Consumer Foreign Online Purchasing

Uncertainty in the Consumer-Retailer Relationship

Aswo Safari
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Abstract

Consumer foreign online purchasing (CFOP) in this thesis refers to the exchange between consumers and foreign online retailers. Despite empirical facts showing increasing interest of consumers to purchase from foreign online retailers, researchers have only paid modest interest to this new marketing field. In response to recent researchers’ calls for further studies in this new field, this thesis aims to add knowledge on why some consumers purchase from foreign online retailers and others do not. CFOP is associated with uncertainty, so it is important to study what affects uncertainty and how consumers deals with uncertainty.

Contrary to marketing-management theory studies, this thesis employs behavior theory and adopts views from relationship and network perspectives. The theoretical framework in this effort is business relationship concepts (commitment, trust, and uncertainty) and provides deeper understanding of how consumers behave in foreign online purchasing contexts. The empirical studies in this thesis employ multiple methods, including, in-depth, focus groups, narrative interviews, and two quantitative studies. This thesis discusses previous studies on marketing management theory, business-to-business and business-to-consumer relationships. Based on the framework, this thesis contributes with deeper insight for understanding consumers’ foreign online purchasing behavior. The empirical and theoretical contributions of this thesis not only advance understanding of this market arena, but also may attract the interest of other researcher.

In addition to the four papers with different theoretical contributions, the thesis contains a summary to properly position its theoretical background. Since the papers have a variety of emphases and stress different uses of analytical tools, uncertainty, commitment, and trust, the summary connects the four papers into a theoretical framework. The theoretical frame explicitly states the findings in the papers. It explains factors that affect uncertainty in CFOP and also how consumers deal with uncertainty in order to establish and develop relationships through the pre-purchase, purchase, and post-purchase phases.

Keywords: Uncertainty; Trust; Commitment; Consumer foreign online purchasing; Relationship

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Uppsala, March 2014
Aswo
List of Papers

This thesis is based on the following papers, which are referred to in the text by their Roman numerals.


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Appendix A
Imagine you are browsing the Internet for a laptop. You find several alternatives provided by different retailers all around the world. Eventually, you decide on a product and find a retail website offering your desired product. However, the retailer is foreign and you do not know much about it, except that it is from another country. How would you feel about purchasing from this retailer? Would you feel insecure and uncertain? This situation/phenomenon in CFOP often happens because the Internet has given consumers new opportunities to reach global retailers (Harrison-Walker, 2002; Edwards et al., 2009; Beldad et al., 2010; Soopramanien, 2011; Sabio, 2012; Becerra et al., 2013).

In Sweden, the e-commerce industry turnover was 4.9 billion SEK in 2003 and was estimated to reach 37.3 billion SEK by the end of 2013 (Ebarometern, Q2, 2013). In 2012, 90 percent of Swedish consumers purchased domestically on the Internet, and 40 percent were frequent online purchasers. Only 2 percent frequently purchased from foreign online retailers (Posten, 2012). The percentages of consumer domestic/foreign online purchasing for Denmark are 60 percent/8 percent; Finland 56 percent/3 percent; and Norway 66 percent/14. The overall average for the Nordic countries is 53 percent/6 percent. Nordic consumers purchase from foreign online retailers because the product/service is not provided by domestic online retailers and foreign online retailers are often less expensive (Ibid).

Given the vast opportunities provided by foreign online retailers, it is surprising that foreign retailers are not attracting consumers. According to Posten (2012), factors that hinder CFOP include: Nordic consumers are not confident in foreign retailers’ security for payment or that the product will be delivered as promised; language differences make it difficult to purchase; and consumers’ greater perception of being scammed. Despite the fact that consumers can find products for lower prices from foreign online retailers, the above-mentioned factors affect their decision and hinder them from purchasing from foreign online retailers (Ibid). These factors are related to consumers’ overall perceived uncertainty when purchasing from foreign online retailers (Lim et al., 2004; Yamin and Sinkovics, 2006; Wang and Head, 2007; Pavlou et al., 2007; Edwards et al., 2009; Sinkovics et al., 2013).

Similar to Posten’s (2012) investigation, previous research indicates that uncertainty about purchasing from foreign online retailers involves: general lack of information about the retailer; less consumer experience in interna-
tional purchasing; language barriers; complex deliveries; complex product returns; and consumer lack of information about their rights (Cheng et al., 2008; Edwards et al., 2009). These lead to higher levels of uncertainty when purchasing from foreign online retailers (Harrison-Walker, 2002; Pavlou et al., 2007).

It is important to study CFOP for both theory and practice, because it has the potential to change global economic development. Further empirical research is of the utmost importance (Cheng et al., 2008; Edwards et al., 2009). Online retailers have the whole world as possible consumers. This opportunity can change small firms into large international firms. However, despite the fact that some consumers purchase from foreign online retailers, a large majority still hesitate to do so. Therefore, the aim of this thesis is to add knowledge on why some consumers purchase from foreign online retailers and others do not.

Consumers can purchase from either active online internationalization (AOI) retailers or default online internationalization (DOI) retailers (Kim, 2003; Yamin and Sinkovics, 2006; Pezderka and Sinkovics, 2011; Sinkovics et al., 2013). The former are retailers that target consumers from specific countries by developing a website that is in the target market’s language, providing services in the consumer’s native tongue, and often have a physical presence in the consumer’s country of residence. DOI retailers are those with a website that targets domestic consumers, but not necessarily foreign online consumers. This thesis focuses on consumers purchasing from DOI retailers. Therefore, CFOP will mainly refer to purchasing from DOI retailers, but some AOI retail purchasing is also considered to illustrate the variation in perceptions of uncertainty between the two types of retailers.

Consumers/customers are the target in this thesis. The retailers in this study sell products and services to the consumers. However, the retailer can also be a producer, but this thesis is concerned with its role as a retailer. This thesis does not focus on a specific product or a service. When conducting the studies in this thesis, the products and services are determined by the consumers, but the common ground is that the consumer considers the chosen product, which involves a significant level of uncertainty.

Previous studies

Uncertainty in consumer domestic online purchasing

Uncertainty in a domestic online context refers to: Physical absence between consumer and retailer, separation between consumer and product, and no direct physical interaction between consumer and salespeople; absence of simultaneous existence in time and space; absence of feedback and learning ability; and absence of human network attributes (Yoon, 2002; Nohria and
Uncertainty between consumers and domestic online retailers has been extensively studied (e.g., Hoffman et al., 1999; Jarvenpaa et al., 2000; Mukherjee and Nath, 2007; Beldad et al., 2010; Sabio, 2012; Becerra et al., 2013). Different factors explain consumer uncertainty. Most of these factors are related to website and retailer characteristics (Pavlou et al., 2007; Beldad et al., 2010). Website characteristics include factors such as design, layout, information, privacy and security issues. Retail characteristics include reputation, firm size, and physical presence (Jarvenpaa et al., 2000; Eastlick et al., 2006; Fong and Burton, 2006; Hwang et al., 2006; Chen and Barnes, 2007; Connolly and Bannister, 2008; Sangwan et al., 2009; Brashear et al., 2009; Soopramanien, 2011; Sabio, 2012; Becerra et al., 2013).

However, it is important to distinguish between factors affecting uncertainty and concepts that are useful for understanding how consumers deal with uncertainty in the context of online purchasing. Consumers’ uncertainty is based on lack of trust in the retailer (Eastlick et al., 2006; Ha and Ellis, 2006; Mukherjee and Nath, 2007; Wang and Head, 2007; Chen and Chou, 2012; Chang et al., 2013). Consumer trust in retailers is information- and experience-based (Wu, 2003; Shim et al., 2001; Jarvenpaa et al., 2000; Hwang et al., 2006; Mukherjee and Nath, 2007; Rose et al., 2011). In order to manage lack of information and experience with retailers, consumers sometimes approach their surrounding network of family members, friends, online reviewers, and other sources of information for dealing with uncertainty in online exchanges (Fong and Burton, 2006; Ahrens et al., 2013). The concept of trust is integrated with other concepts, such as the technology acceptance model (TAM) (Lederer et al. 2000; Gefen and Straub, 2000; Gefen et al., 2003; Lee et al. 2011), commitment (Eastlick et al., 2006; Mukherjee and Nath, 2007), information, and experience (Wu, 2003; Shim et al., 2001; Rose et al., 2011). Exchanges on the Internet are associated with high levels of uncertainty. Nevertheless, the effect of uncertainty is mitigated if there is trust between the two parties (Grabner-Kräuter, 2002; Verhagen et al., 2006; McKnight et al., 2002).

Uncertainty in consumer foreign online purchasing

Studies on CFOP research are scarce, with few exceptions (e.g., Harrison-Walker, 2002; Shiu and Dawson, 2004; Nantel and Glaser, 2008; Cheng et al., 2008; Edwards et al., 2009). Exchange in the CFOP setting is even more complex than in domestic online purchasing and involves higher levels of uncertainty. Nantel and Glaser’s (2008) study finds that consumers perceive website usability as negatively related to foreign language barriers. Website usability increases if the website is in the consumer’s native language. Shiu and Dawson (2004) study British, German, Japanese and Taiwanese consumers’ online usage. Their findings indicate that online usage is affected by
national cultures between, and within, countries, including differences between men and women. Edwards et al. (2009) investigates the role of physical location in consumers’ online purchasing behavior and connects this to psychological distance. They suggest that online retailers should focus on creating an illusion of closeness that positively affects consumers’ perception of similarity and familiarity, which reduces psychological distance. Cheng et al.’s (2008) study integrates the country of origin concept in consumers’ international online activities. Their finding suggest that online retailers’ brand equity, country of origin, and guarantees of quality affect consumers’ perception regarding the quality of service.

Despite a few attempts by empirical studies (e.g., Shiu and Dawson, 2004; Nantel and Glaser, 2008; Cheng et al., 2008; Edwards et al. 2009), CFOP literature lacks conceptualization and operationalization. Consumer domestic online purchasing is generally associated with high levels of uncertainty due to physical absence between consumer and retailer (Jarvenpaa et al., 2000; Grabner-Kräuter, 2002). CFOP literature confirms this (Harrison-Walker, 2002, Shiu and Dawson, 2004; Nantel and Glaser, 2008; Cheng et al., 2008; Edwards et al., 2009). However, the studies mentioned previously do not cover what affects consumer uncertainty in this context and how consumers deals with uncertainty in this context. Harrison-Walker (2002) suggests that barriers to foreign online purchasing are based on demographics/sociocultural factors (language preferences, income, literacy levels, buying at distance, shopping experience, security and privacy concerns, payment methods), financial issues (exchange-rate fluctuations, tariffs, and customs clearance), infrastructure issues (communications, delivery issues, Internet penetration), political barriers, and legal restrictions. CFOP also includes retailer and website characteristics, which are also relevant for domestic online purchasing (Jarvenpaa et al., 2000; Mukherjee and Nath, 2007; Sabiote, 2012; Becerra et al., 2013).

In summary, CFOP involves macro/country-level factors, and website and retail factors that all affect consumers’ uncertainty during purchase decisions with foreign online retailers. Although the current research provides some vital concepts and factors for understanding CFOP, the literature does not cover how consumers deal with uncertainty. Uncertainty is not constant, because, the consumer faces different scenarios such as pre-purchase, purchase, and post-purchase scenarios, during which uncertainty varies. The CFOP literature not only lacks studies on understanding consumer-perceived uncertainty but also lacks studies that investigate how consumers deal with uncertainty in these different scenarios.
Specifying the research questions

The aim of this thesis is to study and add knowledge on why some consumers purchase from foreign online retailers and others do not. This aim is important to understand CFOP behavior and adds knowledge that is both relevant for business and theory. It adds knowledge on crucial empirical questions such as: How do consumers behave in the CFOP context? Understanding CFOP behavior in a time when e-commerce is increasing is crucial for companies to meet foreign consumer demands on the Internet. The nature of CFOP involves a high level of uncertainty, which is multifaceted. In other words, CFOP literature provides some answers on what affects uncertainty in the CFOP context (factors related to country, website, and retailer), but it lacks studies about how consumers deal with uncertainty. This thesis aims to fill that gap.

From a theoretical view, uncertainty can be studied from different approaches. In marketing literature, uncertainty in the exchange between a buyer and seller is either viewed as transactional, from the viewpoint of marketing management (e.g., Drucker, 1954; McKitterick, 1957; Levitt, 1960; Kotler, 1967; McCarthy, 1960), or relational, from the viewpoint of marketing as a social and economic process (e.g., Anderson and Narus, 1998; Zeithaml et al., 1985; Berry, 1983; 1995; Grönroos, 1994; Pels, 1999; Sheth and Parvatiyar, 2000; Hauser and Clausing, 1988; Parasuraman et al., 1988; Constantin and Lusch, 1994; Day, 1994; Dickson, 1992; Hunt, 2000; Hunt and Morgan, 1995) and service-dominant logic (Vargo and Lusch, 2004). Marketing science has experienced a paradigm shift from a transactional to a relational approach (Dwyer et al., 1987; Morgan and Hunt, 1994; Gummesson, 1994; 2002; Vargo and Lusch, 2004; Hunt, 2013).

This thesis applies a relational view on exchange for studying uncertainty in CFOP, which is acknowledged in the consumer domestic online-purchasing literature, where several scholars adopt a relational view on exchanges between buyers and sellers (e.g., Eastlick et al., 2006; Ching and Ellis, 2006; Mukherjee and Nath, 2007; Pavlou et al., 2007; Wang and Head, 2007; Chen and Chou, 2012; Chang and Cheung, 2013). The basic mechanism of relational exchange is on long-term orientation rather than short-term opportunistic orientation, mutual interdependence rather than independence, mutual cooperation rather than competition and conflict, and two active parties rather than one active party (Berry, 1983; Gummesson, 1994; Grönroos, 1996; Morgan and Hunt, 1994; Sheth and Parvatiyar, 2000; Sheth and Parvatiyar, 1995; Hadjikhan and LaPlaca, 2013; Hunt, 2013).

In this thesis, the relationship involves different phases between the consumer and the foreign online retailer: pre-purchase, purchase, and post-purchase. It is important to study and understand how consumers’ uncertainty changes at these different phases in the relationship, based on how the consumers’ deals or not deals with his/hers perceived uncertainty when pur-
chasing from foreign online retailers. Consumers may not be able to deal with uncertainty/avoidance of uncertainty, so a relationship may not develop and instead ends without any exchange occurring between the consumer and the retailer. In other cases, where the consumer deals with uncertainty and exchanges occur, a relationship develops (Pavlou et al., 2007). Therefore, it is vital to incorporate both scenarios when studying uncertainty in the relationship between consumers and foreign online retailers.

Uncertainty is a decision-maker’s difficulty in predicting the outcome of benefit versus cost of a purchase decision (Duncan, 1972; Kohli, 1989). Uncertainty depends on different aspects in CFOP, such as macro-factors, and website and retailer characteristics (Edwards et al., 2009) that affect overall consumer-perceived uncertainty (Kohli, 1989; Gao et al., 2005). The CFOP literature shows sporadic findings of the importance of different factors in different situations (Shiu and Dawson, 2004; Nantel and Glaser, 2008; Cheng et al., 2008; Edwards et al., 2009), but lacks studies showing how consumers deals with uncertainty in the relationship. Despite efforts made in the literature (e.g., Eastlick et al., 2006; Mukherjee and Nath, 2007; Pavlou et al., 2007) to adopt a relational view for studying consumer domestic online purchasing behavior, CFOP literature lacks a relational view for studying behavior. This thesis adopts a relational view on exchange and attempts to answer two research questions:

**Q1: What affects consumer uncertainty in the CFOP context?**

**Q2: How do consumers deal with uncertainty in the CFOP context?**

The research questions are addressed in four papers that all target CFOP behavior. This thesis contains five different data collections involving individual interviews, focus-group interviews, narrative interviews, and two large surveys. Section 2 contains a review of marketing literature, including a discussion of marketing-management theory and relational-exchange theories in industrial and consumer markets. This section also develops the relationship framework for the CFOP context and further explains why this thesis applies a relational-exchange approach for studying uncertainty in CFOP context. The major concepts used in this thesis are then explained and defined, and a consumer-retailer relationship framework is developed. Section 3 explains the different types of data collection and literatures used in this thesis. Section 4 presents the results from the four papers. Section 5 discusses the overall thesis results and draws conclusions and suggests avenues for future research.
Theoretical discussion

Marketing as a phenomenon has existed for several thousand years, but has only been an academic field for approximately 100 years (Wilkie and Moore, 2003). Sheth and Parvatiyar (1995) identify marketing as a science with three stages of market development: Pre-industrial, industrial, and post-industrial. They then link business-to-business (B2B) marketing to these stages of market development. There have been different theoretical perspectives on marketing and markets in the literature, such as classical and neoclassical economics (Smith, 1776; Say, 1821; Shaw, 1912; Marshall, 1890), early normative marketing including commodities (Copeland, 1923), institutions (Nystrom, 1915; Weld, 1916) and functional (Weld, 1917; Cherington, 1920) are classical contributions.

Table 1. Theoretical foundation of transactional exchange and relational exchange in industrial and consumer markets

<table>
<thead>
<tr>
<th>Transactional exchange</th>
<th>Relational exchange (Industrial)</th>
<th>Relational exchange (Consumer markets)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic exchange</td>
<td>Economic and social exchange</td>
<td>Economic and information exchange</td>
</tr>
<tr>
<td>Short-term focus</td>
<td>Long-term focus</td>
<td>Short- and-long-term focus</td>
</tr>
<tr>
<td>Marketing mix</td>
<td>Interaction</td>
<td>Direct/indirect Interaction</td>
</tr>
<tr>
<td>One active party</td>
<td>Two active parties</td>
<td>Two active parties</td>
</tr>
<tr>
<td>Rationality</td>
<td>Bounded rationality</td>
<td>Bounded rationality</td>
</tr>
<tr>
<td>Customers are price-sensitive</td>
<td>Low price sensitivity</td>
<td>Low and high price sensitivity</td>
</tr>
<tr>
<td>Homogeneity</td>
<td>Heterogeneity</td>
<td>Heterogeneity</td>
</tr>
<tr>
<td>Market segments</td>
<td>Customers as individuals</td>
<td>Consumers as segments/individuals</td>
</tr>
<tr>
<td>Independency</td>
<td>High interdependency</td>
<td>Low and high interdependency</td>
</tr>
<tr>
<td>Opportunistic behavior</td>
<td>Mutuality</td>
<td>Mutuality and switching behavior</td>
</tr>
<tr>
<td>Competition</td>
<td>High cooperation</td>
<td>Low cooperation</td>
</tr>
<tr>
<td>Low adaptation</td>
<td>High adaptation</td>
<td>Low and high adaptation</td>
</tr>
</tbody>
</table>

However, there are three dominant schools of thought: Economic-exchange theory; relational-exchange theory; and service-dominant logic. Economic-exchange theory dominated between 1950 and 1980 (Drucker, 1954; McKit-terick, 1957; Levitt, 1960; Kotler, 1967; McCarthy, 1960), relational-exchange theory prevailed from around 1970 and ongoing (Kohli and Jaworski, 1990; Narver and Slater, 1990; Grönroos, 1994; Zeithaml et al., 1985; Berry, 1983; Duncan and Moriarty, 1998; Gummesson, 1994; 2002; Sheth and Parvatiyar, 2000; Hauser and Clausing, 1988; Parasuraman et al., 1988;
Transactional-exchange theory

Marketing management, or transaction-exchange theory, has its roots in economic literature. There is little or no product diversification and a focus on economic exchange (Grönroos, 1997). Marketing management, with the marketing-mix model, was introduced around 1960. The concept of marketing mix and the famous 4Ps (product, price, place, and promotion) entered the marketing sphere at this time (Borden, 1964; McCarthy, 1960; Kotler, 1967; 1991). The marketing-mix model was unchallenged (Sheth and Parvatiyar, 2000). In this model, the marketer is the active party, and combines different ingredients, or a mix of ingredients, for the marketing mix of the 4Ps (Kotler, 1967) to attract consumers. Over the years, additional Ps were added (Cowell, 1984). Grönroos (1997) explains that the 4Ps (McCarthy, 1960; Kotler, 1991) were an oversimplification of Borden’s (1964) original 12 elements. Consumers passively receive products, are mainly concerned with price and technical quality, and respond to the best product for the lowest price (Kotler, 1967). This push strategy from the marketer leads to competition with other marketers, who behave in an opportunistic and short-term manner. Marketers do everything to convince consumers to purchase their products, but without retaining the consumer for future transactions. Each transaction is viewed in isolation (Grönroos, 1997). Although marketers target different segments, consumers in each segment are treated as homogenous. There is no product diversification, nor individual adaptation (Table 1).

The model was eventually questioned and criticized. Grönroos (1997) argues that, the main problem was that, although additional variables were added, they could never include every relevant element. The model could not
predict, nor fit, every situation. However, the practical implications were the least-criticized aspect of the marketing mix, which was probably influenced by micro-economic theory and the theory of monopolistic competition (Chamberlin, 1933). This was for adding realism to monopolistic competition, but this link to micro-economic theory was cut off. Therefore, from a theoretical point of view, the marketing mix involved a list of variables/Ps without any roots (Grönroos, 1997). Furthermore, the transaction-exchange theory also suffered from predicting numerous purchase decisions that were not based on rational decision-making. According to Hadjikhani and LaPlaca (2013), this might be due to the fact that transactions, especially solely economic transactions, are easier to study in shorter period of times, while relationships developed over several transactions take longer to understand and study.

Other marketing theories came about, such as the industrial marketing and purchasing (IMP) group (Håkansson, 1982; Turnbull and Valla, 1986; Johanson and Mattsson, 1987), the service school of thought (Berry, 1983; Berry et al., 1983; Grönroos and Gummesson, 1985), and the social-exchange school of thought (Bagozzi, 1974; 1975; Hunt, 1976; 1983). These were among the first to focus on understanding the relationship dimension of an exchange. Service-dominant logic (Vargo and Lusch, 2004) has also recently evolved as a new theoretical foundation to provide a new view of markets from goods-oriented to service-oriented. The basic foundation is that operant (intangible) resources are superior to operand (tangible) resources (Vargo and Lusch, 2004). Tangible goods are only viewed as a service-distribution mechanism. Furthermore, the customer co-creates services. Several of those ideas have been touched upon in different economic and social process theories. The next section will review and discuss relational-exchange theories.

Relational-exchange theory in industrial markets

Relational-exchange theory originates from behavioral theory and emerged as a response to economic-exchange theories (Hadjikhani and LaPlaca, 2013). IMP and the service school of thought (Håkansson, 1982; Berry, 1983; Berry et al., 1983; Grönroos and Gummesson, 1985) were two alternatives to the marketing-management school of thought. The interaction approach, or IMP (Håkansson, 1982; Håkansson and Snehota, 1995; Turnbull and Valla, 1986), was developed during the 1960s at the University of Uppsala in collaboration with several universities in other European countries (Håkansson and Snehota, 1989; 1995). The interaction approach, unlike marketing management, focuses on interaction among actors in the network, in which different interactions occur and exchanges among actors feature high level of adaptation (Ford, 1980; Håkansson and Snehota, 1995).
Ford and Håkansson (2006) outline four reasons for initiating IMP. First, it challenges the idea that exchanges are considered in isolation. Instead, these exchanges are different episodes in enduring relationships, and researchers should focus on understanding these relationships. Second, IMP challenges the idea of independent marketer actions in constructing its mix to target a passive market. Instead, IMP focuses on interactions between active marketers and active consumers. These two parties decide the determination, development, and implementation of the exchanges between them. Third, marketing management sees the market as different segments, but IMP argues that the interaction between selling firms and buying firms occurs in a stable, heterogeneous, and individually significant of suppliers and customers. Finally, IMP argues that the marketing and purchasing process should not be considered separately, and highlights the equality of the tasks in which both the supplier and the customer are involved (Ford and Håkansson, 2006, see also Table 1).

As the interaction approach (Håkansson, 1982) was developing, other streams of literature appeared, such as service-marketing research. The perceived service-quality (Grönroos, 1979) and the interactive-marketing concepts were introduced for covering the effect of marketing on consumers’ usage processes (Grönroos, 1994; 1997). It is argued that service consumption interacts with various systems, physical resources, and service-provider employees. Langeard and Eiglier (1987) called this system of interaction the servucation concept. These interactions occur between employees and the customer, who do not consider themselves or others as marketers. Nevertheless they are part-time marketers (Grönroos, 1997). The service literature also believes that long-lasting relationships may develop in many situations. The customer relationship life cycle, originating from the product life cycle, was developed to cover the interaction between the firm and its customer and the long-term nature, establishment, and development of the relationship (Ibid). Successful marketing efforts only partially depend on full-time marketers (professional sales people or advertising campaigns). Part-time marketers may have a greater effect on the relationship and the future exchange between the customer and the firm (Grönroos, 1994; 1996).

The fundamental foundations of marketing-management theory is that exchange is solely based on economic aspects, assumption of access to complete information and rational decision-making, independence, homogeneity, competition, low adaptation, and short-term orientation (Table 1). The interaction approach and the service literature focus on economic and social exchange, bounded rationality (incomplete access to information), interdependency, heterogeneity, mutuality between seller and buyer, mutual benefits, large number of relational exchanges, cooperation, high adaptation and medium and long-term orientation (Hadjikhani and LaPlaca, 2013). Whereas the interaction approach focuses on interactions between different relationships in the network, other research streams focus on focal/dyadic relation-
ships. These relational-exchange theories, or relationship-marketing theories, gained recognition in the literature, different relationship theories were developed for industrial/B2B contexts (Dwyer et al., 1987; Morgan and Hunt, 1994). Different authors defined and adopted different definitions for relationship marketing (Berry, 1983; Berry and Parasurman, 1991; Gummesson, 1994; Grönroos, 1996; Morgan and Hunt, 1994; Sheth and Parvatiyar, 1995). The next sections further discuss the nature of industrial-relationship theories and how relationship theories in industrial settings are also adopted for consumer markets.

B2B relationship

In the relationship-marketing literature there are different Relationship frameworks (Dwyer et al., 1987; Anderson and Weitz, 1989; Morgan and Hunt, 1994; Sheth and Parvatiyar, 1995). The different relationship frameworks in the marketing literature are usually contextually based. For example, there are relationship theories in industrial marketing, the service industry, and social-exchanges (Sorce and Edwards, 2004; Hadjikhani and La-Placa, 2013). Since relationship-marketing theory views exchange between industrial firms as relational, a number of variables are associated with exchange in the relationship: Closeness, commitment, trust, satisfaction, long-term orientation, sharing confidential information, lower opportunism, open communication, adaptation and relationship-specific investments (Anderson and Narus, 1990; Anderson and Weitz, 1989; Moorman et al., 1992; Morgan and Hunt, 1994; Ganesan, 1994; Sheth and Parvatiyar, 1995; Nielson, 1998).

One of the most acknowledged relationship theories in the B2B setting is the one by Morgan and Hunt (1994), the commitment-trust theory. The commitment-trust theory is based on social-exchange theory and marriage literature, and defines relationship marketing as: “all marketing activities directed toward establishing, developing, and maintaining successful relational exchanges” (Morgan and Hunt, 1994, 22). Commitment and trust are key mediating constructs, with five antecedents: Termination costs, relationship benefits, shared values, communication, and opportunistic behavior. There are also five outcomes of commitment and trust: Acquiescence, propensity to leave, functional conflict, cooperation, and uncertainty. Since relationship-marketing theories were developed as an alternative to transaction-cost theory in industrial marketing, relationship-marketing theories emphasize that exchange is relational. Both the seller and the buyer work for long-term investments and developments in the relationship, and reject short-term opportunities and opportunistic behavior (Ibid). Morgan and Hunt (1994) strongly state that not just commitment or trust, but both commitment and trust must be developed for long-term business relationships. The relationship thought in industrial settings was recently adopted in consumer/B2C markets, but this is not without criticism.
Relational-exchange theory in consumer markets

In relationship-marketing literature, Dwyer et al. (1987), Pine et al. (1995), and Palmer et al. (2005) argue that the emergence of database and online communication has made it possible to adopt relationship marketing to consumer markets. However, this is highly debated. Some researchers, such as Leahy (2011), claim that relationship theories are not adoptable in consumer markets. Databases hinder relationship development because they are used to promote consumers rather than to support exchange of information and ideas (Barnes, 2001), and human interactions cannot be replaced by databases (Barnes, 2001; Leahy, 2011). Based on focus-group interviews, Leahy (2011) studies relationship marketing in consumer markets. They conclude that relationship marketing cannot exist in fast-moving consumer markets because consumers lack commitment, trust, interpersonal interactions, and emotional components toward firms. Furthermore, interactions in industrial/B2B relationships occur between specific actors who know each other. Therefore, adaptation to a specific counterpart is possible. In consumer markets, retailers do not know the specific consumer, so the relationship cannot be mutual. Furthermore, the retailer does not adapt to the specific consumer. Therefore, relationships cannot exist in consumer markets (Earp et al., 1999; Leahy, 2011).

Some researchers argue that relationships exist in consumer and industrial markets because when consumer and producers/retailers interact, they can develop emotional bonding that surpasses economic exchange (Sheth and Parvatiyar, 1995). Other researchers explain that in consumer markets, the consumer’s relationship with a business is that of facilitator: “a means to an end, not the goal” (Sorce and Edwards, 2004; 256). Furthermore, technological improvements, such as databases and online communications (Pine et al., 1995; Palmer et al., 2005; Eastlick et al., 2006), show that firms/retailers can collect information about the specific consumer and target special offerings. Therefore, the retailer can identify a specific consumer’s needs and adapt to them (Sheth and Parvatiyar, 1995; Wang and Head, 2007). Röndell’s (2012) empirical study shows that consumers not only develop relationships with retailers, but they are co-creators because information technology enables consumers and retailers to not just communicate, but also develop and create new products to meet consumer demands and needs.

The disagreement about the applicability of relationship marketing in different contexts might be related to the fact that B2B and B2C relationships are different and must be distinguished. Hunt (2013) argues that there are at least four categories of differences: “(1) the nature of the market (e.g., the demand for industrial goods is derived from the demand for consumer goods and the number of industrial buyers is much smaller), (2) product characteristics (e.g., prices of industrial goods fluctuate within narrower limits than consumer goods, and industrial goods are usually bought with more precise
specifications), (3) organizational factors (e.g., industrial goods’ channels and reciprocity is more important in industrial marketing), and (4) ‘other’ factors (e.g., salesperson training for industrial marketing is more extensive and sales promotion expenses are less in industrial marketing” (Hunt, 2013, 289).

These differences lead to a different nature of relationships in consumer markets than in industrial markets. The consumer can easily avoid uncertainty by changing exchange partners because their level of commitment is not as interwoven with heavy investments in the relationship, as in industrial markets (Hadjikhani and Bengtson, 2006). As Table 1 shows, the nature of industrial relationships is both similar to, and different from, consumer relationships. Relational exchange in consumer markets is related to economic and information exchange (Sheth and Parvatiyar, 2000). Although social exchanges might affect industrial relationships, social bonds between consumer and retailers are not common at the individual level. Further, the nature of relationships in consumer markets is different because the relationship could be short- or long-term (Grönroos, 1996; 1997). The consumer can more easily find alternatives, such as a new beneficial exchange partner, than is possible in industrial relationships (Rangan, 2000; Hunt, 2013). Therefore, consumer markets are more price-sensitive than are industrial markets. Consumer markets are also more information-sensitive for mitigating uncertainty. Cooperation is possible in consumer markets because, just as in industrial relationships, the focal relationship is embedded and interdependent with other relationships (Hadjikhani and Bengtson, 2006). Consumers develop and create new products and services with producers, but cooperation and interdependency are lower than in industrial markets (Röndell, 2012). Finally, adaptation levels in consumer markets can be either low or high, because producers and retails cannot meet every demand from the specific consumer (Sheth and Parvatiyar, 2000; Grönroos, 1994; 1996; 1997).

Over the years, different frameworks have developed for understanding B2C relationships. One is based on behavior theory (Villanueva, 2001; Rook, 1985; Mowen and Weiner, 1987). Kotler’s (1996) theory relies on marketing-mix theory, from which they develop retailer-consumer relationship theory. These studies all focus is on analyzing either the consumer or the retailer, but do not consider both parties at the same time.

Sheth and Parvatiyar (1995) examine buyer-seller relationships, and Hadjikhani and Bengtson (2006) develop consumer-retailer business relationship theory. These studies take both the seller and the buyer into consideration in their frameworks. These studies discuss the characteristics of the retailer and the consumer. The relationship between these two parties is based on mutual relationship trust, commitment, and knowledge. It is not about one active party and a passive receiver. Furthermore, the focal relationship between the retailer and the consumer depends upon other relationships. The consumer is connected to other relationships such as family
members, friends, and social media. The retailer is connected to suppliers and producers. The connections affect the consumer-retailer relationship: “A consumer business relationship is a function of the interaction between two actor types – consumers and retailers – which in turn are much affected by their respective relationships to other parties, i.e., the network of which they form part” (Hadjikhani and Bengtson, 2006, p. 86). Sheth and Parvatiyar (1995) argue that consumer participation in loyalty programs is evidence that engaging in relationships between business and consumers as individuals can develop emotional bonds with brands. However, relationships in consumer markets are facilitators (Sorce and Edwards, 2004). When consumers engage in relationships with businesses, the relationship is not the goal, but rather the tool for mitigating and dealing with risk and uncertainty (Sheth and Parvatiyar, 1995). Risks and uncertainties in online B2C contexts are greater than in offline B2C contexts, therefore, relationship theories have been applied in online B2C relationships for studying and mitigating uncertainties (Eastlick et al., 2006; Mukherjee and Nath, 2007; Pavlou et al., 2007).

Online B2C relationship

Morgan and Hunt’s (1994) relationship theory has been adopted in online B2C relationships (Eastlick et al., 2006; Mukherjee and Nath, 2007). Nevertheless, it is important to discuss the similarities and differences in these settings, from industrial marketing to offline and online B2C relationships. The works of Eastlick et al. (2006), Pavlou et al. (2007) and Mukherjee and Nath (2007) have gained gradual acceptance among e-commerce scholars regarding applying relationship theories in online B2C contexts. Domestic online B2C relationship differs from offline B2C relationships in four ways: Physical absences between the consumer and the retailer, between the consumer and the product, and between consumer and salespeople; absence of simultaneous existence in time and space; absence of feedback and learning ability; and absence of human network attributes (Yoon, 2002; Nohria and Eccles, 1992). Other variables, such as privacy and security concerns, affect uncertainty in the relationship (Mukherjee and Nath, 2007; Pavlou et al., 2007). Domestic online B2C relationships are different from B2C offline relationships because the consumer has less control over the purchase situation. The online consumer cannot directly interact with the retailer, or view or touch the product.

Adopting relationship theories for foreign online purchasing is more complex and encounters criticism. It is important to clarify that this thesis applies relationship theory as a lens, or a starting point. Based on elements of relationship theories, such as commitment, trust and uncertainty, CFOP can be studied. Nevertheless, the studies in this thesis help develop and clarify the underlying differences and core elements of consumer-retailer relationship theory in the CFOP context. In CFOP relationships, the consumer and
the retailer do not know each other, as compared to B2B contexts. However, companies can easily store information about specific consumers to direct specific marketing offers to them (Eastlick et al., 2006; Mukherjee and Nath, 2007). Furthermore, some foreign online retailers (AOIs) target consumers from specific countries (Yamin and Sinkovics, 2006) through country-specific websites and a physical presence in that country. In the CFOP context, the retailer’s commitment can establish and develop relationships with consumers and, in many cases, maintain the relationship. However, the nature of B2C relationships in this context is not the same as in industrial markets. It also differs from offline B2C relationships and domestic online B2C relationships. Despite Morgan and Hunt’s definition of relationship (1994) regarding establishing, developing, and maintaining industrial relationships, it does not mean that all industrial relationships will remain indefinitely. Some industrial relationships end, and others start (Johanson and Mattsson, 1987) because all relationships have a switching cost (Sorce and Edwards, 2004; Wang and Head, 2007). Rangan (2000) refers to this as a search and deliberation problem.

The search and deliberation problem happens when either the seller or the buyer needs to find a new beneficial exchange partner before switching to another relationship (Rangan, 2000). The search for new exchange partners is easier in consumer markets than in industrial ones. For example, Morgan and Hunt (1994) discuss relationships in the tire industry, where there are a limited number of actors, so it is not easy to find new exchange partners. Additionally, the seller and buyer have already invested large amounts of resources, which cannot be easily removed and transferred to other relationships. The level of investment/commitment in consumer markets is different because the consumer does not invest in heavy machineries and can easily and inexpensively switch to another relationship. In the CFOP context, searching is enhanced by the Internet, so the consumer can easily find new exchange partners all around the world by browsing different websites. However, even if the consumer can easily find new exchange partners and switch relationships in a CFOP context, it does not mean that the Internet has solved the overall switching costs. The consumer still needs to solve the deliberation problem before switching to another relationship.

Deliberation refers to judging if the new partner will act honestly (Rangan, 2000). Deliberation is not easy in CFOP, especially in the case of DOI retailers, because the consumer lacks information and previous experience. This leads to overall consumer uncertainty in establishing and developing relationships with DOIs and, in some respects, AOIs. Uncertainty in buyer-seller relationships is multifaceted and involves uncertainty about seller and product quality (Pavlou et al., 2007). Since this thesis does not focus on a specific product, this thesis does not elaborate upon product uncertainty. Seller-quality uncertainty is also multifaceted, involving country (psychic distance), seller/retailer, and website uncertainty, which all affect
overall uncertainty. However, the uncertainty in these contexts can be mitigated and deal with through relationships as a means to an end, rather than the consumer’s end goal (Sorce and Edwards, 2004; Pavlou et al., 2007).

CFOP in a theoretical context

A review of foreign online-purchasing literature emphasizes that uncertainty is a huge barrier for consumers when they encounter foreign online retailers. Uncertainty exists in all exchange situations (Grabner-Kräuter, 2002), and a relationship approach is necessary to capture the development of uncertainty over time (Pavlou et al., 2007). This thesis incorporates the three theoretical components as foreign, uncertainty, and relational (Figure 1). The letter C marks CFOP, and the theoretical components all meet at that location. Foreign refers to purchasing/exchange between a consumer and a foreign online retailer. Exchange in CFOP is associated with high levels of uncertainty, not only because it is in an online context, but also because it is foreign (Harrison-Walker, 2002; Shiu and Dawson, 2004; Nantel and Glaser, 2008; Cheng et al., 2008; Edwards et al., 2009). Foreign language barriers, lack of knowledge about the legal system, and norms and values all affect consumers’ uncertainty toward foreign online retailers (Cheng et al., 2008; Harrison-Walker, 2002).

![Figure 1. The theoretical components of the thesis](image)

The relational component in the model (Figure 1) refers to the relationship approach this thesis uses for studying CFOP behavior (Hadjikhani and Bengtson, 2006; Eastlick et al., 2006; Mukherjee and Nath, 2007; Pavlou et al., 2007). The relationship between consumer and foreign online retailer
focuses on the activities of both parties and that they both wish to continue the relationship. Consumer activity refers to willingness to learn about the retailer (information search), re-purchasing, and spreading word of mouth, while retailer activity refers to degree of online internationalization (Yamin and Sinkovics, 2006). The commitment in the relationship has consequences for trust, which greatly affects uncertainty in the relationship.

In the domestic online-purchasing literature, some attempts have been made to adopt a fully relational view on domestic online purchasing behavior (e.g., Eastlick et al., 2006; Mukherjee and Nath, 2007; Pavlou et al., 2007). The CFOP literature review revealed that no studies have adopted a relationship view for studying CFOP behavior. Few studies have explicitly studied uncertainty at different phases in online purchasing. In industrial-marketing literature, Ford (1980) and Dwyer et al. (1987) discuss and explore exchange at different stages/phases. This thesis follows the same line and develops a framework for studying uncertainty in the relationship between consumer and foreign online retailer. However, it does not argue that relationships always exist between the consumer and the retailer. Instead, it uses relationship theory as a lens to explain if and how consumers manage uncertainty in the relationship process. The process in the relationship incorporates three different phases: pre-purchase, purchase, and post-purchase. The relationship involves these phases on several occasions, meaning that if the consumer and the retailer develop a relationship, the consumer still encounters these phases each time they purchase from the retailer (Dwyer et al., 1987; Hadjikhani and Bengtson, 2006). The nature of uncertainty in foreign online B2C relationships, and its effect on the relationship, occurs in different modes and fluctuates both within different modes and the same phases. Next, the relationship framework of this study is further explained and developed.

Foreign online B2C relationship

It was discussed previously that the nature of relationships in consumer markets differs from industrial markets, and that this thesis uses and develops a relationship framework as a starting point for studying CFOP behavior. The consumer can decide whether to enter into or avoid a relationship. If the consumer enters into a relationship, they will encounter different phases in the process: Pre-purchase, purchase, and post-purchase. These phases recur each time the consumer purchases from the foreign online retailer. The relationship with foreign online retailers involves high levels of consumer uncertainty (Harrison-Walker, 2002).

The definition of uncertainty in this thesis is defined as: a decision-maker’s difficulty in predicting the outcome of benefits and costs of a purchase decision (Duncan, 1972; Kohli, 1989). The consumer needs to deal
with uncertainty for each transaction in the relationship, or until they decide to not deal with uncertainty and do not enter into, nor develop, relationships with the foreign online retailer (Pavlou et al., 2007). Although uncertainty refers to both seller quality and product quality, this thesis only focuses on consumers’ perception of seller quality, because it does not focus on a certain type of product/service. Therefore, consumer uncertainty in the relationship is related to psychic distance (Edwards et al., 2009), and website and retailer quality (Beldad et al., 2010). Uncertainty affects consumer trust in the retailer, which has consequences for exchange in the relationship (Cheng et al., 2008; Edwards et al., 2009).

*Psychic distance* is one of the most explored concepts in relation to internationalization (Håkanson and Ambos, 2010). It was firstly introduced in intra-European trade studies by Beckerman (1956), and researchers at Uppsala University (cf. Johanson and Wiedersheim-Paul, 1975; Johanson and Vahlne, 1977) developed the concept in international business literature and put it into a wider context (Sousa and Bradley, 2006). Johanson and Wiedersheim-Paul (1975), and Johanson and Vahlne (1977), show that firms explore nearby markets and continue to explore other markets with higher psychic distance by gaining knowledge. According to the Uppsala model, firms’ entry into foreign markets is associated with uncertainty. Firms’ decrease the level of uncertainty associated with a certain market by acquiring information and experience. Johanson and Vahlne (1977, p. 24) define psychic distance as: “The sum of factors preventing the flow of information from and to market.” These factors include: Language, education, business practices, culture, and industrial development.

Although the concept has been extensively explored in relation to internationalization, there is still disagreement about its definition, conceptualization, and operationalization (Brewer, 2007). A major reason for the disagreement is that the concept of psychic distance has been applied interchangeably with *cultural distance* in several studies (Kogut and Singh, 1988; Klein and Roth, 1993). Nordström and Vahlne (1992) argue that cultural distance and psychic distance are not the same, but overlap. Psychic distance differs from cultural distance and should involve both cultural and business factors (O’Grady and Lane, 1996; Evans et al., 2000; Håkansson and Ambos (2010). Therefore the definition of psychic distance in this thesis follows the same line as O’Grady and Lane (1996), and Yamin and Sinkovics (2006). It is defined as generally perceived differences of countries that increase the level of uncertainty toward purchasing from retailers from that country.

The remaining part of uncertainty in the pre-purchase phase is also affected by website and retailer characteristics. Consumer perceived website ease of use and usefulness, the so called technology acceptance model (TAM) (Davis, 1989), design, and information availability. (Mukherjee and Nath, 2007; Pavlou et al., 2007; Sabiote, 2012) affect perceived uncertainty, and are highly relevant for the possibility of an exchange (Gefen et al., 2003;
Soopramanien, 2011). How consumers perceive the retailer regarding size, reputation, and physical presence (Beldad et al., 2010) also affect overall perceived uncertainty in the exchange. Consumer’s uncertainty can lead to deciding that the uncertainty is too high, so they avoid purchasing and do not enter into the relationship. Alternatively, the consumer may decide to deal the perceived uncertainty, and commit resources to handle, the uncertainty (Sheth and Parvariya, 1995; Pavlou et al., 2007). If the consumer decides to deal with uncertainty, their commitment, in this scenario commitment decision involves acquiring information, which affects uncertainty and trust in the relationship. The interplay between the concepts of commitment, trust and uncertainty (Figure 2) is elaborated and discussed through each and each phase.

Pre-purchase phase: The consumer’s uncertainty about a first-time purchase (no previous transaction with the retailer) is related to their psychic distance toward the retailer, based on perception of the retailer’s country, website characteristics, and the retailer itself, which affect consumer trust. If the customer decides not to avoid uncertainty, then their commitment to the relationship is highly important for dealing with uncertainty in the pre-purchase phase (Dwyer et al., 1987; Eastlick et al., 2006; Pavlou et al., 2007). Morgan and Hunt (1994; 23) define relationship commitment as: “an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it; that is, the committed party believes the relationship is worth working on to ensure that it endures indefinitely.” Morgan and Hunt’s (1994) definition follows almost the same line as Moorman et al. (1992; 316), who define commitment as: “an enduring desire to maintain a valued relationship.” In this thesis, commitment refers to three aspects: Willingness to search for information when the level of uncertainty is high; purchasing and re-purchasing; and spreading positive word of mouth about the retailer (Hadjikhani and Bengtson, 2006; Mukherjee and Nath, 2007; Ahrens et al., 2013.
Consumers’ deliberation problem (Rangan, 2000) initially leads to high levels of uncertainty in the pre-purchase phase because they lack information about, and experience with, the retailer (Rose et al., 2011). Consumers’ lack of experience and information increases uncertainty and decreases trust (Pavlou et al., 2007). Commitment in the pre-purchase phase incorporates consumers’ willingness to collect information about the foreign online retailer. A lack of information about the foreign online retailer will lead the consumer to collect information elsewhere for judging the retailer’s trustworthiness. The relationship is embedded within other relationships (Hadjikhani and Bengtson, 2006), so the consumer will first collect information about the retailer from their network (family members, friends), social media, and consumer reviews on the Internet (Ahrens et al., 2013). Commitment in terms of information collection is important to ensure the retailer’s trustworthiness and decrease uncertainty for an initial exchange to start. The more the consumer commits to the relationship in terms of time spent finding information about the retailer, the more information the consumer acquires (Rose et al., 2011). However, retailer information does not automatically mean that the consumer’s uncertainty is decreased and trust is increased. Information about the retailer, might lead to the consumer not trusting the retailer and avoiding entering into the relationship (Ahrens et al., 2013). If the consumer does not find any negative information about the retailer, this information (the commitment) decreases the impact of uncertainty about psychic distance if the website is easy to use and does not hamper purchasing (website uncertainty) (Davis, 1989; Mukherjee and Nath, 2007). It means that commitment, in terms of information gathered about the retailer, decreases overall uncertain-
ty, and increases trust, so the initial exchange can start (Hadjikhani and Bengtson, 2006; Pavlou et al., 2007; Beldad et al., 2010). The consumer now enters the first round of the purchase phase.

Trust is related to uncertainty. Without uncertainty, trust is not necessary (Grabner-Kräuter, 2002). The dimensions of psychic distance, website characteristics, and retailer characteristics affect overall trust and uncertainty in the relationship (Cheng et al., 2008; Edwards et al., 2009; Beldad et al., 2010). If these dimensions increase uncertainty, they will decrease trust, while if they decreases uncertainty, trust increases (Harrison-Walker, 2000; Cheng et al., 2008; Edwards et al., 2009; Beldad et al., 2010).

However, trust is not solely related to factors related to these three dimensions. Trust is multifaceted in its conceptualization and incorporates cognitive and affective aspects that affect behavioral trust (Lewis and Weigert, 1985). In this thesis, cognitive trust is defined as a consumer’s confidence or willingness to rely on a service-provider’s competence and reliability (Moorman et al., 1992; Rempel et al., 1985). Affective trust is defined as the confidence one places in a partner on the basis of feelings generated by the level of care and concern the partner demonstrates (Johnson-Georg and Swap, 1982; Rempel et al., 1985). When the consumer enters the purchase phase, based on increased information about the retailer and initial exchange (experience), their cognitive trust increases. Affective trust takes time to develop in the relationship (Johnson and Grayson, 2005). The more committed the retailer and the consumer are in the relationship, the easier it is to develop both cognitive and affective trust, which is highly important for dealing with uncertainty in a long-term relationship (Hadjikhani and Bengtson, 2006; Johnson and Grayson, 2005; Eastlick et al., 2006). However, if the consumer lacks information, they cannot develop trust. The consumer is embedded within other relationships that can enhance information about the retailer and initially develop connected trust. Connected trust follows the same line as Straub and Priest (1976), and Doney and Cannon (1997). Trust is developed via a transference process, or trust in third parties. In other words, the consumer’s relationship commitment increases the consumer’s retailer information and experience, and connected trust can increase the consumer’s cognitive trust toward the retailer and decrease uncertainty.

Once the consumer gains experience through an initial exchange with the retailer, the commitment (in the form of information about, and experience with, the retailer) increases the consumer’s overall relationship commitment. This is highly important for affecting all types of trust in the relationships.

The consumer has now entered the post-purchase phase, in which the consumer’s experience is highly relevant for future relationship commitment and trust. If the consumer is dissatisfied with the purchased product/service, after-sale services, or the delivery process, the consumer’s future commitment (re-purchasing) will decrease, leading to the consumer changing ex-
change partners (Rangan, 2000). In the worst-case scenario, the consumer can spread negative word of mouth, and act as connected distrust for other consumers who want to engage in relationships with the retailer.

However, if the retailer has acted properly, or the consumer is satisfied with the product, delivery, and services, the relationship strengthens and increases the consumer’s commitment and trust (Mukherjee and Nath, 2007). After initial exchanges, the consumer’s relationship commitment can increase to the level that they are acting as connected trust to other consumers, showing the embeddedness of relationships in the network (Hadjikhani and Bengtson, 2006; Ahrens et al., 2013). This is when the second round of pre-purchase, purchase and post-purchase phases starts.

This thesis views a relationship as an ongoing process, meaning that transactions are not isolated from each other. Previous purchase/exchange affects future uncertainty connected to exchange in the relationship. In other words, previous experience with the foreign online retailer affects future commitment in terms of re-purchasing and starting new rounds of pre-purchase, purchase, and post-purchase phases.

However, once the consumer commits resources in the relationship, in terms of collected information and experience gained with the retailer, the next round of phases is not as problematic as the first time (Dwyer et al., 1987; Rangan, 2000; Rose et al., 2011). This does not mean problematic in term of that the consumer does or does not purchase, but that the consumer’s decision process in the relationship is less tricky and problematic, based on the information and experience acquired before and during the initial exchange(s). Future purchases heavily rely on experience, rather than information (Chen and Chou, 2012). Experience affects trust and commitment in the relationship (Hadjikhani and Bengtson, 2006; Mukherjee and Nath, 2007; Ahrens et al., 2013). Information is vital for dealing with uncertainty, and affects cognitive trust in the first round of the pre-purchase phase (Lewis and Weigert, 1985; Johnson and Grayson, 2005), but experience helps develop affective trust, which is highly important to decrease uncertainty and develop commitment for a long-term, continuous relationship (Johnson and Grayson, 2005; Mukherjee and Nath, 2007).

Nevertheless, it is important to clarify that the relationship between consumers and foreign online retailers is different from industrial markets. Even if the consumer develops affective trust in the relationship and is satisfied, they can switch to other beneficial exchange partners/retailers if they commit resources to finding and deliberating a new exchange partner (Rangan, 2000). However, this process is long and time-consuming. If the consumer has managed to develop cognitive and affective trust in the relationship, their level of commitment in the relationship is high. Therefore, the consumer will not easily switch to another relationship and commit to a search and deliberation process for another exchange partner (Rangan, 2000) for dealing with
uncertainty about the new exchange partner (Johnson and Grayson, 2005; Pavlou et al., 2007).

**Focal relationship in a business network**

This thesis argues that the consumer-retailer relationship framework is embedded in a business network, where other actors affect the relationship. The two actors in the relationship depend on other relationships in the network (Hadjikhani and Bengtson, 2006). During search and deliberation processes, before initial exchanges or relationships start, actors use social networks (Rangan, 2000), service firms such as PayPal and Payson (Hadjikhani and Bengtson, 2006), or online reviews (Chang et al., 2013). These online services act as connected trust and directly affect the consumer before the initial exchange begins. This follows the same logic as Morgan and Hunt (1994), who focus on dyadic relationships. Actors in the dyadic relationship and the focal relationship are embedded in a network consisting of several relationships that all have consequences for each other. However, the effect of different actors/relationships on the focal relationship varies. In the pre-purchase phase (first round), the consumer lacks in general information about the retailer. However, they may have friends and family members who are connected to, and have previous experience with, the retailer. Information from these actors influences the consumer’s deliberation process, and eventually affects trust and uncertainty (Hadjikhani and Bengtson, 2006).

In CFOP, especially purchases from DOI retailers (Yamin and Sinkovics, 2006), the consumer probably lacks friends and family members who have connections with the retailer, so must find other information sources to mitigate uncertainty. Therefore the consumer searches for information from online reviews (Chang et al., 2013) about the retailer and the offered product. These online reviews have consequences for the relationship (Mukherjee and Nath, 2007; Chen and Chou, 2012; Ahrens et al., 2013). Another way to mitigate uncertainty is if the retailer and the consumer are connected to service firms, such as PayPal and Payson, which act as intermediaries and handle the consumer’s money until the products are delivered. This reduces risk and mitigates uncertainty for the consumer. Another mitigating factor for uncertainty is if the products are delivered by well-known delivery companies.

As was discussed above, the marketing literature integrated the relationship view in response to the transaction-cost approach, particularly the marketing-mix approach. The marketing-mix only focuses on one transaction at a time, isolates each transaction, and decides on exchange transactions based on access to complete information (e.g., Drucker, 1954; McKitterick, 1957; Levitt, 1960; Kotler, 1967). Unlike the marketing-mix literature, our CFOP relationship framework follows the thoughts of industrial relationships.
(Dwyer et al., 1987; Morgan and Hunt, 1994) and argues that transactions/exchanges are not isolated from previous ones, and initial exchanges affect future exchanges, which may lead to developing a relationship. Future exchanges are part of overall commitment, which also incorporates judging the quality of the retailer (Rangan, 2000), developing different types of trust (Lewis and Weigert, 1995; Johnson and Grayson, 2005), and committing to the relationship by re-purchasing and acting as connected trust for other consumers to find, deliberate, and trust the retailer (Rangan, 2000; Chang et al., 2013). The foreign online retailer not only must provide the specific product the consumer desires, but also commit resources in the form of high-quality service, such as on-time deliveries, product-malfunction services, and useful information for different scenarios.

However, a consumer can purchase from either DOI or AOI foreign online retailers (Yamin and Sinkovics, 2006). It is logical to assume that relationship bonds are easier to build between a consumer and AOI retailers because these retailers have committed resources and targeted a group of consumers by developing a website directed to that target group. In many cases, AOI retailers provide services in the consumer’s native language, or have a physical presence in the consumer’s home country (Yamin and Sinkovics, 2006; Sinkovics et al., 2013). Consumers can easily find, choose, and purchase items from these retailers (Rangan, 2000). Chances are greater that others actors in the consumer’s network know about, or have relationships with, the AOI retailer, which can affect the focal relationship (Chang et al., 2013; Sinkovics et al., 2013).

DOI retailers (Yamin and Sinkovics, 2006) do not commit resources to gain foreign consumers, provide services in foreign languages, or have physical presences outside their country. For a relationship to start, or even an initial exchange, the consumer must have a larger network (Yamin and Sinkovics, 2006; Hadjikhani and Bengtson, 2006; Chang et al., 2013), involving actors connected to different networks and countries. In other cases, the consumer might find the retailer on the Internet by accident.

Although the CFOP relationship framework is different from industrial relationships in other aspects, consumers in CFOP do not have as many resources as do customers in B2B relationships (Grönroos, 1997; Hadjikhani and Bengtson, 2006). The retailer also has limited resources because even AOI retailers cannot devote as many resources for the specific consumer as in industrial relationships (Sheth and Parvatiyar, 1995). Instead, the Internet and the retailer’s website are the main media for interaction, exchange, dealing with uncertainty, and building relationships (Wang and Head, 2007; Pavlou et al., 2007).

However, the development of information technology and the Internet allows retailers to collect information about specific consumers in a CFOP context and target special offers to those consumers (Wang and Head, 2007). Since the Internet provides consumers with a wide choice of retailers, they
can choose from any retailer with whom they wish to purchase and develop relationships, but search, deliberation, and the trust process are difficult and time-consuming (Rangan, 2000; Beldad et al., 2010; Soopramanien, 2012). The consumer commits resources to find beneficial exchange partners and start relationships with them in order to manage uncertainty. However, these relationships are more easily dissolved than are industrial relationships (Sorce and Edwards, 2004). The consumer can easily dissolve the relationship and stop purchasing from focal retailer, and change to other exchange partners. Of course, the consumer still must find and judge the quality of the new potential exchange partner (Rangan, 2000; Hadjikhani and Bengtson, 2006).
Methods

This thesis applies a multiple-method approach. Below, the thesis discusses the different types of methods used at different stages of the dissertation. Table 2 provides detailed information about each method. This thesis uses in-depth interviews, focus-group interviews, narrative methods, and survey data. This thesis also adopts an abductive-research approach (Dubois and Gadde, 2013), where not only different methods, but also different theoretical fields, complement the theoretical framework. These and other issues related to methods and the literature integrated in this thesis are further explained below.

Table 2. Information about the different methods used in the thesis

<table>
<thead>
<tr>
<th>Number of participants</th>
<th>In-depth interviews</th>
<th>Focus group interviews</th>
<th>Quantitative study I</th>
<th>Narrative interviews</th>
<th>Quantitative study II</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complete questionnaires</td>
<td></td>
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<td>20-32</td>
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<td>22</td>
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<td>Male</td>
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<td>18</td>
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</tbody>
</table>

| Average time (h)      | 1                   | 3                      | 0,25                 | 1                    | 0,25                 |

In-depth interviews: Identifying a new phenomenon

The thesis conducted in-depth interviews with Swedish consumers. Eight women and seven men participated in this study. All interviews lasted for approximately one hour. In this first phase of data collection, the purpose was to understand different types of online purchasing contexts, which was highly important for future decisions in the research process (Thompson, 1997; Gummesson, 2000; Polsa, 2013; Dubois and Gadde, 2013). Based on 15 individual in-depth interviews with consumers in Sweden, the interviews
agreed with much of the domestic online-purchasing literature, in that consumer online purchasing was associated with uncertainty, based on lack of physical interaction with the retailers.

The interviews also revealed that some consumers also purchased from outside their country of residence. It was decided during this stage to dig deeper into this phenomenon. Participants in this study were asked about their foreign online purchasing. Participants’ thoughts indicated that perceptions of a retailer’s country of location affected consumers’ uncertainty about exchange decisions with foreign online retailers. Two participants are quoted below, which were representative of participants’ thoughts in the in-depth interviews.

For a time ago I remember that I bought a DVD from Germany and I remember that it felt insecure. I felt that it was so far away, not just geographically, even in a cultural way. Then it was many thoughts like, where can I go and where can I call if it would be any problem with the product. I am aware of where to go if it was in Sweden, but in Germany? It’s a new country, new language and different telephone numbers. But when I am thinking more about this, I can be honest and say that I can buy from Webpage from countries that are similar to Sweden and have a similar legal system as Sweden. I can buy from countries such as England, Germany, France, Spain, Italy, USA, and Canada and so on. I guess it has with ethical and moral aspect and maybe cultural and how the society is built up which maybe could remind me of Sweden.

There are some countries that I would never buy from on Internet, the whole African continent. It feels that they are unstable, almost the whole Asia. I would never buy anything from a country like Russia, they are unstable and the degree of uncertainty is high. Russia has also a different culture and that makes everything more complicated.

Interpretation and data analysis
The interviews were transcribed, and the findings were carefully analyzed by reading the material several times and comparing it with the literature. The in-depth interviews revealed that purchasing from foreign online retailers involved a high level of insecurity regarding receiving the product. Respondents felt that some countries lacked infrastructure and had different legal systems, language obstacles, and different norms and values than those of Sweden. Participants’ overall uncertainty was based on a lack of trust in the retailer, which was affected by Internet characteristics, such as undeveloped websites, but also perceptions about the retailer’s country of origin.

The in-depth interviews not only identified a new phenomenon, but also concepts such as uncertainty and trust, for studying and understanding CFOP behavior. Participants’ perception of a country seemed to affect their overall uncertainty. These were thought to be related to the concept of country of
origin in international-marketing literature (Eriksson and Hadjikhani, 2000; Insch and McBride, 2004; Hadjikhani and Häkansson, 1996; Godey et al., 2012; Bruwer and Buller, 2013; Cecia et al., 2013; Maheswaran et al., 2013). However, it could also be related to the concept of psychic distance in international-business literature (Hörnell et al., 1973; Johanson and Wiedersheim-Paul, 1975; Johanson and Vahlne, 1977; Dow and Karunaratna, 2006; Brewer, 2007; Ellis, 2008).

Psychic distance as a consideration was two-fold. First, country of origin was a factor for evaluating foreign products that usually are purchased in the domestic market from domestic or foreign retailers active in the consumers’ domestic market and acting under the consumers’ domestic market’s rules and regulations. Second, the participants in the in-depth interviews also mentioned the importance of the language barrier as a factor in uncertainty. Language usually is not an important factor in country-of-origin literature because the exchange occurs in the domestic setting, and the seller (if it is a foreign retailer) can manage consumers’ native language. These two factors are important aspects in the psychic distance literature. A firm’s perceived distance regarding macro-factors, such as legal system, language, norms and values, affects uncertainty about investing in foreign markets (Johanson and Wiedersheim-Paul, 1975; Dow and Karunaratna, 2006; Häkanson and Ambos, 2010; Stöttinger and Schlegelmilch, 1998; 2000; Evans et al., 2000; Brewer, 2007; Nebus and Chai, 2014; Nordman and Tolstoy, 2014). Based on the findings from the in-depth interviews, it was decided to keep both concepts of country of origin and psychic distance in mind for studying CFOP behavior, along with concepts of uncertainty and trust. Since this thesis also adopts a relational view on exchange, and the in-depth interviews indicated some forms of commitment, it was decided to have commitment in mind for future studies, hence it was thought that relationship theory and country perceptions might be a good start to further study CFOP behavior.

Focus-group interviews: Targeting CFOP

The in-depth interviews showed that uncertainty in CFOP exchanges requires different theoretical concepts from different literatures. Therefore, it was decided to conduct focus-group interviews, which allowed for interaction among participants to clarify the in-depth interview findings (Kitzinger, 1994). The focus-group interviews led to discussions on viewpoints and opinions (Lunt and Livingstone, 1996; Kitzinger, 1995). Focus-group interviews also explored participants’ knowledge and experience, as well as what they thought and why they thought in a certain way (Kitzinger, 1995). However, there are also disadvantages with focus-group interviews, in that the discussion not only depends on the moderator, but also on participants’ personalities and experiences. Some participants are too influenced by other
participants in a direction that is not actually their opinion, attitude or behavior, or they want to please the moderator (Seymour, 1998). However, it was decided that focus-group interviews would help in further exploring the findings from the in-depth interviews because focus groups can be used in any situation requiring preliminary understanding (Malhotra, 1999). The focus-group sessions were organized by developing questions, recruiting participants, and collecting and analyzing the data.

Measurement, participant selections, and implementation of focus-group interviews

For the focus-group sessions, questions were developed and derived from concepts such as uncertainty, trust, commitment, and country perception factors. It was decided to limit the number of countries that participants could discuss to three. Otherwise, the discussion could be too general. In this study Sweden was selected as the domestic retailer, and Australia and Russia as foreign online retailers. Russia was chosen because; Russia is far from Sweden from a psychic distance at the individual level (Hallén and Wiedersheim-Paul, 1984; Brewer, 2007; Ellis, 2008) and Australia because it was psychically close to Sweden at the individual level (Brewer, 2007; Ellis, 2008). This captures the perception of country on individuals’ behavior (Hallén and Wiedersheim-Paul, 1984). This was also revealed in the in-depth interviews. The question for capturing the country impact was: Which of the three countries do you prefer to purchase from on the Internet and why? This question captured the participants’ reasoning on why they purchase from retailers in some countries. Based on the discussions, the study also captured factors that were important in the context of CFOP behavior because different factors are relevant in different contexts.

Since psychic distance/country perception was not the only variable affecting uncertainty in CFOP, other questions were developed for capturing retailer and website characteristics that affect uncertainty and trust in CFOP. These questions were: In which ways do you feel secure/insecure in purchasing from retailers from those specific countries? How does the retailer’s website affect your decision to purchasing from that specific country? How does the retailer itself affect your decision in purchasing on the Internet from the retailer from that specific country? With these questions, and those regarding psychic distance, overall uncertainty was captured and what the overall factors that affect overall trust in CFOP behavior.

It was also decided to capture commitment, in terms of whether or not consumers could develop CFOP relationships and the impact of third parties on CFOP behavior. The questions were: How much do you know about the retailers you have purchased from in these countries? Has your experience with a certain retailer affected your future purchase? What is important for
you to return to the same retailer and purchase again? How do your friends and family members affect your decisions in purchasing from websites in these countries? Have you recommended these websites to others in your social networks?

Participants were selected according to the recommendation by Leahy (2011). Participants were recruited according to suitability and ability to provide insights about CFOP behavior, representing the general view of a population (Carson et al., 2001). Participants from two major cities in Sweden were selected, because Sweden as a country has: high maturity in online purchasing; high foreign language skills among the population; high technological skills among participants; and a developed e-commerce industry. It was decided to choose participants that had carried out at least three online purchases (either domestic or foreign), because those who hesitate to purchase domestically are hardly suitable as participants in a study about CFOP. Such consumers are hesitant regarding online purchasing in general. Since foreign online purchasers in Sweden are mainly between the ages of 15 and 32 (E-barometern Q4, 2010), participants in the five focus-group interviews conducted were in the age between 15 and 31.

Participants were evenly divided between male and female. We followed Morgan’s (1998) recommendation to include six to eight participants in each focus-group session with a total of five focus groups. Four focus-group sessions had seven participants each, and one session had eight participants. Participants in each group decided on the location of the focus-group interviews (Ghauri and Grønhaug, 2005). At the beginning of the focus-groups interviews, participants were informed about the purpose of the study. Focus-group interviews were semi-structured, although questions were developed in advance. The questions were an interview guide to gain insights on participants’ foreign online purchasing behavior, but follow up questions were asked. Each focus group lasted approximately three hours, and interviews were transcribed and resent to participants for review. The final transcribed versions of the focus groups were read to become familiar with the data.

Analysis, outcomes, and a way forward

The focus-group interviews provided a rich amount of data for published journal papers, with directions based on the concepts used for conducting the focus-group interviews. One of the first papers published with the focus-group data was not included in this thesis (Hadjikhani et al., 2011). In this paper, relationship theory and country of origin literature were integrated to study CFOP behavior between young and adult consumers. This paper is not included in this thesis because the concept of uncertainty was only discussed implicitly in the paper, which also used the country of origin concept, instead of the concept of psychic distance discussed above.
However, the first paper in this thesis is based on the focus-group interviews. It focuses on the multidimensionality of customer trust in the CFOP setting and how different factors organized in three different categories affect overall trust and uncertainty. Furthermore, uncertainty in this setting can be mitigated by third parties. This paper contributes in that the dimension of country-level factors affects overall customer trust and uncertainty in the CFOP context.

In the second paper in this thesis, international business literature (psychic distance) is combined with marketing literature to understand CFOP behavior. These concepts are in line with Zhu (1999, 596): A scientist should see “the distinctive theoretical positions as challenging and supplementing one another, rather than competing with or subsuming one another.” One of the many strengths of using multiple methods is that it encourages literature from different disciplines. This is fruitful for future research theory in understanding the context-specific aim (Polsa, 2013). This thesis is based on the focus-group method that explored CFOP behavior from different literatures. It concludes that, since CFOP has an international aspect, country factors such as culture, language, customer rights, political system, and norms and values affect consumer uncertainty. Domestic, online-purchasing literature focuses on understanding online purchasing behavior, based on factors related to website and retailer characteristics. The focus-group interviews helped integrate the country-level factors that are unique to CFOP in online-purchasing literature. Since focus-group interviews have the disadvantage of findings only representing participants' views, rather than the view of a greater population, it was decided to go further and conduct quantitative study to generalize findings from the focus-group interviews (Polsa, 2013).

Quantitative Study I: Do country perceptions affect CFOP behavior?

One commonality in the focus-group interviews was that country perception affected CFOP behavior. It was decided to generalize the findings, based on conducting a quantitative study. Questions were developed regarding retailers in different countries from which participants could purchase. The foreign countries were Germany, Poland, and the United States. These were selected based on psychic distance/closeness. Sweden was chosen as the domestic country since participants were from Sweden and most online buyers are purchasing from domestic online retailers.

Different factors of importance were identified in the in-depth and focus-group interviews. Along with literature about psychic distance, these factors were included to measure the impact of different factors on overall psychic distance and uncertainty effects on CFOP behavior. These factors were: Cul-
ture, website language, country language, country Internet development, online purchasing development, political system, religion, norms and values, legal system, consumer rights, and human rights. Special care was taken to ensure that participants understand that the study was examining different factors’ effects on their CFOP and domestic online-purchasing behaviors. A nine-point scale was used: 1 = not important and 9 = highly important. The first quantitative study included 350 participants, with 333 complete questionnaires. The questionnaires included 67 questions, took approximately 15 minutes to complete and were distributed offline to students (the age category for Swedish foreign online purchasers) in a large university.

Interpretations, analysis and some inconsistent findings

Figure 3 shows that Swedish consumers prefer purchasing from Sweden, which is in line with the focus-group studies. Consumers perceived Germany and the US as similar. Although they preferred purchasing domestically, they thought of purchasing from psychically close countries, such as Germany and the US. Consumers preferred not to purchase from Poland. These findings follow previous studies that psychic distance/country perceptions affect consumers’ exchange decisions. However, which factors were more relevant in CFOP did not always follow from the focus-group study data.

![Figure 3. Ranking of countries from where participants preferred to purchase](image URL)

As the graphs (In appendix A) for each respective country show, website language and consumer rights were the most significant factors. However,
other factors, such as culture, language spoken in the country, and norms and values, did not seem to affect CFOP behavior. This was confusing during the dissertation process. Most of the previous findings from the focus-group interviews stated that the macro-factors were relevant for consumer uncertainty in engaging in exchange relationships with foreign online retailers. However, these findings were only partially confirmed in the first quantitative study. Therefore, it was decided to target uncertainty in the CFOP context by collecting more qualitative data with an approach that allowed less generalizability, but deeper understanding.

Narrative interviews: Capturing the broader picture

The in-depth interviews and focus groups led to several interesting insights. It was important to see if the findings from these two qualitative studies represented a larger population. Findings from the first quantitative study were different than expected. This led to not only reflect on the findings from the three first methods (in-depth and focus-group interviews, and the first quantitative study), but also about adopting new methods and integrating new literature to further study CFOP behavior.

Since this thesis adopts an abductive research approach, it was decided to integrate social-psychology literature (Lewis and Weigert, 1985) and apply a narrative method to illustrate and follow the process of purchasing from foreign online retailers. Social-psychology literature contributes within this setting because the first two papers of this thesis, and a large amount of the literature on online purchasing in general, developed their theoretical frameworks based on factors at different levels (unit of analysis). Although it is important to identify different factors at different levels (country, retailer, and website), not many studies have really developed a theoretical conceptualization of online-purchasing literature. Different factors are important in different contexts and situations, but it is important to understand how uncertainty can be studied from a higher abstraction level, meaning not only what affects uncertainty in CFOP, but also how uncertainty is deal with during the purchasing process. Lewis and Weigert’s (1985) framework were kept in mind when deciding to conduct narrative interviews with foreign online purchasers. However, it was not strictly used during the interviews because it was important to capture the consumers’ own stories, rather than leading them in a certain direction.
Participant selection and implementation of the narrative interviews

In-depth and focus-group interviews were previously conducted. In these studies, there were several participants who had carried out foreign online exchanges. It was decided to contact these participants to see if they were interested in participating in a further study. Three participants were included in the study, because their narratives involved rich data about the consumer experience. Since the advantage of narrative studies is that they capture the process of interaction between consumers and sellers (Josselson et al., 2007), different topics was considered that could be discussed during the narratives interviews, but allow the participants to provide their stories. The topics were: What was bought; online purchasing experience; origin of the foreign online retailer; experience of the purchase process: and activities after purchase. Participants decided upon the location of the interviews, which lasted for about 70 minutes. Interviews were transcribed and sent to participants for review.

Analyzing the narratives

Content analysis was used to analyze the narratives, which followed the same procedure as that of Autio et al. (2009). Certain themes were raised in participants’ stories: Online purchasing experience, information searching, purchasing, and repurchasing. Content analysis helped in understand and follow the process of purchasing from foreign online retailers and how different types of trust were developed in the three narratives when dealing with uncertainties.

Based on three consumers’ narratives, Paper III studies and captures three CFOP processes. This paper helps in understanding the process from the pre-purchase, to the purchase, to the post-purchase phase. Uncertainty was highly relevant in the three narratives, but each case involved different levels of uncertainty, depending on the consumer’s information about, and experience with, the foreign online retailers. This paper helps in understanding why the focus-group interviews and the first quantitative study’s findings were inconsistent.

The inconsistency depended on which phase the consumer was in during the exchange and relationship process. This is important because experience with the retailer affects the consumer’s future uncertainty. This study also shows that information, and particularly experience, affect the consumer’s psychic distance toward the retailer. When consumers engage in relationships with foreign online retailers, they gain experience that decreases the effect of psychic distance. However, experience can also positively affect psychic distance. The narrative study developed the theoretical foundation and understanding of the CFOP process and integrated theories from social-
psychology literature (Lewis and Weigert, 1985). The integration of social-psychology literature deepened the understanding of the types of trust that affect uncertainty, in which phases different trusts develop, and that different trusts are important to deal with uncertainty in the purchasing process at different phases. Complementing Lewis and Weigert (1985)’s conceptualization that behavioral trust has two antecedents (cognitive and affective), the narrative method helped in contributing with a third antecedent: connected trust. It is important to clarify that connected trust was also evident in the in-depth and focus-group studies, but social-psychology literature was not integrated in the theoretical development of this thesis at that time. Connected trust is referred to as third parties, or connections that affected uncertainty in papers I and II.

Quantitative Study II: Generalization of findings
The narrative study helped in understanding the complexity of dealing with uncertainty when purchasing from foreign online retailers, to verify the findings of the narrative study it was decided to conduct a second quantitative study. Traditional mixed and multiple methods combine different methods and theories to find different realities and triangulate findings for validation (Morse, 2003). However, using different method types can easily lead to contradicting results (Polsa, 2013) and open the door to competing theories (Jick, 1979; Johnson et al., 2007). This was the case with the first quantitative study. The results clearly did not confirm the expected outcome. Further understanding of the phenomenon was gained by the narrative method. The social-psychology literature was included to complete the theory based on marketing, TAM, and international-business literature. The conceptualization of relationships in CFOP integrated not only traditional mainstream research, but also integrated social-psychology literature. Therefore, it was decided to see if the findings from the narratives represented the general view of a larger population.

Construct measurement and participant selection
It was decided to develop construct measurements for the findings from the narrative studies. In this study the constructs of trust (cognitive, affective, and connected), commitment, and uncertainty were included to understand relationships between consumers and foreign and domestic online retailers. Three items measured cognitive trust, affective trust, commitment, and uncertainty, while connected trust incorporated two items. Measurement for cognitive trust was based on Johnson and Grayson (2005), in that cognitive trust is knowledge-driven. This is in the same line as Gefen et al.’s (2003) experience-driven trust. The items for affective trust were derived and modi-
fied from McKnight et al. (2002. The three items for commitment were influenced by Hadjikhani et al. (2011). Conventional procedures (Churchill, 1979; Anderson and Gerbing, 1988) were to develop new scales for uncertainty and connected trust. See Paper IV in this thesis for items used for these constructs.

Most Swedish foreign online purchasers are between the ages of 15 and 32 (E-barometern Q4 2010). Therefore, it was decided to target participants from one university in Sweden. The empirical data in this study was based on an online questionnaire. A short description about the study objective and a link to the online questionnaire were send to 6,489 e-mails. A total of 770 questionnaires were returned, with 593 complete questionnaires. The sample was divided between two subsamples, including for domestic online purchasers (419 participants) and foreign online purchasers (174 participants). For quantitative Study II, it was decided to study consumers who already had experience with specific domestic and foreign online retailers, and how different types of trust were important in dealing with future uncertainty and commitment in the relationship within the contexts of domestic and foreign online purchasing. This is important because it helps provide a deeper understanding of how the process not only develops, but how different concepts fluctuate in different phases of the relationship. These and other issues in this paper are further discussed below.

Reflections about, and limitations of, the multiple-method approach

The multiple-method approach is useful for understanding how consumers manage uncertainty at different phases in the CFOP context. The data-collection process included five data sources (Table 3), where different methods were used in different papers. Each data source not only enriched understanding of CFOP behavior, but also mapped the struggle during the process and how the different data-collection steps helped in future decisions on proceeding with the dissertation.

From a theoretical view, the literature combined and integrated different concepts for developing the relationship framework in CFOP. The literature started with a historical understanding of marketing and consumer online purchasing, as Polsa (2013) suggests, and conducted a pre-study (in-depth interviews), which provided insight into the phenomenon and developed a context-sensitive aim. Based on reading marketing, TAM, international business and social-psychology literature, and further data collection, relevant research questions has been developed during the process. The process of relevant research questions goes beyond the papers presented in this dissertation. On the contrary, this summary’s goal has also been to further de-
velop relevant research questions for future research avenues. Nevertheless, based on the multiple-method approach, the process of developing further relevant research questions does not end with this Kappa. It is an ongoing process that contributes to the body of knowledge. However the multiple-method approach used in this thesis is not without limitations.

Table 3. Different methods used in the different papers

<table>
<thead>
<tr>
<th>Papers I &amp; II</th>
<th>Unpublished work</th>
<th>Paper III</th>
<th>Paper IV</th>
</tr>
</thead>
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<td>In-depth and Focus-group Interviews</td>
<td>Quantitative Study I</td>
<td>Narrative Interviews</td>
<td>Quantitative Study II</td>
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Most participants were Swedish. Consumers from different countries likely behaved differently, which probably affected generalization of the results in this thesis. Sweden is a developed country, with a strong e-commerce industry. Consumers from less-developed countries might behave different because not only are they hesitant to purchase online from foreign sellers, but they easily avoid uncertainty in domestic online purchasing.

Another limitation might be related to the number of participants in the qualitative studies, which might have negative effects on the insights gained from these studies, especially from the in-depth and focus-group interviews. However, adopting multiple methods not only strengthened this study’s findings, but also led to reflections regarding inconsistencies in findings from different methods. A good example is the inconsistency in findings between the focus-group interviews and quantitative study I.

Using multiple methods and integrating different literatures along the way is not always easy. This process was long and time-consuming, but it strengthened this thesis’ contributions. Most online-purchasing literature focuses on answering what affects online purchasing. This thesis has also done so in the first two papers, and expanded the literature by addressing what affects CFOP at the country level. Multiple methods and integrating different literature also targets how consumers manage uncertainty. This goes beyond factor-related studies in the online-purchasing literature (Edwards et al., 2009; Beldad et al., 2010).
Papers

This thesis consists of four papers, all targeting CFOP. See Appendices B-E for the full papers. In this chapter, each paper is summarized, and the main points are highlighted. The chapter ends with a summary of each paper in Table 4.

Paper I

This paper explores the pre-purchase and purchase phases of a CFOP exchange. The purpose if this paper is to gain deeper knowledge of the multidimensionality of trust in customer international online trust. Most research in the domestic online-purchasing literature focuses on understanding what affects customers’ domestic online trust, which usually relates to retailer and website characteristics. This paper expands the trust literature by introducing the concept of customer international online trust, based on the in-depth interviews and five focus-group interviews. The paper focused mostly on exploring the multidimensionality of trust in the pre-purchase and purchase phases of a CFOP exchange.

The multidimensionality of customer international online trust is complex and incorporates three different levels (units of analysis). This paper contributes with a third dimension of customer online trust by introducing the international aspect and integrating it with the domestic dimensions of online trust. This third dimension, consumers’ country perception, affects overall customer international online trust, which then directly affects overall seller/retailer uncertainty. This paper reveals that both of TAM’s dimensions of perceived ease of use and usefulness are not relevant in customer international online trust. Only perceived ease of use seems to be relevant. International online purchasers have already determined that purchasing online is useful for them, which is why they have expanded their online purchasing beyond their domestic markets. This paper also confirms previous online-purchasing literature that website characteristics, such as design and information availability, and retail characteristics, such as perceived retail size, reputation and brand, are important components in overall online trust. This paper finds that retailer trust is superior to country and website trust, because retailer trust decreases uncertainty associated with website and country. In other words, if there is retailer trust, the effects of country and website trust
decrease. If trust does not exist in the three dimensions of customer international online trust, the effect of third-party/connected trust greatly affects customer international online trust. The third party mitigates uncertainty and increases customer international online trust.

Paper II

Exchanges between consumers and foreign online retailers are complicated and involve high level of uncertainty. While some researchers argue for the importance of developing trust and commitment in relationships, others emphasize the importance of coping with psychic distance that hampers international online purchasing behavior. Therefore, the aim of the third paper is to investigate the link between psychic distance and consumers’ behavior toward international online vendors. The paper incorporates the three phases of pre-purchase, purchase, and post-purchase. The findings of this paper are based on individual interviews and the five focus-group interviews.

Based on in-depth and focus group interviews, the paper finds that psychic distance initially (pre-purchase) has similar effects on CFOP behavior as in firm-internationalization literature, but factors such as language are more relevant than other factors. Psychic distance influences consumers’ uncertainty, which negatively affects consumers international online purchase behavior. The consumer copes with psychic distance by acquiring information from their physical network and on the Internet, which negatively affects psychic distance and uncertainty. Information that the consumer collects about the international online retailer changes the consumer’s psychic distance from a national to a firm/individual level. Once the psychic distance changes from a national to a firm/individual level, the purchase decision is based on relationship strength rather than psychic distance at a national level. Strengthening the relationship with the international online retailer is driven by two important aspects: The consumer’s commitment to the retailer (information-seeking about the retailer), and the consumer’s knowledge based on that gathered information. High uncertainty hampers exchange with international online vendors at a high psychic distance. However, psychic distance changes from a national to a firm/individual level as the consumer gains information from their surroundings. Psychic distance’s effects on consumers’ international behavior can be better understood as a relationship and network approach, because third parties/connected trust mitigates psychic distance at country level, and relationships with international online vendors are based on trust developed for the specific international online vendor.
Paper III

The aim of the third paper is to understand the CFOP process and consumers’ uncertainty when purchasing from foreign online retailers. This paper is based on a narrative method study of the whole process from information gathering, to purchasing, to future activities between the consumer and retailer. Papers I and II focus on foreign online purchasing from a general view, including consumers who have experience with foreign online retailers mixed with consumers who have no experience with foreign online purchasing. This paper is based on a specific consumer’s experience about a specific retailer. The core concept is trust, based on social-psychology research and consumer online-purchasing literature. This paper expands and deeply investigates trust in CFOP for capturing how uncertainty changes and develops over time. Lewis and Weigert’s (1985) seminal work argues for three types of trust: Cognitive, affective, and behavioral. Cognitive trust refers to consumer’s reliance on retailer’s competence and reliability, while affective trust refers to the consumer’s emotion toward the retailer and its products. These two components affect behavioral trust, which is the consumer’s purchase decision.

This paper contributes to, and develops, the trust debate in CFOP. The paper confirms much of the earlier work that behavioral trust depends on cognitive and affective trust, but also connected trust, which also affects behavioral trust. Cognitive and affective trust is difficult to achieve in the CFOP pre-purchase phase because the consumer lacks information, and experience with, the foreign online retailer. The consumer’s information-gathering from their connections (connected trust) reduces the psychic distance and mitigates uncertainty in engaging in relational exchanges with foreign online retailers. Connected trust not only mitigates uncertainty and psychic distance, but also affects cognitive trust toward the retailer, which affects behavioral trust. Based on behavioral trust, consumers gain experience that affects future cognitive and affective trust, as to whether or not to develop future behavioral trust. A negative experience with a retailer can also positively affect psychic distance. Experience does not always reduce psychic distance, but also can increase it. This paper’s core contribution is that it provides an understanding of the whole CFOP process.

Paper IV

The aim of the fourth paper is to study the differences between domestic and foreign online purchasing. Paper III integrates CFOP literature with social-psychology literature and captures the whole process of three CFOP stories, from gathering information, to purchasing, to evaluating and purchasing again. This paper follows the same line and incorporates consumer-retailer
relationship literature with social-psychology literature and develops a framework based on the effect of cognitive, affective, and connected trust on uncertainty and commitment in relationships in CFOP context. However not just the method in this paper is different, but also where in the process are those consumers who participated in this study. While Paper III captured the whole process, the participants in this study already had experience with the specific retailer. This study captures their future cognitive, affective, and connected trust effect on uncertainty and commitment. Based on one sample, including the two subsamples of domestic and foreign online purchaser, this paper uses LISREL to study the differences between domestic and foreign online purchasing.

This paper clearly shows that purchasing differs between domestic and foreign online retailers. First, uncertainty is central in both settings, and trust is needed to mitigate uncertainty. However, different types of trust are needed in each setting. Cognitive trust negatively affects uncertainty in the foreign subsample, while affective trust negatively affects uncertainty in the domestic subsample. Connected trust has a positive effect on uncertainty in both subsamples. Cognitive and affective trust positively affect commitment in both subsamples, while connected trust negatively affects commitment in the domestic subsample, there are no significant effects of connected trust on commitment in the foreign subsample. While uncertainty positively affects commitment in the domestic subsample, there are no effects in the foreign subsample. This paper shows that relationships between consumers, domestic and foreign online retailers, and uncertainty mitigation are based on different types of trust in the two subsamples. In line with Morgan and Hunt (1994), and Mukherjee and Nath (2007), this study shows the link between trust and commitment, but also what types of trust affect commitment in the two subsamples. Relationships are possible in both settings, but are based on different types of trust because consumers have more experience with domestic online retailers and less with foreign online retailers, based on psychic distance toward the foreign online retailers.
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<tr>
<th>Paper</th>
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<td>Customers’ international online trust: Insights from focus-group</td>
<td>The purpose of this paper is to gain a deeper knowledge of the multidimensionality of trust in customer international online trust.</td>
<td>In-depth and Focus-group interviews</td>
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<td>The multidimensionality of trust, country, website and retailer characteristics affect uncertainty perception in foreign online retailers. Third parties mitigate uncertainty and increase customer international online trust.</td>
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<td>II</td>
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<td>The aim of this paper is to investigate the link between psychic distance and consumers’ behavior toward international online vendors.</td>
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<td>Psychic distance effect on uncertainty evidential in the pre-purchase phase. Commitment (information gathering) mitigates psychic distance uncertainty. Commitment increases initial trust. The change in PD from a national level to a firm/individual level.</td>
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<td>III</td>
<td>Alleviating uncertainty through trust – A narrative approach</td>
<td>The aim of this paper is to provide an understanding of consumers’ foreign online purchasing process and specifically consumers’ perceived uncertainty when purchasing from foreign online vendors.</td>
<td>Narrative</td>
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<td>Behavioral trust, not only affected by cognitive and affective trust, but also by connected trust. Uncertainty and commitment requires different trust. The fluctuation of psychic distance/uncertainty</td>
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<td>IV</td>
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<td>Quantitative</td>
<td>Uncertainty</td>
<td>Uncertainty is positively affected by cognitive trust in the domestic setting and affective trust in the domestic setting. Connected trust has a positive effect on uncertainty in the both samples. Different trust effect on commitment in the two sub-samples.</td>
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Concluding Remarks

The overall aim of this thesis was to add knowledge on why some consumers purchase from foreign online retailers and others do not. In order to fulfill this aim of the thesis, two research questions were specified: What affects uncertainty in the CFOP context? How do consumers deal with uncertainty in the CFOP context? The two research questions were studied in detail in the four papers presented in the empirical section of this thesis. The four papers (Papers I-IV) implicitly and explicitly deals with what affects uncertainty in CFOP context and how the consumers deal with perceived uncertainty in this context. The main findings of the four papers are presented in the previous section, and Table 4 provides a brief summary of the findings. See each individual paper for a more in-depth discussion of the main findings.

The research questions in this thesis are of outmost importance for practitioners and researchers. This thesis does not just target relevant factors that affect consumers’ uncertainty in the CFOP context, but also how consumers deal with their uncertainty for actual purchasing behavior, and establishing and developing relationships. The framework is developed from industrial relationship and network literature (Håkansson, 1982; Dwyer et al., 1987; Morgan and Hunt, 1994), international-business literature (Johanson and Wiedersheim-Paul, 1975; Johanson and Vahlne, 1977), TAM (Davis, 1989; Gefen et al., 2003), offline and online relationships in consumer markets (Grönroos, 1997; Hadjikhani and Bengtson, 2006; Mukherjee and Nath, 2007), and social-psychology literature (Lewis and Weigert, 1985). This thesis discusses these different literatures and develops a consumer-retailer relationship framework to study uncertainty in CFOP context. It is based on a multiple-method approach that not only has empirical value, but also several theoretical contributions. The relationship framework developed for studying CFOP behavior not only combines different theoretical fields, but also contributes to different fields.

Main findings

Despite the call for new research on CFOP behavior (e.g., Cheng et al., 2008; Edwards et al., 2009), few empirical studies have examined CFOP behavior. This thesis contributes both empirical and theoretical knowledge
on consumers’ CFOP behavior. The empirical contribution is of outmost importance and has high managerial value. Even though the Internet has provided firms opportunities to reach global consumers, previous empirical studies show that a large number of consumers still hesitate to purchase from foreign online retailers. This thesis adds knowledge as to why some consumers purchase from foreign online retailers and others do not. When consumers do not purchase from foreign online retailers, they may perceive the purchase situation with uncertainty. However, when consumers purchase from foreign online retailers and do not avoid uncertainty, consumers manage their uncertainty. Initial information about the retailer is of outmost importance for consumers to deal with uncertainty and judge the quality of the retailer. Active online internationalization (AOI) retailers have advantages over default online internationalization (DOI) retailers because AOI retailers enhance not only consumers’ information search but also their judgment of retailer quality, which makes it easier to decide whether to manage or avoid uncertainty. However, it is not easy for consumers to commit to, and develop trust toward, foreign online retailers. Commitment is also not an easy task for retailers. These issues are discussed in more detail in the managerial implication section, and advice is given for online international marketing strategies.

This thesis has several theoretical contributions. Although previous research on CFOP has contributed with interesting insights (Harrison-Walker, 2002; Cheng et al., 2008; Edwards et al., 2009), few researchers have focused on studying uncertainty or adopted a relationship framework in the CFOP context. This thesis adopts and develops a relationship framework for studying CFOP behavior, adds new knowledge on what affects uncertainty and how uncertainty is deal with in the CFOP context, and sheds light on the debate about relationships in consumer markets. Leahy (2011) argues that relationships cannot exist in consumer markets. This thesis shows that relationships exist in CFOP and that exchanges between a consumer and a foreign online retailer are not solely transactional based, as the marketing-management literature claims (Kotler, 1967).

The CFOP relationship is embedded with, and depends on, other relationships in the network. Relationships with other actors in the network affect uncertainty in the relationship. The relationship framework developed in this thesis is not only inconsistent with the idea of exchange as solely transactional but also is different from industrial (Dwyer et al., 1987; Morgan and Hunt, 1994), service (Grönroos, 1994), and offline and domestic online B2C relationships (Sheth and Parvatiyar, 1995; Hadjikhani and Bengtson, 2006; Mukherjee and Nath, 2007; Pavlou et al., 2007). For a relationship to develop in the CFOP context, the consumer must deal with uncertainties encountered along the way.

Papers I, II, and III show that consumer commitment to information-gathering is important in order for dealing with uncertainty. Additionally, a
relationship is not possible without an active consumer. This is in line with relationship-marketing literature (Sheth and Parvatiyar, 2000; Hadjikhani and Bengtson, 2006; Hunt, 2000; Morgan and Hunt, 1994). However, Paper III shows that when consumers purchase from DOI retailers (Yamin and Sinkovics, 2006), these retailers are not targeting these consumers. Instead, the consumer is the active party than mutual active parties in the relationship. This indicates that the role of active consumer in the CFOP context goes beyond relationship-marketing literature (Sheth and Parvatiyar, 1994; 2000; Morgan and Hunt, 1994; Pavlou et al., 2007; Hadjikhani and Bengtson, 2006; Hadjikhani and LePlaca, 2013; Hunt, 2013). Paper III not only contradicts marketing-management literature, which argues for an active retailer and a passive consumer (Drucker, 1954; Levitt, 1960; Kotler, 1967; McCarthy, 1960), but also contradicts the social and economic process and relationship marketing literature (Anderson and Narus, 1998; Grönroos, 1997; Zeithaml et al., 1985; Berry, 1983; Gummesson, 1994; 2002; Sheth and Parvatiyar, 2000; Constantin and Lusch, 1994; Day, 1994; Dickson, 1992; Hunt, 2000; Hunt and Morgan, 1995; Morgan and Hunt, 1994), at least when consumers purchase from foreign DOI retailers.

The level of commitment in the CFOP context differs from industrial relationships in that the consumer and the retailer do not commit in the form of heavy machinery investment or other large costs that are not easily transferred to other relationships. The consumer’s switching cost is lower, and they can dissolve a relationship and enter into other relationships. However, the consumer still must manage the search and deliberation cost of the new relationship (Rangan, 2000). CFOP relationships can be long-term, but if the consumer can solve their search-and-deliberation issue, they can switch to other relationships. Therefore, CFOP relationships can also be short-term.

Yamin and Sinkovics (2006) argue for the existence of AOI and DOI retailers AOI retailers target consumers from a specific country, with websites developed for that country, but consumers are treated as homogenous. However, the narrative method in Paper III shows that in the CFOP context, consumers are heterogeneous, and their behavior is based on their learning process. For example, one participant clearly had specific demands regarding wanting their name placed on the purchased product. The AOI adapted to the consumer’s need.

Morgan and Hunt (1994) argue for the importance of trust and commitment in industrial relationships. this thesis not only confirms the importance of these two concepts in dealing with uncertainty in the CFOP context, but also that commitment differs in this context and that trust is far more complex and multidimensional in a CFOP relationship.

The first paper explores the multidimensionality of trust. Two dimensions (categories) of consumer online trust in the literature are explored and connected to overall uncertainty (Jarvenpaa et al., 2000; Beldad et al., 2010). Paper I adds a third dimension of trust related to perceived retailer country
location that affects overall uncertainty in the CFOP context. The concept of customer international online trust is introduced for the first time in the literature and is connected to uncertainty. Furthermore, TAM literature (Davis, 1989; Gefen et al., 2003) suggests that perceived ease of use and perceived usefulness both affect consumer trust and purchase intentions. Paper I clearly shows the importance of perceived ease of use in CFOP, while perceived usefulness did not affect consumer purchasing. Perceived usefulness is not an obstacle for foreign online purchasers due to their experience with general online purchasing, which they already perceive as useful.

The second paper concerns the link between psychic distance and CFOP. More specifically this paper studies the impact of psychic distance on CFOP behavior. In the pre-purchase phase of an exchange between a consumer and a foreign online retailer, psychic distance has similar effect on consumers as on firm internationalization behavior (Johanson and Wiedersheim-Paul, 1975; Håkanson and Ambos, 2010), meaning that psychic distance increases uncertainty. However, because the consumer is embedded with other actors, such as family members, friends, media, other consumers and online reviews, the consumer can gather information (connected trust), decrease the impact of psychic distance, and develop trust toward the foreign retailer.

Paper II adds to Hallén and Wiedersheim-Paul’s (1984), and Conway and Swift’s (2000) works, which conceptualize psychic distance as three-dimensional. They connect this to international-relationship literature. The paper states that psychic distance can be bridged if the consumer commits resources in the form of time to gather information about the retailer, mitigates psychic distance at a country level, and develops trust at retailer level to deal with uncertainty. Johanson and Wiedersheim-Paul (1975) argue that experience decreases psychic distance effect. Papers II and III in this dissertation clearly show that experience does not necessary decreases psychic distance. More specifically, experience has consequences for psychic distance, based on if the experience is positive or negative. This thesis demonstrates that psychic distance fluctuates, based on a positive or negative experience. Psychic distance has a similar effect on uncertainty, such that if psychic distance increases, uncertainty also increases. Conversely, if psychic distance decreases, uncertainty also decreases.

Although Papers I and II show the importance of country perception and psychic distance on overall uncertainty, the first quantitative study (the unpublished work, see the Methods section) does not confirmed the importance of several of the factors related to psychic distance. This led to work on Paper III, based on narrative interviews, which shows that CFOP is far more complex. It shows that psychic distance affects uncertainty more in the pre-purchase phase of a relationship and less in the development phase of a relationship. This paper shows what affects uncertainty, where in the process it happens, and how consumers deal with uncertainty. The latter contribution is
unique for online-purchasing literature in general and specifically for foreign online-purchasing literature (Harrison-Walker, 2002; Edwards et al., 2009).

Papers III and IV also show that different types of trust are needed in CFOP to deal with uncertainty. In the initial pre-purchase phase, the consumer develops cognitive trust based on information they gather. Information can be gathered via the retailer’s website or from the network into which the consumer is interwoven and embedded (Paper III). If the consumer finds information, or has access to connections and develops connected trust, initial exchanges start. This is highly relevant because it adds on to Lewis and Weigert’s (1985) work that connected trust serves as a solution before developing cognitive trust, and eventually behavioral and affective trust for a long-lasting relationship and future commitments.

The evidence for different types of trust is clear in Paper IV. Not only are different types of trust important for dealing uncertainty and increasing commitment in relationships, but different types of trust are important in different contexts, such as domestic versus foreign online purchasing. It is clear that uncertainty is mainly deal with through cognitive trust in CFOP, while affective trust had a stronger effect on uncertainty in domestic online purchasing. However this paper also shows that once a relationship has been developed and the consumer has committed, the effect of connected trust has a reverse effect on uncertainty. Future cognitive and affective trust is more important than connected trust for strengthening the relationship. Connected trust only has a negative effect on uncertainty in the development phase of a relationship. In the long run, third parties only act as connected distrust and will weaken the relationship.

Managerial implications

This thesis advances our knowledge about what affects consumers’ uncertainty when purchasing from foreign online retailers, and how consumers deal with uncertainty in this context. Firms/retailers can take advantage of this dissertation for their international marketing strategies. The study shows that overall uncertainty when engaging in exchange relationships with foreign online retailers is based on country, firm, and website. Retailers cannot do anything about consumers’ perception of their country of location, so reducing the effect of psychic distance is not up to them. Retailers should instead focus on decreasing uncertainties about themselves as a company and provide excellent websites that facilitate purchasing. Companies that wish to attract global consumers online must provide accurate information on their website, so that consumers can gain insights about the firm. Such insights can reduce consumers’ uncertainty. The website should also be well-designed and easy to use, and provide information regarding products/services, prices, and deliveries.
If the firm is not globally well known, consumers are often uncertain and hesitate to purchase. Therefore, it is of outmost importance for unknown firms to work with financial service firms, such as PayPal and Payson, which mitigate consumers’ uncertainty in engaging in relationships. Firms should provide good services in different languages that make it easier to reach different consumers from different countries. This is important for long-term relationships. Even if companies succeed in selling to consumers the first time, they need to provide good service if they want to attract the same consumers in the future. If consumers are satisfied with the products and services, they will spread positive word of mouth about the company. Furthermore, with current technology, retailers have access to global consumers. However, to really attract global customers, retailers should use the technology for data about the specific consumer and provide them with specific offerings. This is important if the retailer wants to make sure that the consumer is satisfied and returns for future exchanges. Retailers’ first task is attracting consumers for initial exchanges, based on specific adaptation for not only specific markets, but also for the specific consumer. This will enhance consumers’ trust, so that commitments and relationships might develop.

Limitations and future research opportunities

CFOP is in its infancy. Despite this dissertation’s contributions, much still must be explored. This thesis is not without limitations, but they are opportunities for future research. The methodological limitations were discussed in the Methods section. Despite the difficulty with using a multiple-method approach, it is important to study CFOP from different methodologies. Future research could apply other methods in the form of experimental methods or collecting time-series data for following the process in the relationship. These could increase our knowledge beyond this thesis. Furthermore, this thesis did not focus on a specific product or service. Future research could study the differences between high- and low-involvement products to examine differences in uncertainty. These could shed light on some of the indications in Paper III that high-involvement products have product uncertainty (Pavlou et al., 2007) plus country, firm, and website uncertainties that must be deal with in the initial phase of a relationship. A comparison study between purchasing products or services could be useful, because services differ in terms of intangibility, and deliveries are less uncertain, but in other respects more uncertain for the consumers to purchase.

Another limitation is that this thesis used Swedish consumers as participants for most of its methods. This might have affected the thesis findings because different cultures might have different views on foreign online purchasing when it comes to avoiding uncertainty. It is of the utmost importance to incorporate and study consumers from other countries for generalizing the
findings of this thesis. For example a consumer’s national culture (technology development, infrastructure, educational background) should affect their CFOP behavior. This was not considered in this thesis, but can serve as an interesting and insightful possibility for future research avenues.

Finally, this thesis developed and adopted a relationship approach for studying uncertainty in CFOP behavior. Other theoretical concepts might be relevant in the CFOP context. For example, the concept of learning might be useful to understand the learning process in the relationship, which is highly relevant for understanding the strength and level of commitment in the relationship. Other concepts and theoretical foundations are welcomed and encouraged for studying CFOP behavior in future research to confirm, complement, or challenge the theoretical contributions of this thesis.

Summary
Despite the empirical and theoretical contributions of the four papers in this thesis, the summary also adds new knowledge on CFOP behavior. The summary not only presents the results from the four papers, but also presents further empirical data about CFOP behavior. The summary reviews different marketing schools of thoughts such as transactional-exchange theories, and relational-exchange theories in industrial and consumer markets, and discusses differences and similarities between the three schools of thoughts. It also develops a consumer-retailer relationship framework by integrating other literature, such as TAM, psychic distance, and social psychology. The framework helps in understanding the process of CFOP and how relationships in this context are established and develop through ongoing phases of pre-purchase, purchase, and post-purchase. This relationship framework is not only different from industrial relationships, but also from offline and domestic online B2C relationships. It explains what affects uncertainty in CFOP, but also how the consumer can deal with uncertainty to establish and develop a relationship.
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Appendix A

**Figure 4.** Different factors’ effect on purchasing from German online retailers

**Figure 5.** Different factors’ effect on purchasing from Polish online retailers
Figure 6. Different factors’ effect on purchasing from Swedish online retailers

Figure 7. Different factors’ effect on purchasing from US online retailers
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