, both online and offline, which puts pressure on retail companies to include omni-channel strategies with consistent experience over all touch points (McKinsey & Company, 2017).

## 1.2 Problem discussion

Even though e-commerce facilitates internationalization for many companies, it does not always ensure international success. Being active internationally through e-commerce might not be as uncomplicated as it seems. Studies have shown that the usage of only online channels when internationalizing can be difficult due to the lack of relationship-building and understanding of host markets, which results in that the export performance of firms does not always improve through e-commerce internationalization (Gabrielsson & Gabrielsson, 2011; Yamin & Sinkovics, 2006; Sinkovics, Sinkovics & Jean, 2013). Pezderka and Sinkovics (2011) point out the importance of highlighting the risks with e-commerce and that some of these risks are related to differences in consumer taste and culture in foreign markets. These kinds of factors are defined by the authors as traditional business risk. Traditional business risks are risks

that usually exist offline, but has been identified to also exist on the internet even though they are often not brought forward as risks in that context (Pezderka & Sinkovics, 2011).

An example of a traditional business risk is the liability of foreignness. It was discovered that multinational enterprises faced an indirect cost of doing business abroad in terms of inherent costs (Hymer, 1976). The liability of foreignness focuses on the social costs of doing business abroad, which exist due to unfamiliarity, relational and discriminatory hazards in the local market that the company has chosen to expand to (Eden & Miller, 2004). One social cost of the liability of foreignness is consumer behaviour and taste. Globalization contributes to a more connected world and a broader consumer base, but homogenization of behaviour and mind globally is not yet established and a global consumer taste is yet to be developed (Suh & Kwon, 2002). This is due to the fact that culture still impacts the consumer behaviour (ibid). Therefore, consumers and companies face new challenges in terms of connecting and understanding each other as well as understanding the different markets where they are present (PwC, 2018; McKinsey, 2017; Gabrielsson & Gabrielsson, 2011; Yamin & Sinkovics, 2006; Sinkovics, Sinkovics & Jean, 2013).

Furthermore, the development of e-commerce has led to that modern studies on consumer behaviour and possible barriers to trade have focused on trust issues and the perceived risk of shopping from unknown websites (McKnight et al, 2002; Cheung & Lee, 2001, Forsythe et al, 2006; Tan & Sutherland, 2004; Garbarino & Strahilevitz, 2004; Stranahan & Kosiol, 2007). Consumer attitudes towards purchasing online can either be positive or negative and is related to trust and perceived risk (Bianchi & Andrews, 2012). The risks perceived online can be of different kinds, for example related to practical aspects such as the product, finance, time or convenience (Forsythe et al, 2006), but also affected by the personality and experience of the consumer (Tan & Sutherland, 2004; Forsythe et al, 2006). Creating trust is therefore important in order for the consumer to commit to a purchase from a website (Tan & Sutherland, 2004). Studies have also shown that preferred website elements and design differ among cultures (Cyr, 2014; Moura, Singh & Chun, 2016) and that international websites that adapt their websites to local preferences are more successful than those that do not (Cyr, 2014; Reinecke & Bernstein, 2011; Lituchy & Barra, 2008).

Due to the fact that a lot of research highlights the previous issues of being international outside of the e-commerce markets and have focused on barriers, direct and indirect, a gap has been



identified in previous research. Little focus has been put on whether traditional business risks, such as the liability of foreignness, exists online, and what relevance theories such as the country of origin effect have on today's online markets. Companies have unlimited access to billions of customers online, yet, not all companies are successful in attracting consumers globally. Why is that? The country of origin effect was one of the first multinational trade studies that were carried out and has laid an important foundation for many international marketing studies on consumer behaviour over the past 40 years, and therefore it is crucial to evaluate whether it holds true or not in today's online markets. In order for companies to be able to internationalize efficiently and compete on the tough online market they need to understand how the consumers think and behave online. Previous research has focused on the country of origin effect concerning products, but websites have not received as much attention. It is therefore crucial to dig deeper into whether there exists a country of origin effect online concerning websites.

The country of origin effect is built on the fact that consumers have different biases, positive or negative, towards different nations (Schooler, 1965). Since trust and perceived risk have been proven to affect consumer attitude online (Bianchi & Andrews, 2012), the aspect of trust and risk online in relation to the country of origin effect is an interesting angle to study in order to better understand what affects consumers' awareness of website nationality. This angle would give more depth to the understanding of country of origin effect's existence online and since the country of origin effect has not previously been studied on websites, this aspect would cover another unstudied research area that needs to be further investigated.

### 1.3 Purpose and research question

Being active online internationally creates the need for an understanding of how international consumers behave online and how they evaluate different websites. If this understanding is not created it makes it difficult for companies to handle indirect barriers to trade and can become big obstacles for international success. The country of origin effect is one kind of underlying trade barrier that, if existent online, international companies face in all local markets. The purpose of this thesis is to explore the country of origin effect in a modern setting, on websites, and by doing so filling a research gap and help companies better understand their international consumers.

In order to fulfill the purpose of this thesis, the following research question was formulated:

*Is there a country of origin effect present in relation to websites, and if so, what consumer behaviours are related to the awareness level of websites nationality?*

#### 1.4 Delimitations

The topic of country of origin effects on consumer behaviour online is relatively unexplored. The research design as well as the chosen theoretical studies have therefore needed to be adapted to the explorative nature of the subject. This includes making decisions on what theories to include from related subjects to the country of origin effect. For this thesis, the extended focus of the theoretical research was put on consumer behaviour online as well as the liability of foreignness. This means that the selection of appropriate theoretical approaches is subjective and that there may be other relevant studied topics which can affect the results, leaving the exploration of the topic inconclusive. Furthermore, with regards to the explorative nature of the subject and the research design, no specific conceptual framework was developed, but rather a general comparison to the theoretical framework was conducted in the empirical analysis of chapter four.

A decision was made to focus on the nationality of the website and not the nationality of certain products online as many websites do not even express the origin of products. It was also deemed that it is first and foremost the owner and the design of a website that create a sense of trust or not before the consumer starts considering the actual products on the website. There might exist country of origin effect towards products online, but it is not explored in this thesis. Thirdly, in order to limit the research, the study focuses on online retail websites. In this thesis understood as online websites that sell products from several other brands not manufactured by themselves. It was believed that it was easier to make a distinction between website and product if the owner was not as strongly associated with the product as manufacturing brands are. Furthermore, retail websites was deemed to be a niche of websites that many people would have a relation to or experience from and thereby optimize the possible sample size. However, the aim is still to maintain a general focus on websites, but for this thesis with a focus on retail websites. Further methodological delimitations will be described under each of the three methodological chapters.

## 2. Research design and thesis structure

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*This section aims to provide the reader with an understanding of the research approach for the thesis study as well as present the underlying thought behind the chosen approach. The study is of an explorative nature and a so called mixed method is applied. On top of that this section also aims to provide the reader with an overview of the thesis structure.*

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### 2.1 Research approach

Because of the fact that the research topic is relatively unexplored, the research is of an explorative nature. The country of origin effect online has not yet been very researched, but based on previous research country of origin effect can be an aspect that contributes to liability of foreignness for firms active internationally in foreign markets via traditional entry modes offline. An explorative research is used in order to create an understanding of the issue of a problem and lays a foundation for further research (Sreejesh, Mohapatra & Anusree, 2014, p. 31). The reasons for using an explorative approach are to analyse a situation, discover new ideas and evaluate alternatives and thereby gain a deeper understanding of the underlying issues of the situation (ibid). Furthermore, because the research is of an explorative nature, an abductive research approach has been applied where the authors have worked back and forth with existing literature on the subject depending on what findings that have been identified and what direction the research has developed into. An abductive research approach is an interplay of theory and empirical findings and is suitable when the aim of the research is to discover new areas of research (Dubois & Gadde, 2002), which therefore is appropriate for this thesis. This is also a so called systematic combining framework which means that theoretical framework, empirical fieldwork and analysis develop simultaneously (ibid).

### 2.2 Research design

The exploratory nature of the research also results in an exploratory research design. A so called mixed method is applied where both qualitative and quantitative methods are used. The mixed method design used in this research is a so called exploratory sequential mixed method. It means that a qualitative study is first carried out in order to gather information which is then used to structure a quantitative study (Creswell & Creswell, 2018, p. 15). This is an advantage when researching a relatively unexplored area in order to understand what areas to focus on in the quantitative part. The qualitative data can further be used to help explain the findings of the quantitative study (Creswell & Creswell, 2018, p. 15). A mixed method is also useful in order

to be able to both generalize the result and create a more detailed understanding of the research topic (Creswell & Creswell, 2018 p. 4 & 19). By using both qualitative and quantitative methods, the two methods together can provide a deeper insight than either would do on its own (ibid). Triangulation is thereby created due to the fact that more than one research method and multiple sources of data are used in order to study the phenomenon (Collis & Hussey, 2014, p. 71), in this case the country of origin effect on websites. Triangulation, when the methods are applied correctly, decreases biases in the data, and the validity and reliability increases if the results from the different methods reach the same conclusions (ibid). A disadvantage of using a mixed method is that it becomes more difficult to replicate the study (Collis & Hussey, 2014, p. 72).

In order to structure the quantitative part in the best possible way and to get an idea of what could be relevant questions to ask in the survey, focus groups were held in the first stage of the study. The advantage provided by the qualitative method of focus groups is that the researchers gain access to many observations of interaction in a short period of time, which has made focus groups common in early stages of research in order to receive a deeper understanding of the research topic (Smithson, 2012), which is suitable for this exploratory thesis. Focus groups cannot provide a result that can be generalized for a population, but it can provide possible indications that can be used to organize further research, as previously stated (ibid). Therefore, propositions were provided from the focus groups that were then tested through a quantitative part, which in this case was a self-questionnaire survey. A survey was deemed as an appropriate method since the research focuses on the consumers' behaviour. As a quantitative method, surveys were used in order to be able to measure and find relationships among variables which would indicate whether the findings in the focus groups can be verified statistically (Feild, 2009; Buglear, 2012; Pallant, 2011). Therefore, the survey helped understand if the result from the focus groups could be applied for a larger sample of respondents, however, emphasis should be kept to the fact that a limited sample was tested and that any result should be interpreted with caution and as an indicator rather than an absolute truth. To conclude, due to the fact that two methods are used, the researchers receive a deeper understanding of the country of origin effect on international consumers' behaviour when applying a mixed method approach.

## 2.3 Thesis structure

Given the nature of the research approach, it can be understood that the research structure of this thesis, too, is somewhat different. In order to be able to follow the research process, the thesis was divided according to the two major parts; the focus group study and the survey study. A theoretical framework will first be presented in chapter three in order to give a deeper understanding of the studied topic in terms of previous theoretical findings. The theoretical framework will then be followed by each of the two major parts, the focus group study and the survey study. The two studies both have their own section in this thesis as they were performed sequentially, see figure 1 and 2. Conclusion in relation to the research question is provided in chapter six. Chapter six also includes limitations of the study and recommendations for future research. An appendix containing various documentations related to the performed studies such as a topic guide and the survey questionnaire can be found in the end of the thesis. Figure 2 presented below will be returning in each of the study chapters as well as in the conclusion in order to help the reader follow the thesis.



Figure 1 Thesis structure



Figure 2 Detailed thesis outline

## 3. Theoretical framework

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*In order to learn more and create a deeper understanding of the research topic the authors have gone through previous research. Since the research topic is relatively unexplored there has been a need to complement with studies from different areas of research in order to gain a fuller picture of the research topic. The outline of this section is therefore the following: Firstly, a background on traditional business risks will be provided, which focuses upon the theories of liability of foreignness and the country of origin effect. Secondly, a description of the development and current state of e-commerce will be presented in order for the reader to understand the opportunities, but also the difficulties of carrying out business over the internet. Thirdly, theories on consumer behaviour and trust will be described so that an understanding is created of what impacts consumer behaviour and trust online. Lastly, the concept of localization will be presented in order to provide a background on how companies online try to adapt to different consumer behaviour internationally in order to create trust.*

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### 3.1 Traditional business risks

#### 3.1.1 Liability of foreignness

Hymer (1976) started to discuss the issue of foreign firms facing disadvantages in comparison to local firms when expanding to foreign markets and used the term cost of doing business abroad. Hymer (1976) meant that being a local firm gives the firm information advantages since it has more knowledge of the nation's politics, laws, economy and language than foreign firms and that discrimination against foreign firms can exist from local governments, customers and suppliers. These costs could include things such as cultural and political differences, coordination costs or geographical distance (ibid). Zaheer (1995) further investigated the matter and she concluded that the liability of foreignness, as she called it, depends upon the spatial distance, other treatment by host country, unfamiliarity about local environment, and the home-country environment. Culture and consumer taste are examples of social costs of liability of foreignness (Eden & Miller, 2004). Luna and Gupta (2001) explains how culture and consumer behaviour influences each other and claim that an individual's consumer behaviour is affected by its value system. Moreover, the cultural value system of the individual is shaped by the societal culture, the regional sub-culture and the family values. Others can imitate or reject a consumer behaviour of an individual and that consumer behaviour, if being imitated, can become the norm of behaviour in a group, which then becomes a part of the culture (ibid).

The perceived differences between two markets or countries is called psychic distance. Psychic distance increases the more a foreign environment differs from the country of origin, which

increases the difficulties and uncertainties about the foreign market because of difficulties in collecting, analyzing and interpreting information correctly (Håkansson & Ambos, 2010). Johansson and Vahlne (1977) define psychic distance as the sum of differences in language, culture, education, business practices and industrial development in the foreign environment compared to the domestic environment. Because of psychic distance Johansson and Vahlne (1977) claim that companies internationalize to markets with low psychic distance first because of the feeling of better understanding markets with low psychic distance since they are more alike the domestic market.

The concept of liability of foreignness is becoming more and more superseded by institutional theory (Luo & Mezias, 2002). This is in line with Zaheer's (2002) definition of liability of foreignness as a socio-institutional theory and furthermore Eden and Miller (2004) claim that the main reason for that liability of foreignness exist is because of institutional distance. Institutional distance can be divided into cognitive, normative and regulatory structures that creates the framework for social behaviour in a society (Scott, 1995). Institutions therefore creates liability of foreignness (Zaheer, 2002; Eden & Miller, 2004). Because of institutions in societies, organizations feel the pressure to adapt to these in order to gain legitimacy by the society (Meyer & Rowan, 1977; Bartlett & Ghoshal, 1989; Kostova & Zaheer, 1999). This adaptation is called isomorphism. Isomorphism is something that is relevant for international companies since the institutional environment differs from country to country and makes it difficult for international companies to become isomorphic in all the countries that they are present in (Meyer & Rowan, 1977; DiMaggio & Powell, 1983; Bartlett & Ghoshal, 1989). Furthermore, liability of foreignness seem to decrease the longer a firm has been present in the host market since it has then gained more knowledge of the market and has become more alike local firms (Zaheer & Mosakowski, 1997).

### 3.1.2 Country of origin

Schooler (1965) found that even if institutional and judicial barriers had been removed in the Central American Common Trade Area, some obstacle(s) remained. He hypothesized that the origin of the goods being sold mattered to their competitiveness in the trading area. The study found that indeed consumer biases towards other nations had a large effect on what products they chose and that they were likely based on historical circumstances, i.e. culture (Schooler, 1965). The study was conducted by letting consumers choose between two identical products

that were presented with different origins, the participants of the study then had to evaluate the two products by ranking them as ‘better than the average in Central America’ or ‘worse than the average in Central America’ (ibid.). This evaluation was made in terms of four different aspects, namely government, business structure, labour organizations and people (ibid.). Furthermore, the respondents had to provide information about their travel experience, which was deemed to be an important personal aspect to include as a possible reason for biases (ibid.). Out of the different variables, the only two that were confirmed to affect the country of origin effect were people and government (ibid.). Schooler has since carried out multiple extension studies on the topic, including findings on the strength of biases for nations in comparison to regions which showed that consumers tend to have stronger biases towards specific nations rather than regions (Schooler & Sunoo, 1969).

Historically, when categorizing consumer perceptions of other nations and its effect on business, two types of generalizations are usually made; whether they are positive or negative, and whether they are general or country specific (Riefler, 2017). This can help serve as an efficient tool in order to e.g. gain a better understanding of strategic market choice. Moreover, it has historically been proven that factors such as the level of consumer ethnocentrism and economic nationalism are psychological barriers to international trade (Shimp & Sharma, 1987; Baughn & Yaprak, 1996). Studies have found that individuals with positive attitudes to their home country do not necessarily have to have negative attitudes towards other countries (Riefler, 2017).

Country of origin has previously been studied in a dichotomous way, meaning that it is seen as something related simply to point of origin and as a fixed opinion, however, as the world has evolved alongside technology and interconnectivity research has shown that it should be viewed as a non-fixed and more variable issue (Andéhn & Decosta, 2016). Instead of maintaining this fixed view of it being related to fixed perceptions on fixed labelling, it should be viewed as floating and dependent upon more things than just a label (ibid.). More recent research on the subject includes creating new terminology such as origin of assembly or development, relating it to brand equity or even the product name (Pharr, 2015). Andéhn and Decosta (2016) also highlight the issues with value chains crossing multiple geographical borders of which can lead to misidentification of country of origin and the following associations. Instead perceived associations should dictate the country of origin effects, rather than the true point of origin, as



at the end of the day, consumer perceptions of the origin is what creates the effect in the first place whether true or not (ibid.). This argument is especially relevant in modern day production and in in online environments where points of production can be harder to distinguish.

## 3.2 E-commerce retailing

### 3.2.1 Development

In 1991 the Internet became available for commercial purposes, which was the start of business-to-customer e-commerce (Mohapatra, 2013, p. 3). Since then, Mohapatra (2013, p 10) describes that e-commerce has gone from being seen as an aid in doing business, to becoming a strategic tool for companies, and now a necessity in order to be able to compete. Technology has become so much more user-friendly and customer oriented that e-commerce now is the order of today. Because of e-commerce, the customers do not have to go to the stores, run through traffic or wait in line, rather they can simply visit websites with a wide range of products (Mohapatra, 2013, p. 13). E-commerce offers customers the possibility to shop at anytime and anywhere they want, and this is also something that is expected by today's customers. The customers want tailor made shopping experiences based on their own preferences concerning price, quality, colour, sizes, type of delivery and also time to delivery (Deloitte, 2015).

Moreover, e-commerce makes cross-border communication and transactions cheaper, which in turn makes international business easier to conduct. E-commerce is thereby something that contributes to increased globalization since it connects even more people through the internet (McKinsey & Company, 2016) and erases the geographical factor of where the business is located (Mohapatra, 2013, p 14). Today, international e-commerce accounts for 12 percent of the global trade according to McKinsey & Company (2016). This percentage is projected to rise to 30 percent by 2020 with sales of 1 trillion USD (McKinsey & Company, 2016). The increased use of internet and e-commerce has lowered the entry barriers for many smaller businesses (Mohapatra, 2013, p. 11) and has created an opportunity to use the internet as a way of internationalizing and become global early on in their journey (Servaise, Madsen & Rasmussen, 2006). For born globals, internet channels has been extensively adopted as a way of internationalizing (Gabrielsson & Gabrielsson, 2011). Also, large platforms like Amazon.com, Alibaba, and eBay open up the possibility for start-ups and small to medium sized companies to become born globals or micro-multinationals almost instantaneously (McKinsey & Company, 2016). However, due to the low access barriers to the internet, the consumer choice increases and thereby also competition (Singh, Kumar & Baack, 2004). The

challenges of the increased competition and trends in today's e-commerce industry will be further developed in the section that follows.

### 3.2.2 Current state

According to a survey done by KPMG (2017) only 23 percent of all consumers prefer to shop in stores rather than online, which shows on the great importance of online sale within the retail industry. For example, due to the rise of online shopping many companies are struggling with a decline in in-store traffic. This forces them to re-evaluate store networks, reduce store costs and be more innovative when it comes to the in-store experience in order to attract customers. The modern consumers online do no longer take the traditional linear purchasing journey, rather a more complex one, which has many different touchpoints both offline and online. However, the consumers still expect a brand experience that is consistent over all touchpoints and companies struggle with creating omnichannels that deliver value to the customers. The omnichannels are often difficult to run due to complex technology implications and logistical, operational and governance problematics (McKinsey & Company, 2017).

In today's retail industry, more than ever before, the customers are the ones with the power due to the almost unlimited access to information and alternatives online and they demand authenticity, convenience, newness and creativity (Deloitte, 2017; KPMG, 2017). Some of the largest reported trends within the retail industry are that new technology, such as virtual and augmented reality, is changing the customer experience, mobile shopping has increased heavily during the last years and increased in importance, and meaningful customer experience and personalization is becoming more and more important in order to retain and create more intimate relationships to the customers (KPMG, 2017). Customers today are more concerned with how the purchase adds to their image and personal brand. Thus, today's customers are more aware and make more thought through purchases (Deloitte, 2017). Social medias also spread trends faster, which further put pressure for speed and flexibility on companies to answer to customer demands (McKinsey & Company, 2017).

When it comes to economic growth in the retail industry it has slowed down in advanced countries. This is due to both demographics, since in many countries the working age population has decelerated and even declined in some, and stalled productivity, which has slowed the growth of investments and thereby also innovations (Deloitte, 2017). There is

instead a shift of economic growth from western markets to emerging markets in the south and east. Therefore, these emerging markets have become important markets within the retail industry. Also, it is no longer western companies that lead the online sales. Asian companies now stand for more than half of all global online retail sales and two thirds of e-commerce unicorns (privately owned start-ups with a value of more than 1 billion USD) in the world are Asian (McKinsey & Company, 2017).

### 3.3 Consumer behaviour

#### 3.3.1 Consumer decision journey

In any type of modern retail situation consumers are likely to be exposed to unlimited possible choices for their purchase. Lewis (1903) presented one of the first theories on how consumers go from a need for something to a final purchase decision, which divided a consumer purchase in to methodological sequences and follows a funnel-like linear reduction of choices up until the moment of purchase. Another article written by Butler and Peppard (1998) describe a so called consumer decision process. It is similar to the purchase funnel, but less rigid and linear. The model consists of five different stages, problem recognition, information search, evaluation of alternatives, choice/purchase and finally the post purchase behaviour (ibid.). The model also brings in aspects of the consumer behaviour and addresses the post-purchase stage as the most important, as this is where the journey should be seen as starting (Butler & Peppard, 1998). It differs from the modern consumer decision journey in the sense that it does not fully incorporate all the elements of today's online retail environment. For an example, the article states that online retailing still take place mostly from business-to-business rather than from business-to-consumer, but says that there are growing opportunities for consumers to be incorporated into the strategy. it is also clear that the decision journey processes such as the initial consideration set or the way consumers today evaluate different options had not yet emerged (Butler & Peppard, 1998). Court et al. (2009) presented what is called the consumer decision journey. It is based on the previously known, and by now far outdated, purchase funnel by Lewis (1903). The consumer decision journey incorporates a more flexible way of viewing this decision making as customers are affected by multiple digital touchpoints and tend to be more well-informed in comparison to the view of the consumer from the purchase funnel perspective or the consumer decision process (Court et al., 2009; Butler & Peppard, 1998).

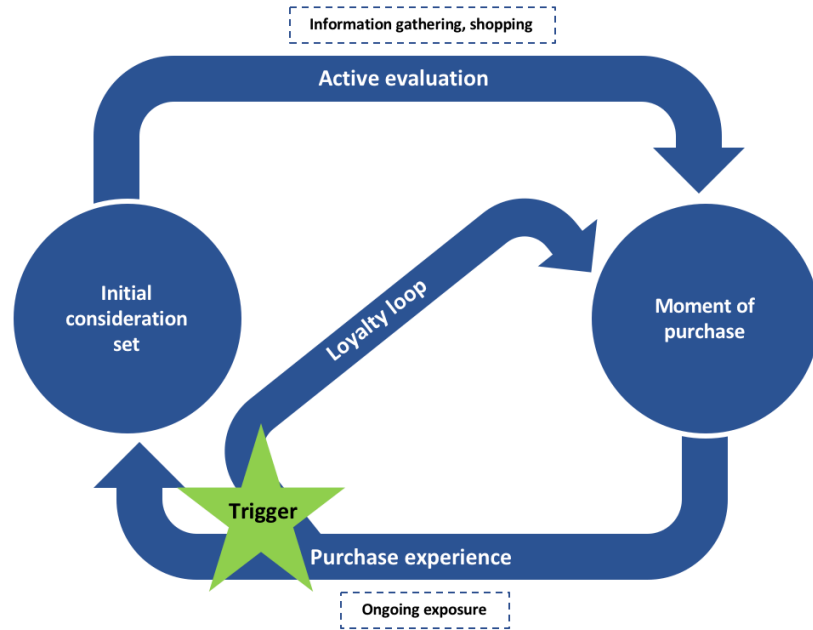


Figure 3 Consumer decision journey (Court et al, 2009), compiled by authors.

As can be seen in figure 3, the decision journey is split into different components, and two loops. The full decision journey consists of four different components. The first is the initial consideration where customers consider the initial set of brands. The brands included in the initial set of brands are based on the individual consumers' former exposure to and perception of the brands. The consumer then moves on to the active evaluation, which is where they gather information and add and subtract brands from the initial consideration set. The consumer then arrives at the moment of purchase, which is where they select their ultimate choice from the actively evaluated brands. After purchasing the consumer moves on to the critical post-purchase experience. This is where the foundation and formation of expectations for the next decision journey they will make is created (Court et al, 2009).

Court et al (2009) found that brands that are considered in the initial set are up to three times likely to be purchased and that consumers, due to comfort, rely more on these brands as the amount of possible choices increases, and contrary to the purchase funnel metaphor, in today's digital platforms of retail, brands are likely to increase during the active evaluation rather than decrease. An important difference to consider is also the fact that consumers today pull information from brands that is interesting to them rather than companies pushing information onto the customers (Court et al, 2009). The circularity contrary to the linearity of the purchase funnel comes in when the consumer post-purchase experience shapes the future choice. Brands can then attract consumers into what they call the loyalty loop. Court et al presents two types

of loyalty; active and passive loyalty. The actively loyal customer will not only stick to a brand but also recommend it, passively loyal customers will stay with a brand but will not have any real commitment to it. What is important to remember is that passively loyal customers can easily be convinced to buy other brands, which is something both competitors and brands themselves must keep in mind (Court et al, 2009).

Furthermore, as digitalization, big data and ease of search and adaptation for customers when finding products increases, so does the importance of creating an optimal consumer decision journey (van Bommel, Edelman & Ungerman, 2014). Research has even shown that modern consumers base two thirds of their final decision to purchase or not on the decision journey experience (ibid.). By understanding all barriers to a pleasant experience in the decision journey, companies can optimize their future competitiveness. Vázquez et al. (2014) highlight the importance of understanding that consumers have more and more information about websites and companies today. Not only can they google to compare different options, but actually generate their own word-of-mouth evaluations online and impacting other consumers' decision journey choices (ibid.). Baxendale, Macdonald and Wilson (2015) also support this statement as they claim that the understanding of what affects consumer choices in the consumer journey with multiple new touchpoints for evaluation is crucial in order for companies to manage and allocate resources efficiently over the decision journey. To say the least, the modern update of the original purchase funnel has never been more important as information, big data and the digitalization is completely transforming how consumers make decisions and what inputs they receive when purchasing online.

### 3.3.2 Brand equity

Modern consumer product choice starts with the initial set of brands which consumers keep in mind initially due to past experience or some kind of input (Court et al, 2009). The theory behind these initial brand associations can be described as the brand equity. Aaker (1991) first defined the term brand equity, and later how to measure brand equity (Aaker, 1996). In his article, he presented the brand equity ten which together measure a company's brand equity, those were loyalty (price premium, satisfaction), perceived quality and leadership, association and differentiation in comparison to other brands, brand awareness (how aware consumers were of the brands existence) and market behaviour (market share and price and distribution indices) (Aaker, 1996). Keller (1993) defined customer based brand equity as the marketing effects uniquely attributable to the brand itself. He also described brand equity based on consumers

preferences rather than from a business point of view only. He defined his adapted version of brand equity as “the differential effect on consumer response to the marketing of the brand ... which occurs when the consumer is familiar with the brand and holds some favourable, strong and unique brand associations in memory” (Keller, 1993, p.2). Keller (1993) moves on to relate brand equity to brand knowledge, as it is a cornerstone in consumer decisions for product choices. To what extent consumers experience brand knowledge depends on the brand’s image and the brand awareness, both of which are affected by the human mind and our ability to store and get exposed to information (Keller, 1993). By achieving a high level of brand knowledge through exposure to the customer, companies create advantages by creating product preferences or associations. Important to note is that these associations do not necessarily have to come from the product itself, but can be non-product related or indirect. Some associations and evaluations may be based on the overall evaluation of the brand, i.e. the company behind a product, or the personal value a customer place on a certain product. The ultimate goal then is for companies to achieve brand loyalty, which happens when ‘favourable beliefs and attitudes towards a brand are manifested in a repeat buying behaviour’ (ibid).

Brand equity has also been studied in combination with other theories such as the study performed by Yoo, Donthu and Lee (2000) who discovered that there were correlations between how consumers perceived image of a brand, and brand association they made, in relation to the classic marketing mix elements of price, distribution intensity, store image, marketing efforts and price deals. The authors found that there is a clear impact upon the brand equity in terms of for an example the store image, which is interesting to consider in modern online retailing where retailers often represent thousands of products and plays a big role in their perceived quality and brand equity associations are included not only in the product brand itself, but the store or online retailer too (ibid.).

### 3.3.3 Consumer trust

Much research has been done on consumer attitudes and trust towards different retailers, online and in-store (Fishbein & Ajzen, 1975; McKnight et al., 2002; Cheung & Lee, 2001). Bianchi and Andrews (2012) defines consumer attitudes towards online purchasing as the extent to which a consumer makes positive or negative evaluation about purchasing online. This attitude is in turn related to trust and perceived risk online (ibid). Cheung and Lee (2011) define perceived online risk related to technology as consumers being affected by its ease of use. Furthermore, three categories of risk have been identified online and they are financial risk,

product risk and time/convenience risk and consumers who have more experience in online shopping are less affected by the perceived risk than the inexperienced consumer (Forsythe et al, 2006).

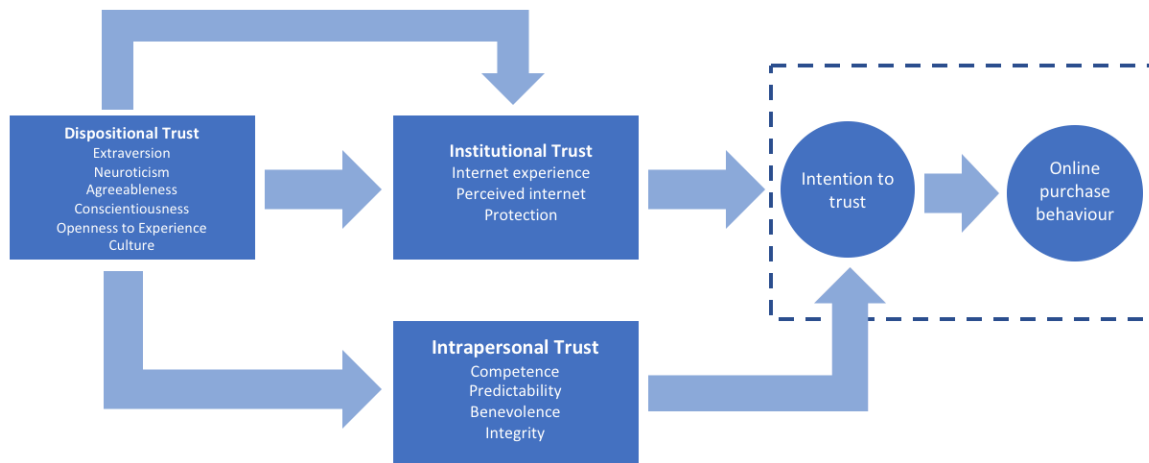


Figure 4 Multi-Dimensional Trust Model (Tan & Sutherland, 2006), compiled by authors.

One well-known definition of trust online is presented by Tan and Sutherland (2004), figure 4, who define trust as multidimensional consisting of four dimensions. Dispositional trust which is dependent upon the consumers personal traits such as extraversion, culture and openness, institutional trust which is dependent upon the consumer’s internet experience and perception of internet trust and finally interpersonal trust which relates to competence, integrity and benevolence. The three together lay the foundation for the intention to trust, or not to trust, websites and creates the online purchase behaviour. It has been shown that familiarity with online retailers creates a sense of trust and increases the likeliness that a customer will commit to a purchase (Garbarino & Strahilevitz, 2004; Stranahan & Kosiel, 2007). Cheung & Lee (2001) further found that companies can utilize what they call third party assurances on the websites in order to gain a larger sense of trust from the customers, as online retailing is known to magnify the sense of perceived risk (Tan & Sutherland, 2004).

### 3.4. Local adaptation

As previously stated, culture and consumer taste are parts of the liability of foreignness. Even though globalization means that consumers have more product and services to choose from (Hill, 2014, p. 538) a global consumer taste and homogenization of behaviour and mind has not yet been reached (Suh & Kwon, 2002). This because culture still has an impact on consumers’ perceptions, attitudes, preferences, tastes and values (ibid). Because of the fact that culture is

such a large part of the consumer behaviour of the consumers and culture differs among nations, localization can be a way of becoming isomorphic and gain legitimacy in local markets.

Localization means to adapt depending on the local markets that a company is active in and can be changes such as language, creating the look and feel desired in the local environment and adapting to the culture (Cyr, 2014). The opposite of localization is standardization that can provide lower cost since everything can be standardized regardless of the market, but standardization does not approach differences in local markets (Lituchy & Barra, 2008). Applied to e-commerce, Cyr (2014) argue that the best global companies are those that adapt their websites to the local environment and that all international companies online should be concerned with localization. Furthermore, Singh, Kumar and Baack (2004) discuss the fact that there is a need of adaptation to local cultures of internet messages in order to communicate efficiently globally online. Companies that sell online therefore need to consider what content of their website that can be standardized and what content that need to be adapted to local markets (ibid). However, advertisement and communication online are highly affected by cultural local values and therefore global e-commerce companies have to adapt their marketing communication to local markets where cultural differences are high (ibid).

More specifically, localization can be changing currency, name of products and services, colors, gender roles and images according to the preferences of the local culture (Cyr, 2014). Moura, Singh and Chun's (2016) research show that there are differences between countries when it comes to web design elements. These web design elements are colours, graphics, layout, multimedia etc and help the consumer to navigate on the website (ibid). Cyr (2014) divides web design into three pillars that are important to consider when adapting and designing websites. The first one is the visual design that creates attractiveness of a website. The second one is the navigation design, which determines how easy it is to search and manoeuvre on the website. Lastly, the third one is information design, which affects how available and clear the information is (ibid). Lituchy and Barra's (2008) research is also in line with these aspects as important adaptations online, but also add the importance of adapting according to currency, credit card payment and privacy concerns to local markets since there exist differences in consumer taste in these aspects as well. Payment methods though was the factor that differed the least between cultures or countries according to Lituchy and Barra's (2008) research and they argue that perhaps it is the cultures that need to change according to global payment trends.



On a locally adapted website the consumers are more likely to visit the website, spend time on the website and also return to it (Cyr, 2014). According to Moura, Singh and Chun's (2016) research, adaptation to local web design elements had a positive impact on the consumers regarding the attitude towards the website, online trust, easiness of navigation and how information was presented. In short, these kind of local adaptations of website enhance the online experience of the customer and the perception of the website (ibid). Research has also shown that a website that automatically changes to an adapted version to the existing culture are preferred, rather than a non-adapted version, by international consumers (Reinecke & Bernstein, 2011) and websites with a global standardized strategy have not been able to compete with locally adapted websites (Lituchy & Barra, 2008).

### 3.5 Theoretical highlights

Due to differences in institutions between domestic and foreign markets a liability of foreignness exist for foreign companies, which makes it more difficult for them to compete locally in international markets (Hymer, 1976; Zaheer, 1995; Zaheer, 2002; Eden & Miller, 2004). The perceived differences between the domestic and host market in terms of culture, language, business practice etc. is called psychic distance (Johansson & Vahlne, 1977). In order to overcome the liability of foreignness, the companies need to adapt to the local markets, which is called becoming isomorphic in institutional theory (Kostova & Zaheer, 1999; Zaheer & Mosakowski, 1997; Mayer & Rowan, 1977; DiMaggio & Powell, 1983; Bartlett & Ghoshal, 1989). The country of origin effect has in traditional business studies been discussed as an indirect barrier to trade and is explained as the phenomenon that different cultures have biases towards different nations, which affects what products they choose to purchase (Schooler, 1965). The biases can either be country specific, regional or general (Schooler & Sunoo, 1969; Riefler, 2017).

Since the country of origin effect is related to the behaviour of consumers, further research was done on consumer behaviour. The consumer decision journey has many different touch points today and is not a linear process (Court et al, 2009). The process have four components, which are initial consideration set of brands, active evaluation of the brands, moment of purchase and postpurchase experience. Successful companies in this decision journey then become part of the loyalty loop of the consumers, in which they skip the evaluation step (ibid). The loyalty

towards brands also has to do with the equity of brands. Brand equity is affected by the image and awareness of the brand among consumers and can also help brands in the decision journey (Keller, 1991). Furthermore, trust and perceived risk online are also aspects that affect whether a consumer chooses to commit to a purchase or not (Bianchi & Andrews, 2012). According to Forsythe et al (2006), the perceived risks online can be financial, related to the product or time/convenience. Online shoppers with more experience from the internet experience a lower perceived risk of purchasing online than those with less experience (ibid). As a final remark, websites that apply localization have been shown to be more successful internationally than those website that do not (Cyr, 2014; Moura, Singh & Chun, 2016; Reinecke & Bernstein, 2011; Lituchy & Barra, 2008).

## 4. Focus group study

*After a review of previous research, two focus groups were carried out in order to better understand the research topic. Based on the findings of the focus groups the theoretical framework could be further developed and also became a guiding hand in order to create an efficient quantitative research, in this case a survey. This chapter will focus upon the focus group study and chapter five will focus upon the survey study. In chapter six the conclusions from both parts of the research will be presented. The outline for this section is that the method of the focus groups will first be provided, followed by the empirical findings from the focus groups which finally will be analyzed with the help of the theoretical framework. From the analysis, propositions were found, which are presented in the end of this section and will be a guiding help when structuring the quantitative part of the research.*



Figure 5 Detailed thesis outline, Focus group study

### 4.1 Methodology

*A description of the process of collecting and analyzing the data from the focus groups will here be provided. First, the process of sampling and data collection is described followed by how the focus groups were executed. The analytical processing of empirical data is also explained. Lastly, ethical considerations are stated, where a discussion regarding how the qualitative method of this study affects its trustworthiness is provided.*

#### 4.1.1 Sampling

The dynamic in the focus group is important in order to create a flow in the discussion, where the number and mix of participants become important (Smithson, 2012). The number of participants can vary depending on how big the study is, but four to eight participants is argued to be most suitable according to both Kitzinger (1995) and Smithson (2012). The reason why this number is deemed to be ideal is that all participants then can play an active role in the discussions and more space is given to explore different topics further. The risk exists in bigger groups that some participants will to a large extent not participate in the discussion or remain silent (Smithson, 2012). In this research the aim was therefore to have two smaller groups in order to create an environment where the participants felt comfortable to take part in the discussion. At least six people within each group was the aim and eight people were invited to

each session if someone would not be able to come. In the end, six people showed up to each focus group. In order to receive a more general view, two of these smaller groups were held. It is important to keep in mind that focus groups are a non-representative sample of a population that cannot be generalized (Smithson, 2012).

Most often it is argued that homogeneity is important in focus groups since it is the group that is the subject of analysis, which often is homogenous and the members of the group have shared experiences and an understanding for each other (Kitzinger, 1995; Smithson, 2012). However, in heterogeneous groups it is likely that more diverse discussions can appear and participants that tend to be drawn back might have a larger tendency to express their opinions (ibid). The choice for this study was to try to create homogeneity within the groups in order for the participants to be able to connect to each other and feel comfortable. However, many of the participants did not know each other from before which to some extent created heterogeneity within the groups in order to receive different views on the subject. Due to time limits and convenience, friends and acquaintances to the authors were invited to participate in the focus groups. The participants were therefore all within the same age group, at the same stage in life and all have an academic background, which creates a homogeneity within the group. The relationship between the moderators and the group is also important to consider (Barbour, 2011, pp. 50-51). A moderator that is an insider of the group might not be able to notice some aspects of the discussions because of shared taken-for-granted assumptions within the group (ibid). Due to the fact that the authors knew some of the participants, there may have existed some shared taken-for-granted assumptions, which should be taken into consideration when analyzing the results. It was therefore not ideal to have friends as participants, but because of limited time it was deemed to be the most efficient solution. A positive aspect is that because of the fact that most of the participant knew the authors or had a connection to the authors they may have felt more comfortable than if the moderators would have been strangers to them.

Random sampling in the case of focus groups are not very common because of the fact that the result from focus groups cannot be generalized. A more goal oriented sampling is therefore more common.. This can be through contact persons that have access to people within the population that the researchers are interested to have as participants in the study or through a so called snowball sampling process which means that a person that is willing to participate recommend other people to contact (Wibeck, 2010, p. 80-81). Friends of the authors were

contacted first and asked to participate. In turn, these were then encouraged to invite friends. A snowball sampling was therefore used. People that were considered to have in the sample were people that fell within a relevant age group for online shopping. People between 16 and 54 are the ones who shop the most online (Eurostat, 2017). This is a very wide age range, so in order to create homogeneity within the group people around the authors' own age was invited. The participants were between the ages 22 to 29. The gender and age of the participants of each group can be seen in table 1 and 2. All participants were Swedish. The participants were divided into two groups depending upon the participants' availability. This resulted in that the first group only consisted of female participants, while the second groups had a mix between genders. Ideally the focus groups should have had more males represented, but the difficulty of finding participants resulted in these group constellations. However, the group with only females was more relaxed and open than the mixed group.

Table 1: Participant group one

<b>Participant</b>	<b>Age</b>	<b>Gender</b>
Participant 1	24	Female
Participant 2	24	Female
Participant 3	24	Female
Participant 4	25	Female
Participant 5	29	Female
Participant 6	23	Female

Table 2: Participant group two

<b>Participant</b>	<b>Age</b>	<b>Gender</b>
Participant 7	26	Male
Participant 8	24	Female
Participant 9	24	Female
Participant 10	22	Female
Participant 11	24	Male
Participant 12	25	Male

4.1.2 Execution

According to Smithson (2012) focus groups have elements of both a deepening group interview with questions decided on beforehand and a natural discussion among group members concerning a specific topic. The focus is to let the members of the group interact with each other by sharing experiences, views and thoughts and ask questions (Kitzinger, 1995). By having an interaction the researchers gain a deeper understanding of how people think and why. Furthermore, it can help the participants to explore and clarify their own views in interaction with others and creates a more everyday discussion than one-on-one interviews with set questions can provide. By observing the interaction between the participants, when they are in consensus or dissent, how they use humour etc, (sub)cultural norms and values can be

understood (ibid). Thus, focus groups is a relevant method for this research since the aim is to explore people's attitudes towards different websites based on their country of origin.

Before the focus groups took place a topic guide was created. The importance of topic guides for focus groups is to have a few brief questions that is expected to generate fruitful discussions (Barbour, 2011, p. 83). The guide is therefore an unstructured interview guide which covers the research topic, but also gives room for the participants to lead and develop the discussion (Smithson, 2012). Brief questions were created that were believed to be relevant for the research question and that were not leading, but encouraged discussions. The focus group were held in a private room at Gothenburg University, School of Business, Economics and Law in order to not be disturbed and to make the participants feel comfortable. Recording and taking notes of both verbal and non-verbal behaviour during focus groups is recommended (Barbour, 2011, pp. 75-77), which was done during the focus groups in order to facilitate the analysis of the result. Recommended time for the discussion are 1-2 hours (Kitzinger, 1995; Smithson, 2012). The focus groups lasted for roughly one hour, when all topics were covered.

The role of the moderators is to encourage discussion between the participants, not between the participants and the moderators (Smithson, 2012). However, the moderators can never be a neutral bystander, so in order to facilitate the discussion they can give examples from their own experiences (ibid). Furthermore, according to Barbour (2011, p. 84) it is important as moderators to tolerate silence in order to give the participants time to think and challenge people with different views in order for them to develop their answers. All of these aspects were taken into consideration during the sessions by first giving the group the chance themselves to start discussions and if they seemed to need help the moderators gave examples of what was meant or from own experiences, or asking if they could develop their reasoning further.

The structure of the discussion was that the discussion first started with some general questions about the participants' behaviour when shopping online and how they decide what website to buy from, such as how often they shop online, what type of websites they use and what is important to them when it comes to choice of website. Thereafter they were asked what creates trust and comfort when buying online in order for them to commit to a purchase. After receiving some background to the participants' online shopping behaviour, the discussion moved on to the core of the research with the impact of nationality when choosing which website to buy

from. The questions asked were questions concerning how important nationality of the website is, if they value different nations differently and if they check the nationality of the websites they buy from. When these questions were asked, the authors wanted to check to what extent the participants actually care about the nationality of the website. A test was therefore created where twelve different online fashion retailers of clothes were presented one at a time and the participants then had to answer to if they had used these websites and if they knew their country of origin. The reason to why fashion retail websites were chosen was because it was the authors' estimation that it is common for people to buy clothes online and therefore the participants would hopefully have an opinion and experience from the websites and be able to answer questions about them. The chosen fashion retailers as well as the topic guide with questions can be found in the appendix.

#### 4.1.3 Data analysis

As previously mentioned, the discussions were recorded and transcribed in order to facilitate the analysis. According to Dahlin-Ivanoff and Holmgren (2017, p. 71) the analysis of data starts already during the discussion since the essence of the discussion should be picked up by the moderators during the sessions and notes taken in the meantime further helps when analyzing afterwards. Furthermore, during the analysis the expectations, opinions and views of the researchers have to be filtered away. Previous knowledge about the topic is important, but the researchers should not let the previous knowledge lead to pre-assumed conclusions. In order to avoid the impact of these two aspects, the analysis should be set on beforehand and be systematic in a way that it can be verifiable (Dahlin-Ivanoff & Holmgren, 2017, p. 71). To completely avoid involving the authors own interpretations and views is impossible, but an awareness of the fact that it might impact has been created in order to minimize it. As previously stated, the fact that the authors have almost the same background as the participants and also knew some of them, might lead to that some aspects of the discussions might have passed unnoticed because of shared taken-for-granted assumptions within the group (Barbour, 2011, pp. 50-51), which is important to bare in mind as a reader.

In order to analyze data from focus groups Barbour (2011, p. 117) suggests to use the topics from the topic guide used during the groups, but it is at the same time important to be open for other topics that might have appeared during the discussions as well. The topics covered by the topic guide were general behaviour when shopping online, trust and comfort and importance of nationality of the website. These topics were used when coding the data, but subcategories were

created and other topics that appeared during the discussion were also used. After the coding of the data was done, the authors tried to create an understanding of the meaning of the data. In the analysis of the data the researcher should not just focus on the topics of the coding, but also how the different topics are related to each other in order to reach a more deeper understanding (Barbour, 2011, pp. 117-118). Furthermore, according to Dahlin-Ivanoff & Holmgren (2017, p. 76) it is important to not just include what has been said, but also reflect upon the interaction and silent behaviour. Both of these aspects were taken into consideration when doing the interpretation and analysis of the data. In order to follow these directions, a table with the different topics were created, including subcategories, and the different participants, which can be found in the appendix. Estimations were made on the participants' individual opinion about the different topics by colour coding. Green meant that the participant was positive towards the subject or the subject was important for the participant. Orange meant that the participant was neutral to the subject or found the subject somewhat important. Finally, red meant that the participant was negative towards the subject or did not find the subject important. After the colour coding, patterns between the topics in how the participants had answered were identified, which resulted in five propositions. These propositions were created in order to test them statistically by creating a self-questionnaire survey.

#### 4.1.4 Ethical considerations and quality of the study

When inviting the participants to the focus groups the authors clearly stated what the topic of the discussions would be in order for the participants to be able to decide if it was a topic that they were comfortable discussing. Furthermore, participation was voluntary and no one was pushed to participate in the focus group study, which is important to highlight when recruiting participants for focus groups (Dahlin-Ivanoff & Holmgren, 2017, p. 69). The participants should also be told that they are allowed to leave the focus group at any point if they no longer want to participate (Dahlin-Ivanoff & Holmgren, 2017, p. 70). According to Barbour (2011, p. 81) an introduction is appropriate in the beginning of focus groups in order to make the participants comfortable and understand the conditions of the focus group session. Therefore, in the beginning of the focus groups the concerning area of research was presented briefly. The participants were informed that the discussions would be recorded in order for them to be able to leave if this was an aspect that made them feel uncomfortable, which is important to inform the participants about according to Dahlin-Ivanoff and Holmgren (2017, p. 70). However, no one of the participants rejected to the recording. The moderators further explained that the participants will be anonymous in the thesis. However, the issue of anonymity becomes more



complicated in focus groups due to the fact that there are several participants (Smithson, 2012; Wibeck, 2010, p. 139). The moderators can guarantee that anonymity is kept from their side, but they cannot guarantee that other participants of the group will not talk to others about what was said during the focus group sessions (ibid). The participants were therefore asked to not spread what was discussed during the focus groups. Another negative aspect of a focus group study due to that several participants are present is that the participants can be afraid to fully speak their mind or that sensitive or inappropriate discussions can appear (Smithson, 2012). It is the moderators' responsibility to handle and sort out those kind of situations (Dahlin-Ivanoff & Holmgren, 2017, p. 69). The country of origin sometimes seemed to be a sensitive topic and some seemed to hesitate to speak their mind, but there were never any rude or disrespectful situations. In focus groups there is a thin line between trying to get personal opinions without interfering on the participants' private spheres (Wibeck, 2010, p.140). The moderators tried to encourage all participants to speak their minds and asked follow up questions when it was deemed that a more thorough answer was needed, but also tried to sense whether the participants were uncomfortable and respect that it might be a topic that they did not want to elaborate deeper on.

The quality of a focus group study is also important to consider. In order to reach as high validity as possible when it comes to focus groups it is important to follow the methodological criteria according to theoretical perspectives (Dahlin-Ivanoff & Holmgren, 2017, p. 77). Validity means that the interpretation of the observation is trustworthy and that the researchers have studied what they actually aimed to study (Wibeck, 2010, p. 144). The validity of the data in case of focus groups can be affected by many factors. One factor is that the moderators have less control than during individual interviews and that the participants are given a lot of power in terms of how the discussion develops (Dahlin-Ivanoff & Holmgren, 2017, p. 78). This was something that was noticed by the authors and sometimes the discussion did not develop as expected, but this also gave insights in how consumers actually think regarding nationality and online shopping behaviour, which was the aim of the focus groups.

However, one negative aspect with focus groups that affects its validity is that some individuals might hesitate to express their true opinions, but rather adapt to the dominating opinions within the group or what they think is socially accepted (Dahlin-Ivanoff & Holmgren, 2017, p. 78;

Wibeck, 2010, p. 144). This was also something that existed in the focus groups. Some participants started to say that they value different nationalities differently, but when asked why it seemed to be a sensitive question where the participants avoided to say something negative about the nation. Rather they referred to that it was just a feeling even though they seemed to have other things to say. In order to avoid this kind of situation, the group dynamic as previously stated is important and that it is homogeneity as well as heterogeneity within a group (Dahlin-Ivanoff & Holmgren, 2017, p. 79). The aim was to create that kind of a group and to some extent succeeded since everyone spoke during the sessions and there was a nice tone almost throughout the whole sessions, but different opinions were at the same time raised.

To reach quality within qualitative research reliability is crucial (Dahlin-Ivanoff & Holmgren, 2017, p. 81; Wibeck, 2010, p. 143). According to Dahlin-Ivanoff and Holmgren (2017, p. 81) reliability can be divided into credibility, trustworthiness and transferability. The credibility becomes higher the higher the number of focus groups (Dahlin-Ivanoff & Holmgren, 2017, p. 81). This is an issue with the research design of this thesis. If more than two focus groups were carried out, it would have been favourable, but due to time constraints only two were managed. However, by having more than one, two different group dynamics could be observed and different input on the research topic was received. The credibility is also strengthened if the moderators summarize what the participant say during the focus group in order to check with the participant if it was understood correctly (Dahlin-Ivanoff & Holmgren, 2017, p. 82). This was done during the sessions and sometimes the authors had the right understanding of what the participant wanted to say and sometimes not, but either way this was a way to secure that the right information had been collected.

Trustworthiness is reached by documenting and describing the research process (Dahlin-Ivanoff & Holmgren, 2017, p. 82; Wibeck, 2010, p. 143). In order to reach trustworthiness the authors have tried to describe the research process as detailed as possible and also transcribed the discussions of the focus groups. Lastly, transferability is about whether the result of the focus groups can be transferred to other similar contexts (Dahlin-Ivanoff & Holmgren, 2017, p. 83). To facilitate such an assessment it is important to have extensive and deep descriptions of the result and the topics discussed during the focus groups. Quotations is a way of strengthen this (*ibid*). This has been taken into consideration when presenting the empirical findings and the authors have tried to describe the result as thoroughly as possible and also added quotations

where suitable. The fact that the result of the focus groups is also follow up with a survey also helps evaluate the transferability of the result.

## 4.2 Empirical findings

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*In this section findings from the focus groups will be presented. First, the participants general shopping behaviour online will be outlined, followed by what creates a feeling of trust and risk when making a purchase online. Lastly, the importance of nationality of the website will be provided.*

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### 4.2.1 General behaviour online

In the focus groups, the participants had different levels of online shopping experience. However, none of them had not ever made a purchase online. Around half of them had been shopping online every now and then, while others were experienced shoppers who buys almost everything online. One experienced participants even expressed not seeing a point in buying offline:

*“I am thinking if there is something that makes me go to a physical store, but I cannot come up with any product category of that kind. Maybe food.”*

Common products that they buy online are travel related products, clothes, beauty products, home decoration, electronics, course literature and lenses. Furthermore, there seemed to be two types of patterns present among the participants. Those who visit websites even though they are not searching for anything in particular but want inspiration and utilize the websites as entertainment, and those who only visit retail websites when there is something particular that they are looking for. Those who look for inspiration or for leisure tend to visit retail websites daily, while others look once a week or even more seldomly. Another finding that appeared during the discussions relates to risk. Some participants were willing to buy products that they had not seen in real life, and risk more, and did not see a problem with having to return products if they do not enjoy them. Others were more careful and wanted to see or try the product in-store before committing to a purchase online due to hesitation in terms of return policies, paying for something that they might not want to keep or simply preferring to physically buying the product.

Patterns were also identified regarding the strategy that the participants applied in order to find the right product or online retail website to buy from. The majority of the participants in group one had similar types of purchase journeys in which they first visit online retail websites that they are familiar with or have purchased from before and then, if these retail websites cannot provide what they are looking for, turn to Google in order to find other alternatives. One of the participants expressed the following, which almost all participants of group one agreed with:

*“I would say that I first visit the websites that I am familiar with, then if I am not satisfied I start googling for inspiration.”*

Interestingly enough the majority of the participants of group two who, as previously mentioned seemed to have a higher frequency of online shopping than those in group one, shared the opposite purchase journey to those of group one. If they just want inspiration they have specific websites that they visit, but if they are looking for a specific products or a specific brand, they google the product and then may end up on other retail websites than those that they usually purchase from. What was common for both groups was that a few of the participants mentioned that they often end up on unknown retail websites due to commercial emails from different companies or adds on social media. They click on the ads and then find themselves browsing some retail website that they have never visited before. One participant also mentioned that he uses websites that compare prices in order to find the cheapest product available and then end up on previously unknown retail websites. Several other participants in the group added that they too use these websites. As a final remark on the shopping behaviour online, some of the participants mentioned that even though they do not always buy something online, websites can help them in their purchasing decision offline as they can browse and view the products online and then make more efficient purchases in-store.

*“I think I often start online and if it is something there that catches my eye and makes the effort to visit the store worth it, then I later go and have a look in the store”*

#### 4.2.2 Trust and risk online

The strongest finding from both focus groups concerning what creates a sense of trust and comfort on a retailer website, is that the layout and design of the website matters the most. The layout of the website was what almost all participants first mentioned when asked about trust and comfort. An argument provided to why the layout is important was that the first impression of the website is of high importance. An unmodern or ‘sketchy’ website raises suspicion and when the website is slow it causes irritation. According to the participants, it is therefore important with a nice and modern design of the website in order for customers to feel trust. Ease of navigation was also mentioned as an important aspect when it comes to design in order to be able to find the specific product that the customer is looking for and many pictures of the product from different angles in order to assess the product itself. A difficult website layout in terms of navigation can even make them leave the page as in many cases, online retailers have thousands of products. As one participant expressed:

*“I like when you can sort by different categories and can navigate easily, if it is difficult, then I skip it.”*

Another finding from the focus groups is that the participants find it important that the retail website senses the customer’s location and converts the page to the customer’s local language, currency, sizes etc. If the website does not have these kind of functions it is considered to be unmodern and can raise suspicion or make it less likely that a customer commits to a purchase. One participant told a story of when she was going to buy a frame online, but all the measures were in inches. This made her switch to another retail website since she did not understand how big or small an inch was and was afraid to buy the wrong size. Language is also important when it comes to customer service. Several participants mentioned the fact that it is comforting if the website has a Swedish telephone number that they can call if something goes wrong or if they have questions. They feel that it makes it more complicated if the people in customer service do not speak their local language.

Other important aspects brought up during the focus groups concerns logistics such as delivery, freight cost and returns. Delivery seemed to vary a lot in importance between the participants of the focus groups. For some of the participants, the delivery time is among the first things they look for when considering purchasing from a retail website. Someone gave an example of

wanting a new dress for a dinner during the weekend in the beginning of the week, and that she then wanted to make sure that it was delivered on time and added that variable into what retail websites she selected. Others did not really care about the delivery time. One can of course suspect that this difference exists depending on if a rush of having the product delivered exists or not in specific situations. What could be observed during the focus groups was also that returns seemed to be especially important when the participants had not seen the product in real life. The fact that you can return the product if it is not right or do not live up to the expectations was important to many of the participants in order to actually pursue a purchase. It creates trust and makes the customer more willing to risk that the product is not perfect. One important factor with returns is that the website company pays for the return and that the customer does not have to pay for the return cost by themselves. As expressed by one of the participants that does not have very extensive online buying experience:

*“I know for some companies, if you want to send something back it costs money. That I do not like. Then I turn around!”*

Another finding was that freight costs affects the purchase decision. One of the participants gave an example of when she was going to buy tea and two different sites had different freight costs. This affected which retail website she bought from since she for obvious reasons rather bought from the company with lower freight cost since it was cheaper. It also depends on the freight cost compared to the original cost of the product. One participant said:

*“If you are buying something cheap and then the freight cost is 50 percent of the products total value, then I start questioning whether I should really buy it”.*

The way payments are carried out was mentioned as an aspect that matters when it comes to trust. Some of the participants expressed that they prefer to pay by invoice because they want to be able to pay after they have received the product in order to decide before making the payment if they want to keep it or return it. They then do not have to struggle with getting their money back if they have already paid and want to return the item. Furthermore, a clear pattern among the participants was that when buying from a page that is unknown to them, the fact that Klarna (a Swedish third party payment company) handles the payment created a sense of

trust. The majority of the participants mention Klarna as an insurance that the payment is handled in the right way.

*“If they use Klarna then I know that I am insured through Klarna. It feels serious and safe. ... I know I cannot be cheated, especially when it comes to small, unknown and niched websites.”*

Three of the participants also mention that the fact that if the website has certain certificates it makes them feel safe. They also visit websites that list websites that are safe to buy from, which for them is a way of creating a feeling of trust and being able to commit to a purchase.

#### 4.2.3 The aspect of nationality

It was more difficult to identify patterns when it came to nationality of the retail website than the other two topics due to the fact that the importance of nationality differed between the participants. Some made very clear distinctions between nations, while others seemingly did not care at all. One observation was that the less experienced participants made bigger differences between nationalities, while the more experienced participants cared less about nationality. One of the participant expressed a very clear opinion in terms of valuing countries differently. She expressed that she trusts websites from within Europe and North America. She also added:

*“I would never order something from Sri Lanka for example. Very discriminating, but that is how I think.”*

When asked why she makes that kind of distinction, she answered that it is because Sri Lanka is a developing country and that it is simply not civilized enough. She does not trust the infrastructure and business environment in ‘those kind of countries’ as expressed by her. Another participant mentioned that she probably would not buy something from e.g. Bulgaria because she has never bought anything from a Bulgarian website before, and therefore does not feel comfortable buying from that country. She also said that she has a more positive attitude towards e.g. Germany than China. These kind of concerns are according to her just a feelings that she gets, but, they can affect the purchase decision if she from the beginning did not have

a positive feeling towards the website. However, the payment method can help her overcome the fact that she is buying from a country that she does not trust if the payment method creates a sense of safety. Klarna was mentioned again as something that creates trust. Another participant pointed to having different expectations on products depending upon the website's nationality:

*“China screams generic, while Sweden maybe more stands for design and high end.”*

She also gave an example of when she was going to purchase a leather case for her computer and that she had a choice between buying a cheap case from China or a more expensive one from Belgium. She then chose the one from Belgium because she valued trust in the quality over price. This showed that distinctions are made between similar product choices due to the biases towards the websites in terms of nationality. One observed pattern is that most of the participants that expressed these kind of opinions and value countries differently due to biases also tended to have less experience from shopping online.

Apart from expressing opinions on specific countries, the participants also seemed to make clear distinctions and even categorizations of entire regions. Some made a distinction between Swedish and foreign, others between Europe and outside of Europe and some as mentioned above categorised Europe and North America as separate from the rest of the world. In terms of Europe, a lot of importance was put on freight costs as freight is cheap within Europe thanks to the trade agreements. An aspect mentioned for distant regions of the world is sustainability, which makes distant countries less attractive options in comparisons to buying locally from a Swedish company or from within Europe. However, regardless of how the participants chose to categorise the world, it seemed that purchasing from outside of Sweden was a general obstacle. The prices in Swedish crowns, sizes expressed in a familiar way, Swedish language, freight costs and delivery are aspects that are in favour of Swedish websites and reasons to why the participants rather purchase from Swedish websites.

Other participants stated that they do not care about nationality. A finding related to this was that the participants that expressed that they do not care about nationality were often the more experienced online shoppers. They seemed to be less scared when purchasing online and



therefore did not reflect as much about risks with purchasing from websites from other countries. However, these participants seemed to be expressing conflicting opinions throughout the focus group, indicating that indirectly, they do in fact show biases between different nationalities. Many of them that expressed that they do not care about nationality, but also that they would rather buy from Swedish websites. Their explanation to this was however more practical factors such as freight or delivery time or simply that they enjoy Swedish designers and enjoy supporting Swedish companies.

Furthermore, the test of retail website nationality showed that the participants recognized many of the websites and had made purchases from several of them, but that they had little knowledge of the nationality of the websites. When asked to guess the nationality, a lot of participants tried scanning the design of the website, relating its feel to certain nationalities or looked for indicators such as the web address country code or a currency or phone number as indicators. The test therefore seems to indicate that websites that the customer has previous knowledge about and experience from does not equal that the customer is aware of the nationality.

A final observation is that in general, nationality seems to be a sensitive topic to discuss openly for some of the participants. When asked why the participant would not buy from a specific country, it was common that the participant looked uncomfortable and tried to avoid answering the question or referred to that it was 'just a feeling' that they have.

### 4.3 Analysis

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*This section will first start with an analysis of how the participants act online in general. It will be followed by what creates a sense of trust among the participants and what affects their risk awareness. Lastly, the aspects of website nationality will be discussed. By combining the analysis of all three aspects, conclusions have been made and five proposition for further research have been identified.*

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#### 4.3.1 General behaviour online

When listening to how the participants think when choosing websites or look for inspiration for purchases, it seems like there are different strategies when shopping online. Some of them first visit retail websites, others visit physical stores, some use Google, some end up on sites because of ads and commercials and others visit sites with price comparisons. Afterwards, most of them make the purchase online, but a few also go to the physical store after having researched the

product online in order to make sure that the product lives up to their expectations. This confirms that the participants have many different touchpoints online and offline and that the purchasing journey is no longer linear, which makes it more complex for companies to manage all of these different touchpoints (McKinsey & Company, 2017; Court et al, 2009). This is also in line with Court et al (2009) who claim that consumers are affected by many different digital channels in their consumer decision journey. It further shows that there are many different places where customers can find information and that there are many alternatives available (Deloitte, 2017; KPMG, 2017), which leaves consumers more well-informed (Court et al, 2009).

According to the decision journey as explained by Court et al (2009) the consumers start with a set of brands that they do a first valuation of. The set of brands included depends on the consumer's previous experiences of brands or certain retail websites and how they perceive them (ibid). Some brands and retailers with high brand equity achieve brand loyalty, which means that a repeated buying behaviour exists among the brand's customers due to positive beliefs and attitudes associated with the brand (Keller, 1991). This could be observed during the focus groups for many of the participants. In group one almost all participants expressed they start by visiting retail websites that they are familiar with and if they cannot provide the product they want, they move on to sites they are less familiar with by using Google. They thereby follow this step of the decision journey presented by Court et al (2009). However, some of the participants are not as loyal to brands they know. They rather google the product and click on the websites that appeared or visit price comparison websites. After visiting these different websites the participants create a new set of brands based on the experience they have gained using google. They thereby also follow this step of the decision journey even though their experience of the websites does not range as far back as those that revisit previously known websites. The participants that do not have a pre-set of brands are therefore not as loyal to brands and therefore perhaps is not part of the loyalty loop presented by Court et al (2009) as those participants that first visit websites that they have a positive experience of. If following Court et al (2009) definition, the participants that return to almost the same websites are more actively loyal and those participants that use google first are more passively loyal.

#### 4.3.2 Trust and risk online

After the initial consideration of a set of brands, the consumer moves on to the phase of active evaluations, where trust and risk becomes important aspects of the evaluation from which brand

or website to buy from (Court et al, 2009). From the empirical findings, it can be concluded that those participants that are more experienced shoppers online are willing to take more risks when considering making a purchase online than those participants that have less experience. This is in line with Forsythe et al (2006) that claim that experienced online shoppers are less concerned with the perceived risk of making a purchase in comparison to inexperienced ones, which the analysis from the focus groups supports. It is also the less experienced participants of the focus groups that value websites that they are already familiar with and thereby show a higher brand loyalty. Moreover, Tan and Sutherland (2004) presented a model of trust online consisting of three pillars of trust that affect the intention of trust that result in whether a consumer proceed to make a purchase. These are dispositional, institutional and interpersonal trust. Dispositional trust has to do with personal traits of the consumer and concerns culture and openness (ibid). This could be observed during the focus groups. Some of the participants seemed to be very open and did not observe any risks at all or were not concerned if something would go wrong. Others seemed to evaluate several risks before committing to a purchase and if something would go wrong it seemed to be a bigger issue for them than for those who are more open-minded. The institutional trust depends on the online experience of the consumer, which is in line with Forsythe et al (2006) discussion that less experienced online consumers are more concerned with the perceived risks. This was, as mentioned above, something that was clearly observed during the focus groups.

According to Forsythe et al (2006), there are three types of risks perceived when considering to make a purchase online and these are financial risk, product risk and time/convenience risk. All three of these risks were represented in the discussions during the focus groups. One of the major financial risks mentioned during the sessions was the importance of payment method of the retail website. Many of the participants brought up Klarna as a way of creating trust since Klarna is a company that they know from before and trust. Klarna becomes a middle hand that insures that both parties will be satisfied with the payment of the product or service. In accordance with Cheung and Lee's (2001) research, involving a third party as assurance therefore seems to result in a higher sense of trust. The possibility of making the payment after delivery was also mentioned as important since the customer then first can make sure that the product or service is delivered before payment and if something would be wrong they can choose to not make the payment. Thereby they are ensured that they will not be as liable to financial risk by the retail website. Moreover, changes of currency to the local currency was important for the participants, which as stated by Lituchy and Barra (2008) is an important

aspect in order to create trust online. Payment method and adaptation of currencies therefore are important aspects of creating trust in order for the customer to actually commit to a purchase, which confirms that financial risks are something that affects the consumer's sense of trust towards a retail website. Product risks were not brought up frequently during the focus groups sessions. To some extent it was brought up when discussing valuation of different nationalities. However, some mentioned that they prefer to buy products online that they had seen it in real life or products that they were sure they would be satisfied with. Product risks therefore seems to exist among the participants, but they did not seem as important as the other two risks, financial risks and time/convenience risks. The reason behind that findings on product risk is scarce in the focus group study is likely related to the fact that the general topics that were addressed are not related to products, but rather to the websites. This is due to the fact that the thesis is limited to exploring the country of origin effect in relation to websites, not the products themselves. Concerning the time and convenience risks, delivery and freight costs were considered important for the participants, as well as sustainability. For some of the participants the delivery time is extremely important and is the first thing they check for when considering making a purchase at a retail website. If there is a rush in having the product delivered to a specific time it becomes a crucial point for evaluation. This is also why many did not want to order products from distant countries since the delivery time is longer than if they order from their home country or from a country close to them geographically. The ease and costs concerning returns are also aspects that participants find important and look for when deciding whether to pursue a purchase or not, another example of a convenience risk that they think about. Furthermore, the freight cost was a convenience factor and also a financial factor because the participant did not want to pay for expensive freight costs. This factor became even more important if it was something cheap they wanted to buy and the freight cost became a high percentage of the price of the product.

However, the factor that was observed as the most important factor when it comes to convenience risk was the layout of the website. This aspect was mentioned first by many participants when asked about what creates a sense of trust on an online retail website. An unmodern retail website is considered by the participant as a non-attractive choice of where to buy a product. It gives the first impression of a website and an unmodern and perceived sketchy retail website raises suspicion among the participants. A retail website should also be easy to navigate in order to be convenient for the consumer. Otherwise as expressed by the participants, they are likely to leave the website. Preferences differ among cultures when it comes to web

design elements (Singh & Chun, 2016) and it is therefore important with adaptation of websites to the local market (Moura, Singh, Chun, 2016; Litchy & Barra, 2008; Reinecke & Bernstein, 2011). The participants mentioned the fact of automatic adaptation of website to their location as a crucial factor when evaluating the layout, design and other features of an online retail website. Web design elements that are important to change according to the local environment are visual design, navigation design and information design (Cyr, 2014). All of these aspect seem to be important for the participants, which supports the theory. A modern design, ease of navigation, language, sizing, currencies and customer service adapted to the local market were all mentioned as important, which shows that these aspects, when applied correctly, increases the sense of convenience and creates trust among the customers.

#### 4.3.3 The aspect of nationality

As mentioned in the empirical findings the view on the importance of nationality differed between the participants. Among the participants that care or showed signs of caring about the nationality, country of origin effects seemed to be present. They had positive attitudes towards certain nations and negative ones towards other nations. This is in line with the description of the country of origin effect as the consumers have positive or negative biases towards different nationalities, and they can be general for regions or country specific (Riefler, 2017). What can be observed in the focus groups is that the participants who showed the largest difference in valuation between different nationalities or countries, were also the participants who made the most country-specific distinctions. Some participant also took the quality of the product into consideration when purchasing from different nations and made the assumptions that products from a specific nation would be of less quality than the same product from another nation. Overall, participants expressed clear differences in expectations of the purchase in relation to different nationalities of websites, therefore the focus groups study seems to support the hypothesis that country of origin effects are in fact present in relation to websites. The participants that make these kind of distinctions were mostly the less experienced participants of online shopping, which is coherent with Forsythe et al (2006) that claims that unexperienced online shoppers are more affected by perceived risk. Interestingly enough, Schooler in his initial study (1965) did not find that travel experience in relation to the country at hand has any significant impact on the product evaluations. There seems to be a difference to the original study. The perceived risk in this case is to buy from a country that they are suspicious towards and do not trust to the same extent as if the retail website would be of another nationality.

Other participant that claimed to not take the nationality of the retail website into consideration when evaluating what website to purchase from actually showed signs of biases towards nationalities too, i.e. the country of origin effect. Even though they did not say it distinctively, it was implied in their answers. Many of them said that they usually do not purchase from outside Europe. They thereby make a distinction between regions, which also is a country of origin effect (Schooler, 1969). However, freight was referred to as a reason why they would not buy from outside Europe. Freight can be considered to be an institutional barrier to trade, and country of origin effects exist if the discrimination of nationalities exists when there are no institutional or judicial barriers to trade (Schooler, 1965). It is therefore difficult to know if it is because the participants do not want to buy from a nation outside of Europe or if it is, as they expressed, simply due to the freight costs. As mentioned, it sometimes seemed to be a sensitive topic to discuss country of origin and some seemed to value nations differently, even though not openly expressing their opinions. A conclusion of the comparison of experienced and inexperienced participants showed that less experienced participants showed more signs of differentiating between nationalities and find the aspect of nationality of the retail website more important than experienced ones. Furthermore, it was clear that participants had indirect biases that they were perhaps less aware of, but that showed in certain expression they made.

However, among all the participants, it was clear that they prefer to buy from Swedish retail websites. They trust Swedish retail websites the most because of familiarity and the will to support Swedish firms. This is a sign of consumer ethnocentrism which is a psychological barrier to trade, and a part of the country of origin effect (Shimp & Sharma, 1987). It thereby also shows that a liability of foreignness exist for foreign firms since they rather buy from local retail websites, creating a less favourable situation for foreign companies to compete with local companies. The participants further seem to, via their distinctions of regions, prefer shopping from psychically non-distant nationalities, which is another sign of both the country of origin as well as the liability of foreignness' psychic distance being present. The nations mentioned in a positive way are nations that are quite close to Sweden when it comes to culture, business practices and industrial development. Small differences in these aspects of a foreign nation creates a smaller psychic distance, which creates a greater feeling of understanding of a nation than if the psychic distance would be larger (Johansson & Vahlne, 1979). The participants therefore seem to value nations with low psychic distance higher. Thereby, the likelihood of them purchasing from a retail website from a nation with low psychic distance is higher than one from a nation with higher psychic distance.

Localization seems to be an important factor to the participants when choosing what retail website to purchase from. The participants believe that a website that does not adapt in accordance to Swedish preferences is regarded as less attractive to purchase from and the participants want a retail website to be in their own language, currency, layout, sizes etc. This is coherent with research that found that preferences of web design elements differ among cultures and therefore websites need to be adapted to the different local markets it is trying to reach in order to become attractive (Singh & Chun, 2016; Moura, Singh, Chun, 2016; Litchy & Barra, 2008; Reinecke & Bernstein, 2011). Websites that apply localization are more attractive among consumers and have been shown to be more successful internationally than those that do not adapt (Moura, Singh, Chun, 2016; Litchy & Barra, 2008; Reinecke & Bernstein, 2011), which the result from the focus groups clearly support.

Furthermore, the test showed that the retail websites that were presented during the test were mostly known by the participants, but that they did not know the nationality of the retail websites. It therefore seems like brand equity and brand knowledge is important to the participants. When they know the retail website the nationality of the website became less important, indicating that previous knowledge of a website might mitigate the importance of nationality. Several of the retail websites that were not Swedish were actually believed to be Swedish by the participants, which shows on a successful local adaptation and that customers can be driven to believe that foreign websites share their nationality by utilizing the website design as a tool. By applying localization, the websites adapt to the institutions that exist in the local market and can thereby become isomorphic and receive legitimacy (Mayer & Rowan, 1977; DiMaggio & Powell, 1983; Bartlett & Ghoshal, 1989; Zaheer & Mosakowski, 1997; Kostova & Zaheer, 1999). However, even though participants were not seemingly aware and knew the retail website nationalities, it does not exclude country of origin effects presence. As Andéhn and Decosta (2016) state, what should be viewed as country of origin effects in today's modern and complex production and manufacturing network as point of origin is what the consumers perceive to be the origin of a product or brand. The biases do not lie in the absolute truth, but rather in the impression of the consumers (ibid.)

#### 4.3.4 Proposition generation

Five propositions were formulated based on the key findings from the focus groups. In this section all propositions are presented, along with their respective focus group findings. These proposition will then be tested in chapter five through the self-questionnaire survey and the statistical analysis.

The result from the focus groups showed that the country of origin effect indeed is present among some of the participants. When the participants choose what retail website to purchase from they prefer first and foremost to buy from Swedish websites, but could also consider buying from European or North American retail websites as well. The participants also expressed to perceive European and North American countries as less psychically distant, and regions and countries outside of these areas as more distant. This observation leads to the first proposition and aims to statistically determine whether the country of origin effect do exist in relation to websites by comparing the level of awareness of nationality to the likeliness to commit to a purchase from different nationalities. The idea is that by comparing the two variables, patterns of distinctions made between committing to a purchase or not can be distinguished, confirming or rejecting whether there are differing biases present. Proposition one is therefore formulated as:

***Proposition 1:*** *Consumers with a high level of awareness of retail website nationality are less likely to commit to a purchase from psychically distant countries than those with a low level of awareness*

The following four propositions will help answer what kind of consumer behaviours affect the consumers' awareness of retail website nationality. As could be concluded from the comparison of more and less online experienced participants, the less experienced ones perceived higher risks when evaluating retail websites and are more aware of retail website nationality. In order to statistically explore this observation, proposition two was created.

***Proposition 2:*** *Consumers with a higher degree of weekly exposure to the internet have a lower level of awareness of retail website nationality*



The participants with a lower level of experience of online shopping were more brand loyal than those with a higher level of experience. The less experienced participant are also more concerned with and aware of website nationality, which results in the third proposition:

***Proposition 3:*** *Consumers with a high level of awareness of retail website nationality place a higher value upon previous knowledge of retail websites than those with a low level of awareness*

The payment method affected the perceived financial risk among the participants. This was also mentioned as having varying importance depending upon the website's nationality. Again, it was the less experienced participants that perceived higher risks with nationality and also the ones that brought up Klarna as a way of creating trust towards unknown retail websites. Proposition four aims to explore whether there is a statistically significant relationship between the two factors.

***Proposition 4:*** *Consumers with a high level of awareness of retail website nationality have a preference for utilizing third-party payment services over other optional payment methods*

Adaptation of a retail website to the local market was very important for the participants when evaluating the trustworthiness of a retail website. Again, less online experienced participants perceived more risk and were more aware of website nationality. This observation resulted in proposition five:

***Proposition 5:*** *Consumers who are negatively affected by retail websites who do not locally adapt their websites are less likely to commit to a purchase from psychically distant countries than from non-distant countries*

## 5. Self-questionnaire survey

*This section aims to take the reader from the qualitative analysis resulting in the empirical propositions in chapter four, on to the quantitative testing of those propositions. This chapter will cover the methodological choices, execution as well as the analysis and result presentation from the self-questionnaire survey.*

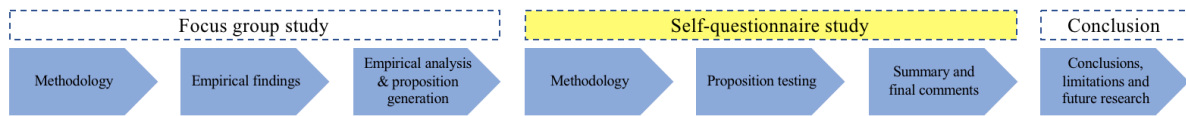


Figure 6: Detailed thesis outline, self-questionnaire survey

### 5.1 Methodology

*This section aims to explain what methodological choices were made for the self-questionnaire survey study. The section is built up by four different sections put in the order of execution. From sampling and data collection, to execution and finally onto the data analysis methodology. Finally, ethical considerations for quantitative studies will be discussed in relation to this thesis.*

#### 5.1.1 Sampling

A so called convenience sampling method was used when finding respondents to the survey. Convenience sampling is a type of sampling that is not made in a planned and statistical way in order to secure different population spreads, but rather is based on what is available to the researcher at the point of sampling (Bryman & Bell, 2015, pp. 200-202). As this thesis is conducted under a relatively short time frame Facebook and LinkedIn were used in order to spread the survey to as many people as possible. The Gothenburg University, School of Business, Economics and Law's administration further helped distributing the survey to students of the school via email. In that way it was possible to spread the survey to a large group of people in a short amount of time. The problem with convenience sampling is that it is hard to iterate and generalize the results of the study as the sampling is not conducted in order to represent a larger population, but rather to be compared to a case study of a single sample (Bryman & Bell, 2015, pp. 200-202). As this study was carried out under a limited amount of time and focuses on a field in which people in the proximity of the authors are active (online retailing), convenience sampling was deemed an appropriate method. Furthermore, the thesis does not aim to find any conclusive truths, but rather to explore and test different indications found in previous theory as well as the empirical study presented in chapter four.

Bryman & Bell (2015, p. 679) also highlight risks with using a web-based questionnaire related to the fact that using the internet itself will limit the study as only a selected part of the population will have access to a computer which creates a bias. However, as this study aims to evaluate consumer product choice behaviour on e-commerce platforms, the sample should consist of individuals who can access the internet and shop or browse online in order to even partake in the study. The risk is therefore irrelevant to this specific thesis. However, distributing the survey openly via social medias creates the problem of not being able to control the population size or the response rates fully (Bryman & Bell, 2015, pp.679), this is discussed further under limitations in chapter seven.

### 5.1.2 Execution

The self-questionnaire research method is defined as respondents answer questions by completing a questionnaire themselves (Bryman & Bell, 2015, p. 239; Persson, 2016). There are two possible ways to carry out a self-questionnaire study, digitally and via postal services. As this study is carried out over a short period of time, a digital survey is the most viable option as respondents are more easily contacted digitally. Another positive effect from this choice is that interviewer effects are not present (Bryman & Bell, 2015, pp.240-241), which was identified earlier as a risk as the authors and the respondents are likely to belong to the same social group. The largest risk with self-questionnaires is to ask the question in an efficient way as probing in open-ended question answers is not possible (Persson, 2016; Bryman & Bell, 2015). In this case, the risk is mitigated by the utilization of focus groups before the self-questionnaire study is carried out. The survey was constructed as a side-by-side layout in order to prevent the respondents from reading too far ahead and understanding correlations between questions, as this was not ideal for the study as respondents were supposed to first answer general online behaviour questions and then move further ahead into the perception of retail website nationality (Persson, 2016, pp. 188-193).

According to Bryman & Bell (2015, p. 242) the biggest risk with self-questionnaire surveys are that they tend to have the lowest response rate of all research methods. In order to mitigate for the risk of a low response rate, reminders was sent out three times to the people receiving the link to the survey. The process of retrieving the results from the survey had a total allowance time of 1.5 week as the thesis was limited in terms of time. Another big risk according to

Persson (2012) is the perception of the questions in the survey. Respondents tend to perceive questions in their own way as they read the questionnaire themselves and have no input from the interviewers (Persson, 2012, pp. 81-127). Risks include both the questions themselves as well as the possible answers. Ranking methods tend to be a critical type of answer in terms of being perceived as extreme and difficult to respond to by respondents (Persson, 2016, p.114). To mitigate this risk, the authors made the questions as straightforward and simple as possible in order to make the respondents more comfortable with their answer. This was one of the main focus areas of the authors when creating the quantitative study, but ranking questions were difficult to completely avoid. The survey with questions can be found in the appendix. In order to not have respondents that are irrelevant to the research, a screening question was created which would help make sure that only respondents who had actually made a visit to an online retailer got to complete the survey, if they had not made a visit, the survey ended with that question. This elimination took place in the beginning of the survey in order to not receive answers that were not of interest to the study as those who had never made a visit could not possibly have an opinion on the matter.

### 5.1.3 Data analysis

When analyzing the data from the focus groups, categorization of opinions were made, see in appendix, in order to create a basis for the propositions as well as the formulation of the survey questionnaire, see in appendix. The collected data from the questionnaire was then analyzed using IBM SPSS Statistics in order to easily investigate whether two variables in one of the earlier mentioned propositions correlated or not. In order to analyze the survey data bivariate correlation analysis was carried out using either one-way ANOVA or linear regression depending on the variable pairs were being tested (Buglear, 2012, p.153.; Pallant, 2011; Carrig & Hoyle, 2011; Field, 2009, pp.166-196). The assumptions made in the bivariate analysis was that one variable or more was dependent upon an independent variable, meaning that a change in the independent variable correlates to a change in the dependent variable(s) by a certain factor (ibid.). In section 5.3 below all variables will be presented as dependent and independent for each of the tested propositions along with their individual test scores.

A simple linear regression aims to investigate whether there is a correlation between two variables' mean distributions. The linear regression can visually tell us the direction and relation of the correlation between the two variables by plotting the different scores for each respondent

on the chart for each of the variables and creating a pattern of the responses (Buglear, 2012; Pallant, 2011). On top of this, generating a linear regression in SPSS yields exact information about the linear equation with coefficients and statistical indicators of the relationship strength, making it richer in information than the one-way ANOVA analysis (ibid). Linear regression was performed when two scale like variables were to be correlated, meaning that the two scores are compared for each respondent, not for a specific group total. The linear regression provides rich information regarding the relationship between two variables as it measure correlation with a linear relationship equation. The strength of the relationship and the nature of the relationship is provided in a coefficient table as well as a significance level. By looking at these factors, the nature of the correlation or non-correlation between two variables can be determined in a precise matter. However, there are strict assumptions regarding normal distribution and sample sizes which should be fulfilled in order to fully be able to trust the results of the linear regression (Buglear, 2012; Pallant, 2011; Field, 2009, pp. 197-263). In this thesis, none of those conditions are fulfilled, see under limitations in chapter six, and therefore results should be interpreted simply as indication of a correlation and its character, not as any universal truth. Furthermore, assumptions about variables being scales when truly, they may be of a more ordinal character was made, which is a down-side to testing qualitative variables. However, the variables used in linear regression in this thesis were deemed to be comparable on a scale. This is further motivated in section 5.3 for each of the propositions.

The analysis of variance (ANOVA) differs from the simple linear regression as it correlates the variances of the mean distribution between different groups of the variables and compares them to find a relationship, in comparison to the linear regression which correlates mean scores for two variables for each respondent and tries to find patterns in mean distributions across the sample (Pallant, 2011, pp. 128-143; Field, 2009, pp.347-394). The one-way ANOVA analysis was used when the proposition was formulated in order to compare different groups or alternative answers to a survey question which was categorical as linear regression is not appropriate when comparing groups. It generates less rich information about the relationship or correlation between the variables (Buglear, 2012; Pallant, 2011). What is generated is a significance level of the correlation between the mean variances for the different groups against the chosen independent variable, and this should always be combined with an ocular analysis of the mean scores for each group in the descriptive data table generated in the analysis. By looking at the descriptive table, an identification of the character of the relationship can be made, i.e. whether the dependent variables correlate positively or negatively with the

independent variable (ibid.). However, no information regarding the strength of the relationship, or by what factor the independent variable affects the variances in the dependent variables is provided (ibid.).

For all performed tests in section 5.3 below, a significance level of 95 percent was chosen as this is a common standard when doing research (Pallant, 2011). This yields that any significance value exceeding 0.05 in the SPSS analysis will be rejected, and that any proposition test yielding a significance value of less than 0.05 percent will be accepted, given that the relationship between the variables are also in line with the proposition.

A risk with utilizing the survey method in terms of the data is that respondents of a survey make their own interpretation of the questions in the survey and respond accordingly. Some risks mentioned are that survey question options come across as extremes, meaning that those who respond find it hard to make a distinction between the options, for an example on a scale (Persson, 2016). However, as a lot of time was spent on creating clear and well-formulated questions for the survey based on the empirical focus group analysis, see in appendix, including sending out test versions of the questionnaire and receiving feedback, this risk should be somewhat mitigated, even though it was still something that was kept in mind for the analysis. This risk is also further elaborated upon in chapter seven under limitations.

#### 5.1.4 Ethical considerations and quality of the study

When conducting a survey method study, certain quantitative ethical dilemmas must be taken into consideration, or at the very least, discussed. As respondents, people, are involved in the process there are multiple ethical consideration that need to be regarded in terms of their integrity and understanding of what is to come (Panter & Sterba, 2011). In this thesis, all participants were anonymous when answering the survey and no one except from the thesis authors ever viewed the collected data, leaving the integrity of the respondents very high. The respondents were also all informed about the purpose of the survey, what it would be used for and how their data would be handled. Furthermore, as the study was distributed via an online link, no participant has been coerced or forced into participation in the study. In terms of formulating the questionnaire (see appendix), careful attention was paid into variables that could be excluding to some parts of the sample (Fowler, 1995, pp.46-77). For an example, no limit was set in questions including multiple choices, participants could always add 'other' by

themselves. And the gender variable was not limited to male/female but also included its own choice of 'other'.

When looking for correlation, or significant relationships, between two variables it is imperative that the data is not only interpreted using the ANOVA indicator of significance. According to (Panter & Sterba, 2011), correlation should always be interpreted alongside a means plot and the correlation coefficients. This is due to the fact that the significance level itself does not tell what strength or kind of relationship that exists between the variables. In this thesis, means plots have not been studied, as many of the tested hypothesis included binary variables which yield only two plotted means in SPSS. However, by looking at the variables, how they were computed in the SPSS analysis and the mean distribution in descriptive data, the relationship can be interpreted in terms of what way the correlation goes, i.e. what variable increases or decreases along what other variable. Another ethical risk related to interpreting the data is what is called the 'confirmation bias'. Confirmation bias means that the researcher tends to look for ways to ensure that the hypothesis is accepted (Pallant, 2011, pp. 128-143). In this thesis, SPSS was utilized with very clear given instruction on a certain confidence interval as well as readily computed test results where the sig. value immediately told the authors whether to accept or reject the hypothesis. The risk of confirmation bias is therefore deemed as minimal, as well as the risk of computing certain variables that yield the wanted results as the propositions were all based upon earlier findings and predetermined.

One thing that is very important to keep in mind before reading the results in section 5.3 is what kind of sampling and survey were used. Sampling was first and foremost not done in order to represent the larger general population. On top of that, the sample size is 151 people, which can in no way be generalized (Carrig & Hoyle, 2011). The questionnaire, found in the appendix, is also at risk for affecting the answers and data as with qualitative studies. The understanding of a scale from "highly unlikely" to "highly likely" can be interpreted differently for different individuals, which makes it impossible to say exactly what has been measured, or as Carrig and Hoyle (2011) mentions, the risk of score interpretation. In other words, the reliability which measures the consistency and how easily someone else could replicate the data is low (ibid.). However, for this thesis, for this sample and for the questions asked, tests can be made in relation to prior theory as well as indications from the focus group study. However, as indications have been found in the focus groups, only to be confirmed statistically for the

sample in the quantitative study, there is strength behind the results which is what makes the mixed methods approach appropriate for this kind of explorative study as the results are then confirmed by two individual groups combining qualitative and quantitative data. Triangulation (Collis & Hussey, 2014, p. 71) is thereby achieved.

5.2 Descriptive data

*Descriptive data is used to describe the sample used for the analysis. In this section, the objective is to give the readers a thorough understanding of the sample that was collected and who the respondents are. Reading this section should give the reader an understanding of the sample before moving onto the proposition analysis presented in section 5.3.*

The survey consisted of a total of 23 questions which were all a mix of categorical and continuous variables, full survey can be found under the appendix. The survey was constructed in two parts, where the first part covered the background information of the respondents, and the second part covered questions that were meant to yield the right data to answer the propositions made from the empirical analysis in chapter four, see in the appendix.

Table 3: Respondent nationality

Nationality	Amount
Chinese	4
Indian	1
South African	1
Belgian	2
Mexican	2
Greek	3
German	3
Italian	2
Belgian	2
Hungary	1
Swedish/American	1
Swedish Finnish	1
Swedish	123
American	2
Bangladeshi	2

Table 4: Respondent occupation

Occupation	n	Percent
Student	101	66,01%
Part-time employee	2	1,31%
Full-time employee	45	29,41%
Unemployed	1	0,65%
Retired	0	0%
Other	4	2,62%

A total number of 151 individual cases were collected for the survey. 60 percent of the respondents were female, 39 percent male and one percent identified as ‘other’. As the survey was distributed via the authors’ social media as well as the School of Business Economics and



Law's Graduate School Office, there is a clear dominant representation of university student of different levels that have responded to the data. However, there are also representations of full time employees and undergraduates. Consequently, the age distribution follows the conclusion that the sample is over represented by students. The average age of the respondents was 28 years old and spent approximately 39 hours per week on the internet when asked to estimate their online website visit frequency. All participants of the survey had visited a retail website, except one. The one participant who had not made a visit to a retail website was not included in the rest of the study as that was set as the elimination question, therefore, some answers in the data are missing data from one participant leaving 150 responses.

### 5.3 Proposition testing

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*This section's purpose is to provide the reader with an adequate understanding of the methodology used when testing the propositions that resulted from the empirical analysis in chapter four. The section will describe the hypothesis, the variables, what test was used and finally whether the hypothesis was rejected or accepted.*

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#### 5.3.1 Proposition 1

P<sub>1</sub>: Consumers with a high level of awareness of retail website nationality are less likely to commit to a purchase from psychically distant countries than those with a low level of awareness

#### **Dependent variable**

*Survey question: How likely are you to commit to a purchase from a XX(country) retailer?*

The variable data comes from an ordinal question in the survey where the respondents were given eleven different retail website nationalities and got to rank how likely they were to commit to a purchase from the different retail website nationalities. The eleven nationalities were chosen as they were all discussed during the focus groups, upon which the survey was based on. The different nationalities were: Swedish, Norwegian, British, American, Bulgarian, Sri Lankan, Brazilian, Australian, Japanese, Chinese and South African. They were then ranked in terms of likeliness to commit to a purchase from 1-5, where 1=highly unlikely, 2=unlikely, 3=indifferent, 4=likely and 5=highly likely. In order to reflect the discussion from the focus groups, a grouping of scores was made. As the participants of the focus groups categorized Europe and North America as less psychically distant, the options British, American, Swedish

and Norwegian were grouped into a variable named ‘western’. The other seven countries were grouped into the variable ‘othercountries’. The scores were added and then divided by the number of countries in each variable, meaning that each variable represents one respondent’s average score for the four or seven countries in terms of likeliness to commit to a purchase.

### Independent variable

*Survey question: Do you reflect about online retailer nationality?*

The variable data comes from an ordinal question in the survey where the respondents had to evaluate whether they reflected about website nationality or not. This question aimed at understanding to what level the respondents showed an awareness of nationality, but was formulated as reflect in the survey question as it seemed to be a more natural way to pose the question to the respondents in comparison to “how would you rate you level of awareness of nationality”. The variable originally consisted of four different values, namely 1=yes, 2=to some extent, 3=I do not know and 4=no. A three level scale was created by removing the option ‘I do not know’ as it could not be seen as part of a scale of awareness as participants then do not even know whether they reflect or not. It is important therefore to notice that the number of respondents included in the SPSS analysis was reduced to 136, in comparison to 150, as some respondents were not included in the analysis, i.e. those who answered ‘I do not know’.

As the aim of the proposition is to understand whether the scores in terms of likeliness to commit to a purchase differ between two variables, ‘western’ and ‘othercountries’, a one-way ANOVA analysis is appropriate as such an analysis compares the variances in mean scores of two or more dependent variables or groups expressed in relation to those of an independent variable.

		ANOVA				
		Sum of Squares	df	Mean Square	F	Sig.
western	Between Groups	.662	2	.331	.856	.427
	Within Groups	51.446	133	.387		
	Total	52.108	135			
othercountries	Between Groups	3.843	2	1.921	3.637	.029
	Within Groups	70.262	133	.528		
	Total	74.104	135			

*Table 5: ANOVA table proposition one (SPSS)*

		Descriptives							
		N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
						Lower Bound	Upper Bound		
western	1	35	3.6857	.67612	.11429	3.4535	3.9180	2.00	4.75
	2	69	3.8297	.65374	.07870	3.6727	3.9868	2.00	5.00
	4	32	3.6953	.46979	.08305	3.5259	3.8647	3.00	4.75
	Total	136	3.7610	.62128	.05327	3.6557	3.8664	2.00	5.00
othercountries	1	35	1.80408163	.655648387	.110824805	1.57885853	2.02930473	1.00000000	3.42857143
	2	69	2.15113872	.705783031	.084966292	1.98159112	2.32068631	1.00000000	3.57142857
	4	32	2.24107143	.838065345	.148150422	1.93891665	2.54322621	1.00000000	3.57142857
	Total	136	2.08298319	.740891814	.063530949	1.95733853	2.20862786	1.00000000	3.57142857

Table 6: Descriptives table proposition one (SPSS)

Looking at the ANOVA table, table 5, the significance value (sig.) differs between the two dependent variables ‘western’ and ‘othercountries’. The ‘western’ variable scored a sig. value of 0.427 and is therefore rejected as our confidence level acceptance level was set to sig. 0.05. The conclusion that is drawn from this is that the variances in mean score for likeliness to purchase from western countries is not related to the level of awareness of retail website nationality.

However ‘othercountries’ yielded a sig. score of 0.029, which is  $< 0.05$  meaning that there is a significant correlation between the variances in mean scores for ‘othercountries’ and the level of awareness of retail website nationality. To understand the relationship better, the descriptive table 6 adds another layer to the analysis. By looking at the ‘othercountries’ mean score distribution between the different levels of awareness (1, 2 and 4) it can be concluded that consumers with a higher level of awareness are less likely to commit to psychically different than those with a lower level of awareness to a statistically significant level of 97.1 percent. The proposition is therefore statistically supported, and accepted.

### 5.3.2 Proposition 2

P<sub>2</sub>: Consumers with a higher degree of weekly exposure to the internet have a lower level of awareness of retail website nationality

#### Dependent variable

*Survey question: Do you reflect about online retailer nationality?*

The variable data comes from an ordinal question in the survey where the respondents had to evaluate whether they reflected about website nationality or not. This question aimed at understanding to what level the respondents showed an awareness of nationality, but was

formulated as reflect in the survey question as it seemed to be a more natural way to pose the question to the respondents in comparison to “how would you rate you level of awareness of nationality”. The variable originally consisted of four different values, namely 1=yes, 2=to some extent, 3=I do not know and 4=no. A three level scale was created by removing the option ‘I do not know’ as it could not be seen as part of a scale of awareness as participants then do not even know whether they reflect or not. It is important therefore to notice that the number of respondents included in the SPSS analysis was reduced to 136, in comparison to 150, as some respondents were not included in the analysis, i.e. those who answered ‘I do not know’.

### **Independent variable**

*Survey question: On average, how much time do you spend on the internet/week? (hours)*

The average time spent on the internet per week is measured as a ratio scale of hours with a fixed zero value from 0 to a maximum of 168 (total hours available in one week). By measuring the number of hours spent on the internet per week, the consumers online experience frequency and habits can be understood as higher or lower experience of using the internet. The variable was not coded in any further way, it was kept as a ratio variable.

### **Test and result**

As this proposition aims to understand the relationship between two variables where the independent variable is a ratio variable, it is not appropriate do perform a one-way ANOVA analysis. Had this been done, a possible 168 scores for each level of awareness would have been generated, making comparison between the groups irrelevant as one group could consist of one single participant, and create misleading interpretations. Instead, the appropriate test was a linear regression. The linear regression is preferred as it plots mean scores for large number of possible answers, i.e. continuous variables such as in this case and identifies whether there is correlation between the plotted means for the two variables. The dependent variable is also interpreted as a scale, as the option ‘I do not know’ was removed. The other options ‘yes’, ‘to some extent’ and ‘no’ are deemed to be fit to be interpreted as a scale of awareness level as they can be understood to signify a higher and lower value in comparison to each other.

### Descriptive Statistics

	Mean	Std. Deviation	N
Reflect_nationality	2.21	1.078	136
Average_time_spent	38.88	26.173	136

Table 7: Descriptive statistics proposition two (SPSS)

### ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.382	1	4.382	3.852	.052 <sup>b</sup>
	Residual	152.434	134	1.138		
	Total	156.816	135			

a. Dependent Variable: Reflect\_nationality

b. Predictors: (Constant), Average\_time\_spent

Table 8: ANOVA table proposition two (SPSS)

### Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	1.946	.164		11.851	.000	1.621	2.270
	Average_time_spent	.007	.004	.167	1.963	.052	.000	.014

a. Dependent Variable: Reflect\_nationality

Table 9: Coefficient table proposition two (SPSS)

Table 7 shows that 136 cases were included in the analysis, which is due to the fact that some were excluded due to the dependent variable. Furthermore, table 7 shows the mean score for each of the two variables. The ANOVA table 8 shows that the two variables' mean distribution generated a sig. value of 0.052. This sig. value slightly exceeds the predetermined confidence level of 0.05, however, looking into the mean distribution which contained a few outlier and taking into consideration the rather small sample size leads to the conclusion that the proposition should be accepted. Had the sample size been bigger and had outliers been removed, the significance level would have been higher. To conclude, for this specific test the significance level was 94.8 percent, but had the conditions been different, a score above 95 percent is likely to have occurred. Looking at the coefficient table 9 further indicates that the relationship between the two variables is positive. In this case the relationship yields a small difference of 0,007 in awareness level of website nationality for each increase of one unit of hours spent online. The hourly impact of the relationship is therefore not strong, but it indicates that the relationship is positive and therefore the proposition can be accepted.

### 5.3.3 Proposition 3

P<sub>3</sub>: Consumers with a high level of awareness of retail website nationality place a higher value upon previous knowledge of retail websites than those with a low level of awareness

#### **Dependent variable**

*Survey question: How important is previous knowledge of an online retailer to you?*

This question aims at understanding the importance of what is sometimes called brand equity, which alludes to the associations a consumer makes to certain brands or products when starting to consider a purchase. By asking the respondents how important previous knowledge is to them, data was yielded on how highly they value brand equity, that is, visiting websites that have previous knowledge of or previous experience from. The question had four possible answers, 1=very important, 2=important, 3=indifferent and 4=not important. The variable was interpreted as a scale reaching from very important to not important as the different alternatives were deemed as comparable to each other in terms of importance.

#### **Independent variable**

*Survey question: Do you reflect about online retailer nationality?*

The variable data comes from an ordinal question in the survey where the respondents had to evaluate whether they reflected about website nationality or not. This question aimed at understanding to what level the respondents showed an awareness of nationality, but was formulated as reflect in the survey question as it seemed to be a more natural way to pose the question to the respondents in comparison to “how would you rate you level of awareness of nationality”. The variable originally consisted of four different values, namely 1=yes, 2=to some extent, 3=I do not know and 4=no. A three level scale was created by removing the option ‘I do not know’ as it could not be seen as part of a scale of awareness as participants then do not even know whether they reflect or not. It is important therefore to notice that the number of respondents included in the SPSS analysis was reduced to 136, in comparison to 150, as some respondents were not included in the analysis, i.e. those who answered ‘I do not know’.

#### **Test and results**

As the proposition compares scores in terms of level of awareness against how much a respondent values previous knowledge a linear regression is appropriate. There are no groups

to be compared, but instead, the aim is to compare mean scores between two variable, which makes ANOVA analysis inappropriate. Again, as ‘I do not know’ has been removed, awareness of retail website nationality is deemed fit to be interpreted as a comparable scale variable.

**Descriptive Statistics**

	Mean	Std. Deviation	N
Reflect_nationality	2.21	1.078	136
Previous_knowledge_importance	1.90	.733	136

Table 10: Descriptive table proposition three (SPSS)

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	17.847	1	17.847	17.209	.000 <sup>b</sup>
	Residual	138.969	134	1.037		
	Total	156.816	135			

- a. Dependent Variable: Reflect\_nationality
- b. Predictors: (Constant), Previous\_knowledge\_importance

Table 11: ANOVA table proposition three (SPSS)

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.272	.243		5.236	.000
	Previous_knowledge_importance	.496	.120	.337	4.148	.000

- a. Dependent Variable: Reflect\_nationality

Table 12: Coefficients table proposition three (SPSS)

Table 10 shows that a total of 136 cases was included in the analysis, this is due to the fact that some responses for the dependent variable was excluded, as described earlier. Furthermore, table 10 tells us that the standard deviations are rather high for both the variables given the low number of alternatives for each variable and their mean scores. Looking at table 11, the variables have yielded a sig. of 0.000, indicating a perfect correlation. Looking further into the coefficients in table 12 tells us that for each unit the perceived importance of previous knowledge of a website increases, the level of awareness will also increase, by a factor of 0.496. Given that the scale of awareness reaches from 1-3 0.496 is quite a strong relationship. The proposition is therefore accepted.

#### 5.3.4 Proposition 4

P<sub>4</sub>: Consumers with a high level of awareness of retail website nationality have a preference for utilizing third-party payment services over other optional payment methods

#### **Independent variable**

*Survey question: Do you reflect about online retailer nationality?*

The variable data comes from an ordinal question in the survey where the respondents had to evaluate whether they reflected about website nationality or not. This question aimed at understanding to what level the respondents showed an awareness of nationality, but was formulated as reflect in the survey question as it seemed to be a more natural way to pose the question to the respondents in comparison to “how would you rate you level of awareness of nationality”. The variable originally consisted of four different values, namely 1=yes, 2=to some extent, 3=I do not know and 4=no. A three level scale was created by removing the option ‘I do not know’ as it could not be seen as part of a scale of awareness as participants then do not even know whether they reflect or not. It is important therefore to notice that the number of respondents included in the SPSS analysis was reduced to 136, in comparison to 150, as some respondents were not included in the analysis, i.e. those who answered ‘I do not know’.

#### **Dependent variable**

*Survey question: Do you have a preferred payment method when shopping online?*

The variable was posed as a multiple-alternative question in the survey where consumers had to choose between payment methods, or choose that they did not have a preference at all. The different alternatives were Debit/Credit card, third party payment service (e.g Klarna), invoice, bank transfer, no preference and finally other. Therefore, the variable was simply coded into 1=third party payment service and 0=all other which creates two options of grouped answers.

#### **Test and results**

As the aim of the proposition is to compare the level of awareness of retail website nationality between two types of answers, yielding two separated variables (i.e. 1=third party payment service and 0=all other), one-way ANOVA analysis is appropriate. This is due to the fact that there is two dichotomous options in the variable, the furthest away from a continuous variable



that data can get, which makes linear regression which should be performed on comparable and continuous variables inappropriate.

**ANOVA**

1=thirdpartypaymentservice 0=allother

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.493	2	.246	.992	.374
Within Groups	33.037	133	.248		
Total	33.529	135			

Table 13: ANOVA table proposition four (SPSS)

**Descriptives**

1=thirdpartypaymentservice 0=allother

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
1	35	.4286	.50210	.08487	.2561	.6010	.00	1.00
2	69	.4928	.50361	.06063	.3718	.6137	.00	1.00
4	32	.3438	.48256	.08531	.1698	.5177	.00	1.00
Total	136	.4412	.49836	.04273	.3567	.5257	.00	1.00

Table 14: Descriptives table proposition four (SPSS)

In this case, just looking at the ANOVA table, table 13, which indicates whether the variation in mean scores for the variables is random or not, shows that there is no statistically significant relationship between the two variables as the sig. value is 0.374 and therefore >0.05. This can also be observed by looking at the mean distributions in table 14, which shows no type of correlation in increases or decreases of mean scores for different levels of awareness of retail website nationality. The hypothesis is therefore rejected.

5.3.5 Proposition 5

P<sub>5</sub>: Consumers who are negatively affected by retail websites that do not locally adapt their websites are less likely to commit to a purchase from psychically distant countries than from non-distant countries

**Independent**

*Survey question: If an online retail website does not adapt to your location (e.g. currency or language conversion), how would that affect you?*

This question aimed to understand the level of importance placed upon local website adaptation to the respondent. The alternatives were 1=positively, 2=indifferent and 3=negatively. In order

to isolate the variable alternative in the proposition, the alternative negatively was coded as 1 and all other options as 0 creating a dichotomous variable.

### **Dependent variable**

*Survey question: How likely are you to commit to a purchase from a XX(country) retailer?*

The variable data comes from an ordinal question in the survey where the respondents were given eleven different online retailer nationalities and got to rank how likely they were to commit to a purchase from the different retailer nationalities. The eleven nationalities were chosen as they were all discussed during the focus groups, upon which the survey was based on. The different nationalities were: Swedish, Norwegian, British, American, Bulgarian, Sri Lankan, Brazilian, Australian, Japanese, Chinese and South African. They were then ranked in terms of likeliness to commit to a purchase from 1-5, where 1=highly unlikely, 2=unlikely, 3=indifferent, 4=likely and 5=highly likely. In order to reflect the discussion from the focus groups, a grouping of scores was made. As the participants of the focus groups categorized Europe and North America as less psychically distant, the options British, American, Swedish and Norwegian were grouped into a variable named 'western'. The other seven countries were grouped into the variable 'othercountries'. The scores were added and then divided by the number of countries in each variable, meaning that each variable represents one respondent's average score for the four or seven countries in terms of likeliness to commit to a purchase.

### **Test and results**

As the proposition aims to identify the difference between two alternative answers', 'negatively' and 'all other', mean scores for two dependent variables, a one-way ANOVA analysis was performed. A linear regression is not appropriate as no continuous score exists for the two variables, but rather, a mean score for each alternative in the independent variable is to be compared.

### ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
western	Between Groups	.288	1	.288	.625	.430
	Within Groups	68.777	149	.462		
	Total	69.065	150			
othercountries	Between Groups	.050	1	.050	.080	.777
	Within Groups	93.161	149	.625		
	Total	93.211	150			

*Table 15: ANOVA table proposition five (SPSS)*

### Descriptives

		N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
						Lower Bound	Upper Bound		
western	.00	41	3.6585	.82870	.12942	3.3970	3.9201	.00	5.00
	1.00	110	3.7568	.61560	.05870	3.6405	3.8732	2.00	4.75
	Total	151	3.7301	.67855	.05522	3.6210	3.8392	.00	5.00
othercountries	.00	41	2.09407666	.918966676	.143518483	1.80401498	2.38413833	.000000000	4.000000000
	1.00	110	2.13506494	.738092484	.070374357	1.99558525	2.27454462	1.000000000	4.14285714
	Total	151	2.12393567	.788294551	.064150501	1.99718035	2.25069098	.000000000	4.14285714

*Table 16: Descriptives table proposition five (SPSS)*

Table 15 demonstrates that there is no significant relationship between the variable ‘negatively’ and the variable ‘othercountries’ or ‘western’ and likeliness to commit to a purchase. This is indicated by the sig. values of 0.430 and 0.770 which both exceed the predetermined confidence level of 0.05 sig. Looking at table 16 also shows that there seems to be no correlation in the movement of the mean scores between the different variables. The hypothesis is rejected.

## 5.4 Summary and final comments on survey results

#	Proposition	Outcome
1	Consumers with a high level of awareness of retail website nationality are less likely to commit to a purchase from psychically distant countries than those with a low level of awareness	Accepted
2	Consumers with a higher degree of weekly exposure to the internet have a lower level of awareness of retail website nationality	Accepted
3	Consumers with a high level of awareness of retail website nationality place a higher value upon previous knowledge of retail websites than those with a low level of awareness	Accepted
4	Consumers with a high level of awareness of retail website nationality have a preference for utilizing third-party payment services over other optional payment methods	Rejected
5	Consumers who are negatively affected by retail websites that do not locally adapt their websites are less likely to commit to a purchase from psychically distant countries than from non-distant countries	Rejected

Propositions one, two and three were accepted and thereby confirmed these findings from the focus groups. Proposition four failed the statistical test, but, there might be a more nuanced answer to the proposition. As described in the methodological section of chapter five, a big risk when conducting a self-questionnaire survey online is how questions are posed and how they are interpreted and weighted by the respondent. In this case, preferred payment method was posed as a separate question from any assessment to nationality. Had the question been posed in a more nationality-inclusive way, or perhaps as a situational question, the results may very well have turned out differently and more in line with the discussions from the focus group. It is possible that respondents prefer utilizing a certain payment method in relation to certain countries, as expressed in the focus groups, but when asked if they have a general preference do not feel the same need to utilize a third-party payment service. Regarding proposition five, which was also rejected the participants in the focus groups had strong opinions on local adaptation, and looking at the analysis of the empirical material from the study showed a trend in that those who were picky about local adaptation were picky about nationality. What should be noted is that almost every participant in the focus groups raised local adaptation as an issue, often related to practical issues such as pricing, currencies, language etc. It is possible that the reason for so many of the participants bringing the issue of local adaptation up is just in fact that, a practical problem across the entire span of awareness level of retail website nationality.

Looking at the totality of the findings, an interesting pattern can be analyzed. As Schooler (1965) tested the original country of origin, he tried to relate differences to personal experiences and biases of the consumers. He tested their previous experience of travel (exposure to other countries), and their personal opinions about different nations. In this thesis, a combination of personal background information and more practically related variables were tested. Seemingly, the hypothesis that were rejected were related to more practical variables, such as the payment method and the local adaptation of websites while the variables that were related to personal experience of the internet, perceived risk and brand equity (previous knowledge of websites before a purchase) were accepted. The conclusions that can be drawn from this is that although many focus group participants related to and expressed a high value in the more practical issues, the reasons to having a more or less hostile approach towards shopping from psychically distant online retailers is more strongly correlated to the personal attributes rather than practical preferences, the country of origin effect seems to have a clear presence also in the online modern world. However, it is important to keep in mind the discussion above regarding the way questions were posed, and still remember that the focus group showed strong support for propositions four and five.

## 6. Conclusions

*This chapter aims to firstly conclude the thesis's final findings in relation to the research question. Secondly, this chapter includes theoretical and practical contributions as well as a section describing the limitations of the thesis.*



Figure 7: Detailed thesis outline, conclusion

### 6.1 Conclusions and contributions

The thesis's purpose was to examine whether there was in fact a country of origin effect in relation to websites and to assess what consumer behaviours are related to its possible existence. As presented in chapter one, the following research question was formulated:

*Is there a country of origin effect present in relation to websites, and if so, what consumer behaviours are related to the awareness level of websites nationality?*

By combining a qualitative and quantitative methodology, conclusions have been drawn from two independent groups. The two studies in chapter four and five have shown that there was in fact country of origin effects present in both studies. The focus groups study showed that there were clear qualitative indications of biases towards more distant countries in terms of likeliness to make a purchase online. Proposition one then tested the relationship between level of awareness of nationality as well as willingness to purchase from western and 'other' countries. Analyzing the results showed that there was a statistically significant relationship between the level of awareness and the willingness to purchase from 'other' countries. This result confirmed that there was in fact country of origin effects present in relation to the website as consumers who have a higher level of awareness showed a lower willingness to shop from psychically different countries in comparison to less distant countries. An interesting finding was that there was no correlation between the level of awareness and the likeliness to commit to a purchase from western countries in the study, showing that seemingly, all respondents were positively skewed towards western countries.

As discussed in chapter four, there were indications that some behaviours must differentiate the level of awareness between participants in the focus group study to explain the variation in their

level of awareness of website nationality. This was tested by formulating propositions two through five, which focuses on the consumer behaviour attributes in relation to nationality awareness. The tests showed that two out of the four tested consumer behaviours had a strong correlation to the level of awareness, these were propositions two and three. Firstly, the findings show that the weekly exposure to the internet, i.e. time spent online, strongly correlated to how aware consumers were of retail website nationality, where a higher weekly exposure correlated to a lower awareness level. Secondly, consumers' perceived importance of previous knowledge of a website had an almost perfect correlation to the level of awareness of website nationality, where a high perceived importance of previous knowledge correlated to a higher level of awareness. What can be concluded from this is that consumers who are in some way less experienced and perhaps more worrisome when shopping online show a higher level of awareness of website nationality. The other two hypothesis focused on testing the more practical attributes of websites affecting consumer behaviour. Hypothesis four and five tested whether payment method and local adaptation of website attributes such as language, currency etc. had an impact on the consumers' level of awareness of website nationality. Both hypothesis were rejected, i.e. not statistically significant. In relation to the two accepted hypothesis above, this shows that, seemingly, in this study practical attributes do not impact whether consumers are aware or not of website nationality, but rather, it is personal attributes such as experience and need for recognition that affects the level of awareness. However, as mentioned in chapter five, the reason behind the rejection of the hypothesis failure might very well be related to the way the questions were posed.

To conclude, there is in fact country of origin effects present in relation to websites, and the level of awareness of website nationality is related to the consumer's level of exposure to the internet as well as the need for recognition and previous knowledge of websites.

By establishing a presence of country of origin effects online on websites, this thesis contributes theoretically by applying one of the first indirect trade barrier theories in a renewed setting, and thereby filling a theoretical gap. Another layer of theoretical contribution is also added as new consumer behaviour aspects are investigated in relation to the country of origin effects, i.e. exposure to the internet and need for recognition and information and concluding that these factors in fact do have an impact of the nationality awareness level among consumers. Practical implications from the findings are that companies active online in an international context

should take into consideration that there are consumer biases towards their nationality, which can be both positive and negative. These are important aspects to consider when for an example deciding on local website adaptation, marketing approaches and even whether to have country specific domains or a more global approach. Understanding that consumers with their culture, experiences and biases have preferences not only for the products themselves, but for websites and where they choose to shop online is crucial, especially since e-commerce is growing rapidly and becoming a bigger part in any business in the future. If companies manage to comprehend and investigate what the biases are towards their specific nationality and origin, they can optimize their image and achieve a competitive standpoint.

## 6.2 Limitations

The findings from the qualitative focus group study included twelve participants, a small sample. The thesis then builds on the findings from this study, which is a clear limitation as a larger sample would have created a higher relevance. Furthermore, the qualitative study builds on only Swedish participants, around the same age, which were all highly educated and quite experienced internet users. This might have steered the thesis and proposition generation in certain directions which were not representative to a general population. However, as the survey sample was more diverse in terms of age, background and nationality and confirmed three of the propositions, the limitation is somewhat mitigated. This is the advantage of using a mixed method approach. Furthermore, the five chosen propositions are in no way a total representation of all factor which affect the country of origin effect, only findings based on indication from this thesis's specific empirical analysis presented in chapter four. There is likely many more consumer behaviour attributes that contribute to the country of origin effect on websites.

It is important to highlight that all quantitative findings in the analysis in chapter five from this thesis are only implications for this specific study. This is due to the fact that the survey sample size is small and not representative of any larger population as it has a large representation of highly educated, young and Swedish individuals. Rather, the study is to be interpreted as explorative findings in a rather unexplored area, aiming to confirm or reject findings from a qualitative focus group study. There is also a big risk, as with any quantitative study, that respondents of the survey interpret the questions and possible answers differently. Meaning that, one respondents 'highly likely' is not necessarily the same level of likeliness as another's. Another issue related to this is that it is hard to establish whether scales such as highly likely, likely, neutral, unlikely and highly unlikely is actually a scale. Again, it is difficult to establish



whether the different options range from high to low. For this study, the authors have however made a conscious decision to interpret the results for questions as such as a range of values from high to low as that is what the aim of the survey was when it was conducted. The practical implications of these limitations are therefore that the results and coefficients from the linear regression and ANOVA analysis should be interpreted only as indications of whether there is a relationship, and the character of the relationship, not as a precise truth regarding the specific relationship.

### 6.3 Future research

As this thesis was limited both in terms of time and resources, as discussed in chapter one under delimitations, there are several areas for future research related to the findings of this thesis.

Firstly, it would be of great importance to further elaborate and investigate what the practical implications of the country of origin effects are from a business perspective. For an example, conducting an experimental study on consumer navigation on websites in different website scenarios or a study following an international retail company online over time and studying performance in relation to changes such as the marketing or website image related to origin. Secondly, further testing more and new consumer behaviour attributes in relation to the country of origin effect and nationality awareness can help fully understand the effects and further classify consumer behaviour in relation to them. By doing so, companies can better understand what drives consumer biases towards websites in terms of origin and adapt accordingly. Thirdly, it would be interesting to extend the sample size and conduct sampling in order to represent a larger set of nationalities and generally create a better representation of a general population. This could also be conducted by isolating a single nationality in order to fully understand one country's biases towards other nationalities. This would be interesting for many companies with a large representation of certain nationality of consumers, or perhaps, companies who are aiming to expand and targeting a new country.

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## 8. Appendix

Table 1. Focus groups: Topic guide and questions

Theme	Objective	Questions
General e-commerce behaviour	Identifying drivers of decisions	Have you ever made a purchase online?
		How often do you visit online retailers?
		What is important to you in terms of the website and retailer?
		Do you go directly to the website to explore or do you pick up on the product elsewhere first?
		Do you have preferred websites that you return to?
		Do you shop for certain products online?
Trust and comfort	What creates a sense of trust and makes the customer commit to a purchase	Can you reflect on what some important aspects of an online retailer are that affect your willingness to make a purchase? (e.g. delivery, payment method)
Nationality of retailer	Understanding if the nationality matters to them on a conceptual level	How important is the aspect of what nationality the retailer or website is?
		Would it matter to you if a certain website has a different nationality in order for you to make a purchase? Why/why not?
		Would you evaluate a Norwegian and an American website equally attractive?
		Do you look at what the nationality of a website is before committing to a purchase?
Pictures/test	Test to see if they actually notice or are aware of the difference in nationality in practicality	What nationality would you classify these websites as?

Table 2. Focus groups: Chosen retail websites used in the test

Chosen companies	Short info.
ASOS	Men and women, UK company
Boozt	Men and women, Swedish company
Stayhard	Men, Swedish company
Zalando	Men and women, German company
Nelly	Women, Swedish company
Bubbleroom	Women, Swedish company
Net-a-porter	Women, UK company
Mytheresa	Women, German company
Nastygal	Women, US
CareofCarl	Men, Swedish company
Mr Porter	Men, UK

Table 3. Focus group analysis of empirical data.

Participants												
	Participant 1	Participant 2	Participant 3	Participant 4	Participant 5	Participant 6	Participant 7	Participant 8	Participant 9	Participant 10	Participant 11	Participant 12
<b>General</b>												
Has shopped online	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
Frequency of purchase	Red	Red	Orange	Orange	Orange	Green	Red	Orange	Green	Red	Green	Orange
Frequency of visit	Green	Orange	Orange	Orange	Green	Red	Red	Orange	Green	Orange	Green	Green
Range of products shopped online	Orange	Orange	Green	Orange	Green	Red	Red	Orange	Green	Red	Green	Green
Website loyalty	Green	Orange	Red	Orange	Red	Orange	Red	Green	Red	Orange	Orange	Orange
Browsing	Green	Orange	Green	Green	Green	Orange	Orange	Orange	Green	Orange	Green	Green
Google usage	Orange	Green	Green	Orange	White	White	White	White	Green	Green	Green	Green
<b>Trust/comfort</b>												
Payment	Orange	Green	Green	Green	Orange	Orange	Red	Orange	Green	Orange	Green	Green
Returns	Orange	Green	Green	Green	Orange	Green	White	Green	Red	Green	Green	Green
Freight/shipping	Green	Green	Green	Orange	Orange	Green	Orange	Red	Green	Orange	Orange	Green
Delivery	Red	White	Green	Green	Green	Green	White	Red	Green	Orange	Green	Orange
Website design	Green	Green	Green	Green	Orange	Green	Green	Green	Green	Orange	Green	Green
Adaptations	Green	Green	Orange	Green	Orange	Green	Green	Red	Green	Red	Orange	Orange
<b>Nationality</b>												
Importance to respondent	Green	Orange	Red	Green	Red	Green	Green	Green	Orange	Orange	Red	Red
Differentiate between countries	Green	Red	Orange	Orange	Red	Orange	White	Green	Green	Orange	Red	Orange
Sustainability	Red	Green	Green	Red	Orange	White	Green	Green	Green	Orange	Red	Orange
Mental distance	Green	Red	Red	Orange	Red	Green	Green	Green	Orange	Green	Red	Orange
Physical distance	Green	Green	Orange	Red	Green	White	White	Green	Green	Green	Green	Green



## Table 4. Survey Questionnaire

### International online shopping behavior

We are two master students in international business at the University of Gothenburg and we are studying consumer behavior in international online retailing in our master thesis. This survey aims to understand your individual opinion, there is no right or wrong answer.

Please observe that when we refer to the term "online retailer" we refer to a company selling online that does not sell their own products and/or services, rather several other brands' products and/or services (e.g. ASOS, NELLY.com, Amazon etc.)

The survey is anonymous, has 23 questions and takes approximately 10 minutes to answer. Thank you for your help!

#### 1. What is your gender? \*

- Female
- Male
- Other

#### 2. How old are you? \*

---

3 characters left

#### 3. What is your nationality? \*

---

**4. What is the highest level of school you have completed or the highest degree that you have received? \***

- High school
  - College
  - Bachelor degree
  - Master degree
  - PhD
  - Other, please specify
- 

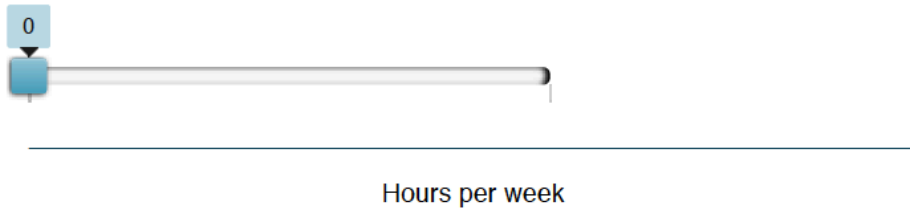
**5. What is your main current occupation? \***

- Student
  - Part-time employee
  - Full-time employee
  - Unemployed
  - Retired
  - Other, please specify
- 

**6. Have you ever visited an online retail website? \***

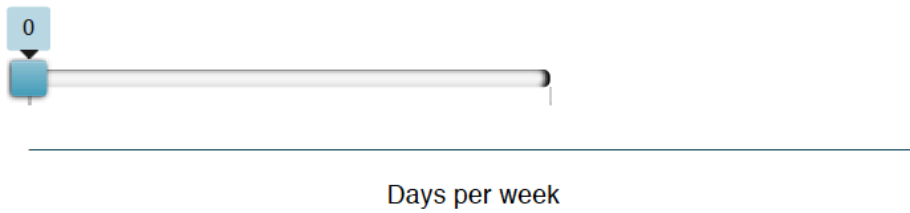
- Yes
- No

7. On average, how much time per week do you spend on the internet? \*



A horizontal slider control. On the left, there is a blue square containing the number '0'. A vertical line extends downwards from the '0' box to a blue square on the slider track. The slider track is a long, thin horizontal bar with a dark grey end cap on the right. Below the slider track is a horizontal line, and under that line, the text 'Hours per week' is centered.

8. On average, how often do you visit online retail websites? \*



A horizontal slider control. On the left, there is a blue square containing the number '0'. A vertical line extends downwards from the '0' box to a blue square on the slider track. The slider track is a long, thin horizontal bar with a dark grey end cap on the right. Below the slider track is a horizontal line, and under that line, the text 'Days per week' is centered.

9. Have you ever made a purchase from an online retail website? \*

- Yes
- No

10. On average, how frequently do you make purchases from online retail websites? \*

- Less than one time per year
- Yearly
- Monthly
- Weekly
- Several times per week
- Never

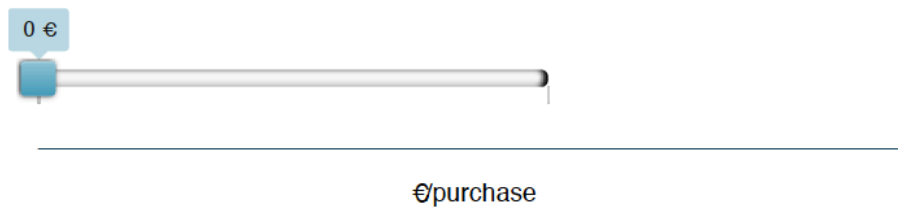
**11. What types of products and/or services do you purchase online? , \***

- Food
  - Clothing
  - Interior
  - Technology
  - Cosmetics
  - Pharmaceutical products
  - Tools
  - Travel/accommodation
  - Event/activity tickets
  - Literature
  - Vehicles
  - Other, please specify
- 

**12. How much of your overall shopping takes place online? \***



**13. Overall, how would you value your average online purchase? \***



**14. Do you reflect about online retailers' nationality? \***

- Yes
- To some extent
- I do not know
- No

**15. What region(s) do the online retailers where you make purchases originate from?  
(Multiple answers possible) \***

- Scandinavia
- Europe
- Asia
- North America
- South America
- Oceania
- Africa
- I do not know

**16. How likely are you to make an online purchase from... \***

	Highly unlikely	Unlikely	Neutral	Likely	Highly likely
a British retailer?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
an Australian retailer?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
a Norwegian retailer?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
a Japanese retailer?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
a Swedish retailer?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
a Chinese retailer?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
a Sri Lankan retailer?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
an American retailer?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
a Brazilian retailer?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
a Bulgarian retailer?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
a South African retailer?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**17. How important is previous knowledge of a retailer to you when making a purchase online? \***

- Very important
- Important
- Indifferent
- Not important

**18. A foreign retail website does not adapt (e.g. language, sizing & currency conversions) to your location. Does that affect your perception of the website, if so, how? \***

- Positively
- Indifferent
- Negatively

**19. How likely are you to make a purchase from a, to you, previously unknown retail website? \***

- Highly unlikely
- Unlikely
- Neutral
- Likely
- Highly likely

**20. Do you have a preferred payment method when shopping online? \***

- Credit card
  - Invoice
  - Through a to you known payment company (e.g. PayPal, Klarna, Google Wallet, Swish)
  - Bank transfer
  - No preference
  - Other, please specify
- 

**21. How important is the payment method on a, to you... \***

	Not important	Neutral	Important	Very important
previously known retail website?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
previously unknown retail website?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**22. How comfortable would you be with utilizing the payment methods below on a foreign online retail website? \***

	Uncomfortable	Slightly uncomfortable	Indifferent	Quite comfortable	Comfortable
Invoice	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Credit/Debit card	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Bank transfer	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Online payment service (E.g. Klarna, Swish, PayPal, GoogleWallet)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**23. How likely are you to commit to a purchase on a previously unknown online retail website if the value of the purchase is \***

	Highly unlikely	Unlikely	Indifferent	Likely	Highly likely
€0-25	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
€25-50	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
€50-75	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
€75-100	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
€100+	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>