

Shopping on daily deal websites: How numbers of previous purchases make a difference in product purchase intentions

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Attestation of Authorship

I declare the following:

- This submission is my own work
- To the best of my knowledge contains no material previously published or written by another person (unless specifically acknowledged),
- The material has not been submitted for the award of any other degree or diploma to any other university or other institutes of higher learning.

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Sign: 

Date: 18/06/2013

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Abstract

A recent phenomenon in retail marketing, 'daily deal' websites offer products for sale for a limited time and at heavily discounted rates. Given the relative newness of the daily deal websites, empirical studies are limited. A key distinction of 'daily deal' sites from other online vouchers and online auctions is that the numbers of items sold are displayed. The focus of this paper is to examine whether being told how many people have already purchased the item influences a shopper's choice. In particular this research seeks to examine whether there was a bandwagon (those who wish to conform) or snob effect (those who do not wish to conform) when number of previous purchases were shown. Prior literature has shown the existence of bandwagon and snob effects in shopping situations. However, no study to date looks at these two concepts on a daily deal website, and no study in particular measures purchase intention based on these two concepts. This study seeks to fill this gap.

This study examines shoppers' buying behaviour when exposed to a high, low or no number of previous purchases on a daily deal website, and whether this behaviour is different when the shopper is influenced by the snob or bandwagon effect. Using an experiment, shoppers were exposed to the same daily deal website, offering the same product, with only the number of purchases manipulated – high, low, or no information. A total of 219 students were randomly divided into three equal groups of 73 and assigned to one of the three treatments – high, low or no information on purchase numbers.

Results showed there to be no difference between snobs, bandwagoners, or even neutrals, when the prior purchase level was low, high, or not revealed. It is suspected that the urgency factor maybe an explanation. Further research would be useful to first see if these results are replicated with other products – particularly services. Second, it would be worthwhile introducing a measure of the urgency effect, and seeing if this indeed moderates the need for uniqueness effect.

Chapter 1: Introduction

Background to the Research

Online shopping is fast becoming one of the most popular shopping platforms. There has been an increase of online shopping behaviour; more and more consumers seem to be purchasing products and services on the World Wide Web (Ranganathan & Ganapathy, 2000). Online retailing has increased customer interaction. With the advent of Web 2.0 social media platforms such as Facebook and twitter, retailers are now able to promote, sell and perhaps improve their products and services even more. Online auctions with platforms such as Ebay, Trademe and Alibaba acting as intermediaries, all offer customers the ability to interact not only with the product but also with each other. Recently, an innovative platform of online shopping referred to as 'daily deal websites' has gained a lot of attention. These websites offer discounts on various products and services to various target markets daily. They are becoming increasingly popular in the United States and United Kingdom with New Zealand shoppers not being left out in the wave. This research investigates shopping behaviour in an online context, specifically focusing on online daily deal websites.

It is possible to confuse daily deal websites with voucher websites (see appendix 1 for examples of the two). While both possess similar traits in some aspects of online shopping, there are also contrasting characteristics that distinguish them. For example, while they both have limited time on their voucher offers, daily deal websites offers are often limited to a 24-hour period but the voucher websites could have their offers available for weeks or longer. In addition, voucher websites tend to focus on selling vouchers for products but do not sell products directly, unlike daily deal websites that offers both vouchers and discounts on products customers can purchase directly. So far, no research has been found to distinguish the differences between the two, perhaps some thorough research on this would give accurate comparisons; however below is a table that briefly distinguishes the difference between daily deal websites and online vouchers.

Table 1: Comparison of online voucher website and a daily deal website

	Daily Deals	Online Vouchers
Time frame	24 hours only	Up to two weeks or longer
Type of vouchers	Vouchers for products & services	Vouchers for products & services
	Does not always offer vouchers- products can be bought directly	Only vouchers- often % off or \$ value off products/ services
Frequency of voucher download	Often it is one voucher per account	Voucher can be downloaded numerous times
Retrieving vouchers/ products	Vouchers can be downloaded and at times delivered (depending on the retailer, type of voucher, or whether they are tickets to an event) and products purchased are delivered	Vouchers are only downloaded
Retailer	All business (small and big) promote their products and services	Often larger businesses and franchisees such as Civic Video and Domino's Pizza offer vouchers

Review of literature suggests limited empirical studies on daily deal websites. As a result, there is more anecdotal evidence than empirical. For instance, Jia and Wu's (2012) study compares the differences of other group-buying intermediaries with one of the most popular daily deal website referred to as 'Goupon' (popularly known as Group Coupon). Price differentiations between discount vouchers and Goupon was studied by Edelman, Jaffe and Kominers (2010), finding that both had similar discounts. Ye et al. (2011) studied something slightly different; they looked at daily deal websites like Groupon and LivingSocial and found a relationship between incentive mechanisms and propagation behaviour. Byers, Mitzenmacher, Potamias and Zervas (2011) on the other hand conducted a research on the economics of daily deal websites with a particular focus on Groupon. They referred to the number of products, vouchers or coupons on sale (particularly those already sold) on the sites as 'deal size'. They pointed out that deal sizes often vary across different locations. For example, densely populated cities are likely to have higher deal sizes compared to scarcely

populated ones. Byers et al. (2011) however did not reflect in their research the significance or implications of deal sizes to buyers' purchasing behaviour. This research intends to contribute to knowledge in this area.

Boon, Wiid and DesAutels (2012) in their recent study recommended that more studies be conducted on daily deal websites. Their study distinguished daily deal sites (e.g. Groupon) with other popular online promotional marketing platforms. Their findings reveal similar deals on the sites, similar price range for the same kind of products and similar product categories and offerings. The question therefore is, should daily deal sites be similar with other familiar online promotional marketing platforms, what is the secret formula to the success or perhaps popularity of these daily deal sites? From an in-depth analysis of literature on online marketing and interactive media, it appears there are some specific features of daily deal sites that are not seen on other websites; for instance, written tally of purchases for the reviewed product. This seems to be one of the main distinguishing factors between daily deal websites and other online retail platforms. The focus of this research is on the visibility of previous purchase information and its implication to consumer buying behaviour.

There are a handful of daily deal sites in New Zealand; the popular ones include Groupon, Treatme, Dailydo, Yazoom, 1-Day and Cudo. These daily deal sites are known to offer a range of products and services to their customers. For instance, they offer discounts on various products such as apparel, jewellery, beauty products and even vouchers on short courses or events for all age groups. EMarketer (2012) argue that more than seven out of ten internet users tend to actually shop online. Statistics New Zealand (2012) also found that in 2009, more than a million homes had internet broadband. The results of the survey also show that 80% of Kiwis aged 15 and over often used the internet. Results like this tend to show the influence of Information and Communication Technology (ICT) on the New Zealand economy and society (Statistics New Zealand, 2012). Internationally, studies show that online shopping adoption is continuously on the rise (AUT University, 2011).

This research will look at a particular feature of daily deal websites, which is the number of previous purchases and how this affects buying behaviour. The actual aim is to assess whether a high, low or no number of previous purchase information made available to a customer can influence consumer's purchase intention based on their need for uniqueness (snobs) or need for conformity (bandwagoners). It appears no study has been done to reflect

the importance and influence of previous purchase numbers on consumers' purchase intention. The contribution of this research is its focus on the importance of the number of previous purchases made available to consumers; particularly it will seek to prove whether bandwagoners and snobs are driven by the number of previous purchases of a product on an online daily deal website.

1.2 Online Shopping

1.2.1 Shopping Motivation

Tauber (1972) is one of the founding scholars of shopping motivations in a conventional setting, which Parsons (2002) updated to an online shopping context. According to Monsuuwe et al. (2004), motivations of conventional shoppers and online shoppers consist of mainly two dimensions: Hedonic and Utilitarian. Studies on shopping from conventional retailers reveal that both dimensions are almost equally important (Babin, Darden & Griffin 1994).

For online shopping context, the utilitarian dimension is measured by ease of use and usefulness (Monsuuwe et al., 2004; Overby & Lee, 2006). In other words, a consumer's ability to navigate through an online shopping website with little or no challenge at all is significant to his/her motivation to purchase online. On the other hand, the pleasures and joy derived from online shopping are components of the hedonic dimension. While both dimensions are crucial in a consumer's intentions to shop online, the hedonic dimension is regarded as the main determinant of consumers' attitude towards shopping online (Monsuuwe et al., 2004; Bridges & Florsheim 2004).

According to findings of Childers' et al. (2001) study, consumers are more attracted to creative and enjoyable websites with variety of media tools such as videos, pictures and humour when shopping online. These tools link to the hedonic dimension. Online shopping for some consumers is leisure oriented activity and as such are drawn to attractive online shopping platforms (Farag et al., 2007; Swinyard & Smith 2003). Yet Lee and Overby (2004) argue that consumers are more drawn to the utilitarian dimension when shopping online. They indicate that it is more important for consumers to be able to use the website without any hassle.

1.2.2 Costs: Financial and Time

One of the main benefits of online shopping is that it is considered less time consuming in relation to shopping from conventional retailers (Lokken et al., 2003; Alba, Lynch, Weitz, Janiszewski, Lutz, Sawyer & Wood, 1997). Time saving has been assessed as a value-added component in the virtual world. Lee and Overby (2004) stress that value can raise consumer satisfaction and loyalty towards an online retailer. Similarly, Farag et al. (2007) argue that consumers who hardly have the time to shop at physical stores during business hours have the opportunity to shop online at any time at their convenience. Dennis, Harris and Sandhu (2002) do not share similar views however; they argue that online shopping may not be as time-saving as it is often deemed, stressing that it takes time to search, compare and eventually decide on products and services when shopping online. Not to mention the need to wait for delivery of a product.

Time spent on travelling to a shopping mall, as well as the one spent looking around or waiting in a queue for desired products and services in a real life context are referred to as transaction cost (Chircu & Mahajan 2006). A transaction cost is any cost attached to the transaction process, be it monetary or otherwise. Online transaction cost tends to be higher in some categories of transaction costs and lower in other when comparing shopping virtually and in real life (Liang & Huang, 1998). The difficulty in fully examining the product is higher in an online context (examination cost) while it is relatively easier to search and compare products resulting in low search and comparison costs. This is a clear indication that online shopping has its own merits and demerits, just as other shopping platforms.

1.2.3 Website Design

A website's design can contribute to a consumer's intention to shop online. How the information on the site is related and designed is critical (Ho & Wu, 1999). If the information contained on the site is not in order and hard to find, it is likely a consumer will be put off before they find their desired product or service. According to Lynch Kent and Sirinivasan (2001), online shopping website design should be focussed on appealing to consumers; hence, online retailers must have their consumers in mind when designing their websites (Blake, Neuendorf & Valdiserri, 2005). The reason is because when consumers are happy with the website, they are likely to show loyalty to it (Flavian, Guinaliu & Gurrea, 2006).

Therefore online shopping retailers should encourage customer loyalty, and one way to do this is to ensure their websites provide consumers a satisfying shopping experience.

1.2.4 Website Functionality

Apart from the design of an online shopping website being such that is in order and is an eye catching website, consumer should be able to find information quickly and without hassle. When the navigation of a website is difficult, the consumers often tend to get frustrated which could result in no longer using that website. Therefore online retailers should adopt tools and techniques to make navigating on their websites fun and easy (Baty & Lee 1995; Childers et al., 2001). Making a consumer's shopping experience fun and easy tends to draw the consumers attention to the online retailer, allowing the consumer to browse and purchase as they wish. According to Ahn, Ryu and Han (2007), a fun and easy to navigate website can encourage consumers to stay loyal to a particular website and not moving on to others. As in previous sections, the hedonic dimension is considered to be important when determining a consumers' attitude towards shopping online (Monsuuwe et al., 2004; Bridges & Florsheim 2004).

1.2.5 Price

Consumers who shop online are often indifferent about prices of products and services (Donthu & Gracia, 1998). In a similar research by Andrew and Currim (2004) that compared price sensitivity between online and traditional shoppers found the same result, that consumers are actually indifferent about price when shopping online. Consumers tend not to see price as an important element of online shopping (Bhatnagar & Ghose, 2004).

Although some literature indicates that price is not an issue, online retailers still tend to attract consumers with other forms of incentives though; for instance, giving off some percentages on the final payment of consumer's first transaction (Liang & Huang, 1998; Kim & Kim, 2004). This strategy has been assessed as capable of increasing consumer's satisfaction and perhaps loyalty as they are likely to keep visiting (Kim & Kim, 2004). Such incentive strategies are becoming very popular amongst online retailers nowadays especially because online shopping has become a key shopping context. Physical retailers do not provide such incentives for consumers, and if they do then it is usually the small private owned retail stores.

Although it is proven that some consumers who shop online tend to be indifferent about price, it has also been proven that other consumers who shop online believe products offered online are cheaper than the ones in physical retail stores (Kim & Kim, 2004). Perhaps this is the reason why such daily deal websites have become successful, because they are aware of this perception that consumers have about cheaper products being sold online.

1.2.6 Variety of Products

Online shopping provides consumers with a mass variety of products and brands, all on the same platform (Rohm & Swaminathan, 2004). Unlike physical retail stores, the shelf space for online websites are not limited thus favouring the offer of as many products as possible, some of which may not even be present in store at the time of purchase (Häubl & Trifts 2000). While this particular feature of online shopping presents some advantages, the disadvantage is that it could result in an overwhelming exercise. According to Häubl and Trifts (2000), consumers have limited cognitive resources and as such being loaded with so many products to choose from could result in information overload, which could possibly discourage them from buying.

But this does not necessarily mean every consumer because some consumers actually enjoy browsing and taking their time when shopping online. Especially when their shopping experience has been made enjoyable through the usage of video clips and other creative strategies used to attract the consumers (Childers' et al., 2001).

1.2.7 Product Information

Consumers tend to gather information about their desired products before they finally decide to make a purchase (Jarboe & McDaniel, 1987). Most online shopping platforms provide information on products and services they render. Access to information about the products and services online retailers offer provides consumers with the ability to compare in terms of the various features of the products towards making a decision to purchase. According to Park and Kim (2003), a consumer's ability to search for product information is critical to his/her buying behaviour. Peterson, Balasubramanian and Bronnenberg (1997) argue that an online retailer's ability to provide useful information to the consumer can contribute to not only consumers' intention to purchase but also their satisfaction and attitude towards the

online retailer. Physical stores do not provide as much product information; usually the only information available is either from the sales person or on the product packaging. Unlike physical retailers, online retailers often allow their own consumers to share their experience of the product. This is called an online review, where consumers can read about a product based on other consumer's experiences, whether it's good or bad (Zhu & Zhang, 2010).

Such system also allows potential consumers to get honest information about the product, unlike physical stores where sometimes the sales person tends to give out false information just to make a sale (Riggle, 2009).

As explained above, like any other shopping context, online shopping has its own negative and positive aspects, but Yang and Lester (2004) reveal that despite some of these discouraging features consumers are still prone to shop online. Here it is evident that online shopping has been regarded as a key shopping context, therefore it is important for online shopping to be studied and researched to better understand the consumer's buyer behaviour.

1.3 Online Shoppers

Literature on who online shoppers and their demographics is quite outdated. Due to the emergence of new technologies almost on a daily basis, it is increasingly becoming difficult for academics to define precisely the identity of online shoppers. In other words, the advancement of technology, particularly the internet tends to influence the way people shop online; consequently, keeping track of the identity of online shoppers, their demographics such as age, gender, occupation and even location becomes a hard task.

1.3.1 Age

Lokken et al. (2003) point out that consumers in their 20's and 30's are relatively more computer savvy and as such tend to shop online more compared to those over the age of 40. Young consumers are more inquisitive and often possess the natural ability to perform and find interesting the complex activities of online shopping such as searching, comparing, evaluating and finally purchasing compared to the older generation. Monsuuwe et al. (2004) support this by stating that the younger shoppers are more likely to use new technologies to shop online.

Recently, the age gap between online and non-online consumers appears to be diminishing; however, the effect of age on consumers' intention to purchase online remains unclear. There is still an on-going debate as to the effect of age on online purchase intention. For instance, while some studies identify a positive relationship between consumers' age and their likelihood to purchase online (Stafford et al. 2004), others reveal a negative relationship (Joines, Scherer & Scheufele, 2003).

1.3.2 Gender

Traditionally, shopping was seen as an activity that mostly women preferred, however online shopping has allowed for an opposite gender pattern for shopping. Donthu and Gracia's (1999) research suggested that there was no significant difference between the gender of online shoppers and non-online shoppers; however three years later, Slyke, Comunale and Belanger (2002), revealed that men prefer online shopping more than women. Not long after that, Stafford et al. (2004) expressed in their research that men make more online purchases than women. From these studies it is evident that over the years online shopping has allowed for a change in men's perception of shopping as well as their shopping behaviour.

1.3.3 Education

As such, findings that reveal online shoppers are literates appear very comprehensible. Mahmood, Bagchi, and Ford (2004) argue that there is no significant relationship between online shopping behaviour and technological savvy consumers. Donthu and Garcia's (1999) findings support this as they state a negative relationship between shoppers' level of education and the time and money they spend online.

However, other studies have proven that online shoppers are usually above average in education (Darian 1987; Swinyard & Smith 2003). Moreover, what has also been proven crucial for a consumer is not necessarily a huge level of knowledge of online shopping but a soothing level required to purchase a product or service (Mauldin & Arunachalam, 2002). This could be due to the fact that online shopping seems a relatively easy task, which does not require higher education.

1.3.4 Income

Donthu and Garcia (1999) stress that while internet users tend to be younger, online shoppers have a propensity to be older because they make more money and possess a higher buying

power compared to the younger generation. Darian (1987) likewise suggests that online shoppers tend to have a high income and are above average in education. Darian's view corroborates Lokken's et al. (2003) findings that reveal that online shoppers are computer literate. Hernandez, Jimenez and Martin (2010) explain that consumers who are able to find their way around the internet seem to have better perception about online shopping and as such have a greater propensity to shop online.

1.3.5 Personality Traits

A number of factors including consumer characteristics tend to influence the consumer's intention to shop online, according to Monsuuwe et al. (2004). Some specific personality traits affect consumers' intention to shop online. For instance, Donthu and Garcia's (1999) research reveal that online shoppers are usually innovative, variety seekers and indifferent to price. Ha and Stoel (2004) also found that consumers' innovativeness is in a way related to their buying behaviour online. Also, because innovative people have been assessed to have a higher level of education and income (Leung 1998), they have a greater propensity to shop online.

The proliferation of the internet into almost every phase of human life and the increasing number of internet users around the world appears to have led to the diminishing effect of internet experience in recent times.

1.4 Research Question

This dissertation is purely my work it empirically tests the impact of the number of previously purchased products on consumers purchase intentions.

The focus is mainly on the buying intention of a consumer, for a product offered on a daily deal website. In other words, it looks at a particular feature of daily deal websites, which is the number of previous purchases and how it affects buying behaviour. Specifically, the aim is to assess whether a high, low or no number of previous purchase information made available to a customer online can influence consumers' purchase intention. So far, it appears no research has been done to reflect the importance and influence of previous purchase numbers on consumers' purchase intention. The contribution of this research is its focus on the importance of the number of previous purchases made available to consumers.

The research question for this study is therefore phrased as follows: *"What is the impact of previously purchase information made available online on a consumer's purchase intention"*

1.5 Dissertation Chapters

In this section, each of the chapters of this dissertation is briefly explained. Chapter one basically introduces the research background on daily deal websites and online shopping, covering most aspects from prices online to the actual website functionality. The chapter also examined online shoppers in depth to provide an analysis of their demographics, followed by the research question.

Chapter two presents the results of a review of literature providing the conceptual background for this research. It begins with an overview of online recommendation sources, which are then broken down to online reviews and online recommender systems. Thereafter, the review also discusses the bandwagon and snob effects in relation to the research question. The chapter concludes with a presentation and discussion of the hypotheses for this study.

In chapter three, the approach that best answers the research question is presented. In other words, the chapter discusses in detail the sources of enquiry and methods used in the analysis of the data. The layout of the daily deal image is explained and justified. Most importantly, the justification of the methodology employed in this study is also presented, covering the research sample, questionnaire formulation, distribution and ethical considerations.

Chapter four reveals the findings of this research. It discusses the data entry, coding and the method used for statistical analysis. The chapter also looks at the results of the study to discuss whether the hypotheses are proven or otherwise.

Lastly, chapter five gives an overall discussion of the research. It also examines the practical and theoretical implications of the results of the study. With the lens of the findings of the study and their implications, the chapter concludes with a presentation of interesting areas for future research.

Chapter 2: Literature Review

2.0 Online Recommendations Sources

Consumers often seek guidance or advice on product information from different sources; such, paid assistants (Harris, Davies, & Baron, 1997), non-paid experts (Parsons & Thompson, 2009), and word of mouth (WOM) from friends and families (Smith, Menon & Sivakumar, 2005). Nowadays however, the Internet has heralded a different platform for information transfer providing consumers with various other options such as recommendation systems and online reviews. The following literature will show how these platforms have the proven ability to directly influence consumers' purchase intentions face to face without being influenced by other parties such a sales agent, friend or family.

2.1 Online Reviews

WOM has over the years been one of the main motivations for consumers' purchase decisions, with Arndt (1967) regarded as one of the pioneering scholars to reveal its impact on consumers' purchase decisions. Arndt's (1967) research on WOM and food reveal that consumers who receive positive WOM about a new food product are more likely to purchase it compared to those who receive a negative WOM.

WOM is one of the main sources in influencing a consumers' perception of a company (Allsop, Bassett & Hoskins, 2007). A modern form of consumer WOM is online reviews (Schindler & Bickart, 2012). The difference between traditional WOM and online reviews is the fact that online reviews travels beyond a local community due to the fact that consumers around the world are likely to access them on the internet, as opposed to traditional WOM which tends to remain within the local community (Chen & Xie, 2008). Compared to traditional WOM, online WOM also travels and spreads faster, and most importantly, for a much lower cost (Li & Zhan, 2011). Given the above, we can take the position that online reviews are a form of WOM. Some scholars including Phelps, Lewis, Mobilio, and Perry (2004) have referred to online reviews as electronic WOM (eWOM).

One of the major disadvantages of online shopping is that consumers can not touch or smell products (Pechtl, 2003). However, online retailers are trying to rise above this disadvantage is by allowing consumers to voice their opinions on products and services through online reviews (Chatterjee, 2001) providing other consumers with an indirect feel or knowledge of the product. For example some clothing stores permit the consumers to get closer look at the

fabric and texture by allowing them to zoom-in to the picture, which tends to be a high resolution image.

It is important to note that online reviews are published by other consumers with whom the target consumer often has no prior relationship (Chevalier & Mayzlin, 2006). Online reviews are often found on company websites where consumers disclose their experiences or feel of products and services (Chatterjee, 2001), with both positive and negative experiences documented (Pechman, 2003). It has also been found that online reviews do not influence sales directly, they simply predict it (Duan, Gu, & Whinston, 2008).

However, it has also been argued that it is vital for organisations to give potential consumers access to product reviews on their websites as it tends to help their decisions to purchase products and services (Lokken et al., 2003). Likewise other studies on the significance of online reviews reveal that they do increase consumers' purchase intentions, depending on the type of product and the characteristics of the consumer (Zhu & Zhang, 2010).

The quality and quantity of reviews are factors beyond product information that have been assessed as having a potential impact or influence on purchase intention. Quantity refers to the number of online reviews; however, there is so far no standard format for review quantities, which tend to vary from short to long (Chatterjee, 2001). Online reviews are not always the same, based on the characteristics or experience of the reviewer. For example, some reviews are subjective, emotional and often do not make reasonable conclusions; others are easy to understand with justifiable claims (Park, Lee & Han, 2007). Quality of an online review is argued to not be a significant factor in product sales (Duan et al., 2008). However the number of reviews is directly proportional to consumers' purchase intention; this means, as the number of review increases, purchase intention increases as a result (Park et al., 2007). This could also mean that the quality of an online review can positively influence consumers' purchase intention (Chevalier & Mayzlin, 2006).

Another factor to consider is the style of writing, it has been revealed that grammatical and spelling errors are associated with less valuable reviews, and expressive humour and slang were associated with more valuable or quality reviews. Other factors include either negative or positive review (Schindler & Bickart, 2012). Various scholars including Godes & Mayzlin (2004) and Schindler & Bickart (2012) found that online reviews are often more positive than negative. However a lot of positive information may lead potential consumer to think sceptically about making a purchase online (Schindler & Bickart, 2012). Negative online

reviews tend to have a stronger impact on females compared to males, and it has also been found that online reviews in general alleviate risk perception by females thus encouraging them to purchase online (Bae & Lee, 2011).

While it seems normal to assume that only positive reviews would increase consumers' intention to purchase a product, yet it has been found that both positive and negative reviews available to consumers at the same time actually increases their purchase intentions (Pechman, 2003). However, it has also been claimed that displeased consumers would most likely to spread negative WOM online (Shao, 2012). Consumers often voice their opinions on products and services due to a desire for social interaction, a desire to enhance self-worth and to show concern for other consumers (Henning-Thurau, Gwinner, Walsh & Gremler, 2004), akin to the social motivation of shopping (Tauber, 1972; Parsons, 2002).

Whereas some retailers provide product information, consumer-created information has been assessed as more consumer-orientated than seller-created information (Bickart & Schindler, 2001). The reason for this could be that a sellers' information may come across as biased, as some sellers tend to purposely give out false information just to make a sale (Riggle, 2009). This reflects why consumers often trust information from other consumers like them and regard them as perhaps more honest.

The choice of retailers to make reviews available to the consumer means that consumers are able to get as much information about the product and make the right choice; and this means less chance of returning the product. This is beneficial for online retailers as it tends to save them time and money as they would not have to deal with returned products (Voight, 2007). Another benefit for them is that the reviews are likely to drive sales, especially if there are more positive than negative feedback (Zhu & Zhang, 2010; Park et al, 2007). It appears that online reviews can be an adequate replacement for a 'sales assistant' (Chen & Xie, 2008), as it tends to play a similar role in influencing consumers' purchase decisions. Most firms are beginning to see the advantage of online reviews as a new marketing tool that could help drive sales (Dellarocas, 2003). As a result, retailers are now doing their best to encourage their consumers to spread 'the word' online about their products and services (Godes & Mazylin, 2004).

2.2 Online Recommendation Systems

Traditionally consumers are guided by word of mouth from friends and families regarding their decision to purchase. It has also been proven that the guidance they receive does influence their purchase decisions when shopping online (Smith, Menon & Sivakumar, 2005). Nowadays however, it appears that some consumers rely heavily on online recommendation systems perhaps so as to reduce the amount of effort they put into searching online (Swaminathan, 2003).

There are different ways online recommendation systems work; either as a platform where consumers express their views, opinions or experiences of products or personalised recommendations platform by a recommendation system (Senecal & Nantel, 2004). Such recommendation systems often recommend a particular product to online shoppers. The system combines features such consumers' purchase history, demography of shoppers, product ratings by other buyers and product characteristic to recommend products to consumers (Adomavicius, Sankaranayanan, Sen, & Tuzhilin, 2005). Two kinds of recommendation systems have been identified; one which involves collaborative filtering, and as such imitates a WOM recommendation; and the other which involves content filtering that makes recommendations on the basis of consumer preferences for product characteristics (Ansari et al., 2000).

Recommendation systems are regarded as a source of information, and as a result they could be more influential compared to traditional recommendation sources such as consumer's experiences (Senecal & Nantel, 2004). Consumers who consult product recommendations tend to choose the recommended products more often than those who do not (Senecal & Nantel, 2004).

Amazon.com is an example of organisations that employ online recommendation systems. They make use of one popularly referred to as "automatic recommendation system". The system attempts to analyse consumers' purchase history and based on this knowledge, recommends certain products that could be of interest to the consumer (Bodapati, 2008). For instance, an online shopper that once purchased a brand of wrist watch is likely to get other watches of the same brand recommended to her when next she visits the website. The

system is aimed at suggestive selling strategy which affords for more product add-ons as consumers shop on the website (Bodapati, 2008).

Recommendation systems boost decision quality in high risk settings (Swaminathan, 2003) this means that online retailers with high unit prices are likely to benefit from integrating interactive decision support systems into their websites.

Women perceive online shopping as risky compared to men, but when the site is recommended to them by a friend then their risk perception of online shopping tends to reduce (Garbarino & Strahilevitz, 2004). Online shopping could be quite a risky venture; therefore consumers need these recommendation systems as a form of risk reliever (Noort, Kerkhof, & Fennis, 2007). As Garbarino and Strahilevitz (2004) state, recommendations of products could help reduce risk for a potential consumer. It is therefore possible to conclude that the number of previously purchased products could serve as a recommendation tool as it tends to encourage potential buyers of a product when they see they are not alone in their intentions or bid to purchase. This is likely to make them feel more confident to purchase the product.

The use of number of previous purchases is similar to the underlying motivation of having 'top seller' lists. Where an expert opinion is unavailable, shoppers sometimes use a proxy for expertise and rely upon peer choice to guide them in their own choice (Parsons & Thompson, 2009). In this current study this is likely to be mediated however by the concept of bandwagon/snob effects (Becker, 1991; Corneo & Jeanne, 1997; Leibenstein, 1950) – those who wish to conform (bandwagon) and those who do not wish to conform (snob). Therefore, when examining the influence of revealing deal size on daily deal choice, the type of shopper in terms of desire to conform is also considered.

2.3 Bandwagon and Snob Effects

Retrospective review of literature suggests that both bandwagon effect and snob effect concepts were established in the work of Leibenstein (1950). Both concepts appear to stem from the concern of consumers as to who else has purchased an exact kind of product or service (Becker 1991). While snobs (those who do not wish to conform) and bandwagoners (those who wish to conform) are likely to purchase products and services for opposite reasons, their motivations the purchase were found to be mostly similar (Dubois & Duquesne, 1993; Husic & Cicic, 2009). For example, as a means of enhancing their self-concept, they

purchase the products and service either to conform to a social group of reference or to perhaps isolate themselves from some other groups. A snobbish good is often sold in small quantity in order to maintain its reputational value, while the converse is true for bandwagon goods (Corneo & Jeanne, 1997).

Basically, a bandwagon effect is seen when consumers emulate the buying behaviour of others while snob effect reflects when consumers would not purchase a product to differentiate or separate themselves from everyone else. This can be further explained by referring to Brewers (1991) Optimal Distinctiveness Theory (ODT), where two types of social needs were found; the need for conformity and the need for uniqueness.

2.3.1 Bandwagon/ Conformist Effect

When consumers purchase certain products that appear other consumers have previously purchased, a bandwagon effect is in operation. As such, the demand for that product is likely to increase as a result of the effect or previous purchases (Leibenstein 1950). A review of economic and elections literature suggest the interchangeable and synonymous use of both bandwagon and conformist and both have been widely studied (Bernheim, 1994; Birkhchandani, Hirshleifer & Welch, 1992; Fleitas, 1971; Marsh, 1985). In the last few decades however, studies applying the bandwagon effect on various consumer buying behaviours seem to have been on the rise.

In the music industry for instance, it was found that higher vote counts appears to stimulate music downloads (Salganik, Dodds & Watts, 2006). A similar finding was made on the sale of books online (Huang & Chen, 2006). In the hospitality industry, it was found that consumers tend to visit and demand for the services of restaurants that are well-known and popular (Becker, 1991). Also, studies on the viewership of online videos found that view counts made available to views tend to influence their decision to view (Fu & Sim, 2011). Particularly, videos with high view counts attracted more viewers than those with low view counts. These examples reflect that the demand on a product influences consumer purchase intentions (Comeo & Jeanne 1997). Just like the domino effect, potential consumers follow the behaviour of previous consumers.

Over the years, studies have been carried out on the different signals that reflect the quality of products online (Wang, Bearty & Foxx, 2004). The cues include but are not limited to privacy statements, security disclosures and money-back guarantees. It has been assessed that these signals are mostly used in the context of online shopping than offline (Rha, Heilig, Ernst, Widdows, Haugtvedt & Hooker, 2001). Even more recently however, some scholars have found a new quality signal in the context of online shopping known as product popularity (Jeong & Kwon, 2012; Caminal & Vives, 1996; Pieters & Zeelenberg, 2005). The product popularity form of quality signal tends to follow the bandwagon effect as it tends to trigger the desire to imitate previous purchases in consumers.

Perhaps the reason consumers tend to join the bandwagon is because they assume that if a large number of people have purchased and experienced a particular product, then it must be good (Chaiken, 1987). It leaves consumers wondering why so many previous purchases have been made. They assume it is a signal of good quality if many other consumers to have purchased it and as such they would not want to be left out (Nelson, 1970). On YouTube for instance, when a clip has a high number of views, viewers tend to assume it is a good clip to watch; this is similar to Fu and Sim's (2011) findings. The high number of views tends to create a mental reasoning of 'if others said this is good, it should be good' (Nelson, 1970); a notion referred to as 'Bandwagon heuristic' (Chaiken, 1987). In the study of bandwagon heuristics in an online shopping context, heuristics were found to be triggered by automated popularity metrics and indicators that tend to reflect the social endorsement of the particular product or service (Sundar, Oeldorf-Hirsch & Xu, 2008). For example, when previous purchase information on a product is made available to consumers, high previous purchases tend to signify a high level of social endorsement. Some scholars have argued that internet shoppers appear to trust the endorsement heuristic more than their own firsthand knowledge of a product or service (Metzger, Flanagin & Medders, 2010).

Status consumption has been found to be a major antecedent of bandwagon luxury consumption behaviour as consumers tend to purchase high end products and services that others purchase in order to join a certain status quo (Kastanakis & Balabanis, 2012). In other words, consumers tend to purchase luxurious products or services to boost their self-concept by conforming to purchasing behaviour of a reference group (Dubois & Duquesne, 1993; Husic & Cicic, 2009). A pointer to a popular extravagant product purchased by some

significant others is likely to increase consumers' social benefits and also reduce the likelihood of being considered members of low social class (Kastanakis & Balabanis, 2012).

Consumers tend to like or value products that the supply seems limited or scarce in the market (Verhallen, 1982). Scarcity caused by excess demand enhances the assumption that a product is popular and of good quality (Herpen et al., 2005). Similarly, consumers tend to believe limited or scarce commodities are of high value (Lynn, 1991). In other words, consumer's perception of value for a product increases as the number of buyers increases (Ross, Bierbrauer & Hoffman, 1976). While these attributes have been extensively applied to shopping in an offline context, this research is focused on the online context. It seems reasonable to conclude that when the numbers of previous purchases are high for a product or service in an online context, consumers are likely to think there are not many left to purchase. Hence, limits placed on product availability will likely increase consumer purchase intentions (Eisend, 2008).

2.3.2 Snob Effect

The snob effect and the bandwagon effect have been regarded to be opposite in their relationship (Leibenstein, 1950). The best way to define the snob effect is such a way that states consumers need for uniqueness, they do not wish to be followers in their buying behaviour; snobs basically want to be different and often wish to stand out. The need of consumers to be unique is explained in Snyder and Fromkins' (1980) uniqueness theory which states that some consumers desire to moderately stand out from others as a result of high levels of similarity and dissimilarity which is displeasing to them. A consumer need for uniqueness has a negative relationship to bandwagon consumption behaviour, the avoidance of similarity and unpopular choice counter-conformity dimensions associate negatively with bandwagon behaviour (Kastanakis & Balabanis, 2012). Snobs tend to value a product less when more consumers own it and if more consumers buy a product, then it signals a decrease in value for them (Amaldoss & Jian, 2005). The need for consumers to be unique could be linked to the theory that links consumers' possession of material goods to their identity (Belk 1988). In other words, posited antecedents of consumers' need for uniqueness tend to suggest distal antecedents in a theory of consumption as an extension of self. It has also been stressed that majority of consumers try to maintain their uniqueness without having to provoke a negative social response (Brewer, 1991). However, it has been observed that in contrast to

this, those who desire to be unique are not bothered about criticism from others; they are more likely to make purchase decisions that might be regarded as weird by others (Simonson and Nowlis, 2000).

It has also been found that unlike the bandwagoners, snobs tend to buy expensive products (Amaldoss & Jian, 2005). Thus snobs have been related to luxurious goods, if a product is perceived as unique and expensive, it tends to be in high demand (Verhallen & Robben, 1994). Luxurious goods tend to be high priced and in some cases only limited in stock; therefore snobs are more likely to purchase them simply because it is very likely that not a lot of people own such products (Husic & Cici 2009). Status seeking can also be related to the snob effect because consumers who seek status may require avoiding overly popular fashions (Nakayama & Nakamura, 2004). When it comes to luxurious goods, snobs want to be different and therefore purchase products that others have limited access to, regardless of the price (Husic & Cici, 2009). In addition, snobs are also known to purchase high quality products, not just because of their aspiration for uniqueness (Amaldoss & Jian 2005). One would wonder why consumers purchase products that not many people own, well basically it's because consumers value the superiority of owning rare products, and at times see these products as a means to accentuate their uniqueness (Herpen et al., 2005). However, the snob effect has also been related to non-luxurious and rare products, for example in a particular cookies were used to test this theory, and results indicated that when cookies became very popular than not many snobs purchased it (Worchel, Lee & Adewole, 1975). Another example is the retail industry, where snobs avoid overly popular fashion (Nakayama & Nakamura, 2004). Here, it is evident that the snob effect does not only relate to luxurious and rare products, in fact it can be related to simpler products yet they all have the same meaning behind it which is the fact that snobs tend to value a product less when it is already consumed by a lot of other consumers.

Some consumers are so willing to be different that they even go to the extent of customizing their products and clothes; and are even willing to pay more. Retailers are acknowledging this and thus meet these needs through mass customisation of products. The main reason behind mass customisation is to provide a user toolkit which is web-based, allowing an individual customer to design a product that agrees with his/her preferences and is then produced specially for him/her (Franke & Schreir, 2008).

Nike for instance is a good example of a retailer providing mass customisation, Nike provides their consumer with an opportunity to customize their own Nike shoes; Dell is another good example that allows personal computer customisations. In addition, when fashion products are mass customized, it leads to an increase in value for the customer as a result of development of differentiated, unique products; it also provides experiences that attract the customer (Fiore, Lee, Kunz & Campbell, 2001). It has been identified that retailers should provide an experience for consumers when they shop, and this can be done by providing a pleasurable and memorable event during the sale and in order to fulfil this experience, consumers turn to co-designing their products (Fiore, Lee & Kunz, 2004). Here it is evident that consumers would go to the extent of even customising products and apparels just to be different from everyone else, to own and have something unique.

Consumers that like to stand reject conformity by aiming for novelty, handcrafted or customised goods that are not often available to everyone or usually seen on racks (Tian, Bearden, & Hunter, 2001). Some even go as far as decorating, arranging or displaying their goods as though it is limited or perhaps the only one available (Belk, Wallendorf, & Sherry, 1989). This sort of extends the time the item is perceived as unique, just as buying antique or vintage products that cannot be seen everywhere but in special locations or stores. Some are even auctioned in second-hand stores or online outlets such as TradeME or eBay; all these points to the consumers' need to be unique. Such consumers with a need for uniqueness use material possessions as a vehicle for distinguishing themselves from others (Belk, 1988).

Fashion is a typical example of social interaction and in this instance can be seen from the perspective of either a bandwagon or snob effect (Nakayama & Nakamura, 2004). The fashion effect appears to be product of an individual's choice, whether he or she embraces a particular product or not. Research suggests that snobs consider in-vogue fashion as monotonous when it is very popular (Nakayama & Nakamura, 2004). Snobs are fond of ignoring in-vogue and seeking emerging innovations in an attempt "to stay ahead in the realm of fashion trends", an act interpreted as resisting conformity (Thompson & Haytko, 1997).

Marketers and designers are aware of snobs who do not like to conform to fashion in vogue. As a result, they employ strategies that appeal to individuals' desire to stand out. These appeals include uniqueness appeals, product-scarcity appeals and appeals that break rules of individuals' reference group (Lynn & Harris, 1997; Snyder 1992). It has been assessed that

individuals who break social rules and risk social disapproval in order to emphasize their uniqueness usually assert good character and as a result, enhance their self-image (Gross, 1977). Also, initially shunned consumer choices do sometimes end up socially accepted and in the end distinguishing unique consumers as innovators or leaders of fashion trends (Heckert, 1989).

As aforementioned, two major types of needs exist; the need to conform and the need to stand out and resist conformity. This study applied both to an online shopping context in order to test whether a consumer conforms by buying a selected product as a result of the display of numbers of previous purchases on the product (i.e. high number of previous purchases = bandwagon effect and low number of previous purchases = snob effect). This previous purchase information will help differentiate between participants who are snobs or bandwagons.

2.4 Hypothesis

The number stated in the tables below represents the number of previous purchases.

Consumers often tend to seek for product information when making a purchase. In an online context, consumers rely on online reviews (Chevalier & Mayzlin, 2006) and other online recommendation sources (Swaminathan, 2003) to gather such information. In this research, the other recommendation sources as well as online reviews have been closely linked to the number of previous purchases since they also influence consumers' purchase intentions online. For instance, it is argued that the number of reviews on a particular product represents the number of consumers who have purchased the product (Chatterjee, 2001). In other words, the amount of online reviews indicates the product's popularity (Chatterjee, 2001). It can therefore be said that, the higher the number of reviews, the more popular the product. This could also be translated to mean that a high number of previous purchases indicate the product popularity.




The number of reviews has also been linked to consumers' purchase intention in literature. For instance, it was found that the number of online reviews is directly proportional to consumers' purchase intentions (Park et al, 2007). In other words, as the number of reviews increases, consumers' purchase intention increases likewise. Therefore, it is possible to assume that the higher the number of previous purchases made available for a certain

product, the more likely consumers will purchase the product. An opposite effect is likely to occur when the number of previous purchases is not made available to consumers.

Recommendations of products have been assessed to reduce risk for a potential consumer (Garbarino & Strahilevitz, 2004). That is, the knowledge that other consumers have purchased a product tends to convey some sort of trustworthiness and perhaps quality of the product (Caminal & Vives, 1996). If the product is perceived to be of high quality then the consumer is likely to have no doubts when looking to purchase it. Similarly, a consumer's perception of value of a product increases when they know other consumers have previously purchased it (Ross et al., 1976). Based on these finding it can be hypothesised that: **H1: The purchase intention for products with the number of previous purchase information available will be higher compared to those without it.**

Tick= higher purchase intention.

Cross= low purchase intentions

0 (no number of previous purchases shown)	14 previous purchases	1038 previous purchases
		

As aforementioned, a bandwagon effect is seen when a consumer follows the purchasing behaviour of others; for instance, a consumer purchasing a product because it has been purchased by several others (Leibenstein, 1950). That is, a situation when consumers want a product because they know a number of others have purchased it (Corneo & Jeanne, 1997). Consumers tend to make a purchase decision on a popular product to simply just conform to a particular reference group (Husic & Cicic, 2009). The popularity of a product has also been found to indicate the perception of quality from the consumer's point of view (Caminal & Vives, 1996). It can therefore be assumed that a high number of previous purchases indicate the products popularity and quality. This is because consumers tend to always assume that a product must be good for it to have been highly purchased and perhaps sought after (Chaiken, 1987).

While early studies found a bandwagon effect in economic and elections literature

(Bernheim, 1994; Birkhchandani, Hirshleifer & Welch, 1992; Fleitas, 1971; Marsh, 1985), in recent years, the theory of bandwagon effect has been applied to a number of different consumer buying behaviour scenarios. For example in the music industry (Salganik et al., 2006), online book sales (Huang & Chen, 2006) and viewership of online videos (Fu & Sim, 2011). These examples reflect that the demand on a product is capable of influencing consumer purchase intentions (Comeo & Jeanne 1997). From these findings, it can be assumed that consumers are likely to purchase a product others have purchased when there is a high number of a previously purchase information available to them. On that note, it can be hypothesised that: **H2: Given a high number of previous purchases, bandwagoners will have a high purchase intention compared to snobs.**

The snob effect has a negative relationship to bandwagon consumption behavior. Snobs tend to avoid similarity and popular products, their counter -conformity dimensions associate negatively with bandwagon behaviour (Kastanakis & Balabanis, 2012). Snobs value a product less when more consumers own it and if more consumers buy a product, then it signals a decrease in value for them (Amaldoss & Jian, 2005). Overly popular fashion is definitely avoid (Nakayama & Nakamura, 2004) therefore at times in order to show off their uniqueness they turn to luxurious and expensive products (Verhallen & Robben, 1994) because they know not many people are able to afford (Husic & Cici 2009). Overall, snobs value the superiority of owing rare products, and at times see these products as a means to accentuate their uniqueness (Herpen et al., 2005). Based on these previous literatures, it can thus be hypothesised that: **H3: Given a low number of previous purchases, snobs will have a higher purchase intention compared to bandwagoners.**

Fig.1. H2 and H3



While it appears that the theories of the bandwagon/conformism and snob effect, as well as recommendation sources have been researched widely, little attention has been paid to their use in online contexts. This research particularly focuses on filling this gap and applying the theories to the context of daily deal websites.

Basically the idea of this research is then that if a daily deal website advertises a product that few people have purchased, this will be more appealing to those with a need for uniqueness (snobs), and if it advertises a product that many people have purchased, this will be more appealing to conformists (bandwagoners).

Chapter 3- Methodology

3.1 Introduction

This chapter relates the methods employed in addressing the hypothesis of this research. The justifications for using these methods are also presented. The rest of the chapter is as follows: the next section reveals the research question and hypotheses. Thereafter, the research design is presented along with the sample and sources of enquiry into the hypotheses. Following the research design is the product and picture design which is described in detail to reveal certain details about the products that are pertinent to the hypotheses.

3.2 Research Question and Hypotheses

This dissertation is about the implications of the availability of the number of previous purchases on a product to its online consumers. Specifically, it examines consumers' buying behaviour when exposed to either a high, low or no number of previous purchases of a product sold online.

The research question: *What is the impact of previous purchase information made available online on a consumer's purchase intention?*

The hypotheses for this research are:

H1: The purchase intention for products with the number of previous purchase information available will be higher compared to those without it.

H2: Given a high number of previous purchases, bandwagoners will have a high purchase intention compared to snobs.

H3: Given a low number of previous purchases, snobs will have a higher purchase intention compared to bandwagoners.

The following sections will discuss the research methods used to test these hypotheses with justifications.

3.3 Sample

Noteworthy is that this research does not target any specific gender or age group. It also does not target any particular ethnic or social groups. A total of 219 students from the Faculty of Business and Law at Auckland University of Technology participated in the research. The faculty was chosen to represent the general population of the research as it was convenient to the researcher for sampling.

There were three conditions to which the participants were assigned based on the three hypotheses of this research. For all the three conditions, the groups were kept even. As such, a total of 73 students were assigned to each of the three conditions. Participants were informed about the research a week prior to data collection. This was intentional to allow for the participants to decide whether they would like to participate in the research or otherwise. Also, it allowed time to brief them about the objectives of the research, the time required of them, their roles and involvements as participants and most importantly any potential discomfort or risk they may face.

3.4 Design of the Research

The method of inquiry for this research is quantitative in nature. This is because it does not only avoid direct involvement with the participants; it also provides adequate relationship information between the variables being examined (Bryman & Bell, 2011). This is important because of the nature of the topic. A 2x2 between-subjects experiment is being employed: Number of purchases (high vs. low) x visibility of previous purchases (availability of number of previous purchases vs. no availability of number of previous purchases). This method is particularly designed to help distinguish the effect of the availability of previous purchases on consumer purchase intentions online. There are three different conditions and none of them are manipulated or controlled in any way. All the participants were provided with the same image and the only thing different is the number of previous purchases.

The high and low number of sold items in this experiment were chosen based on other examples of similar items such as glasses and other female accessories sold on daily deal websites. The price and the time the item being sold on the daily deal website could possibly have an impact on the number of sold items. For example if the item is cheap then possibly more consumers would purchase it, and if the deal time is about to run out then more

consumers may act impulsively and purchase it as they may not want to miss out on the deal. This will be further explained in detail in sections of 3.6.

However when choosing the number of sold items, the timing was taken into consideration and two accessories being sold on the daily deal website and both had similar timing left before the deal was expired. The number of previous purchases on these accessories was then used as an example of previous purchases.

3.5 Method

After the approval of the AUT Ethics committee, the research questionnaires were completed by the participants at Auckland University of Technology in September 2012 (see appendix 2 for an example of the questionnaire). The students were informed by their lecturers through a notice on AUTonline (the Learning Management System used in the school) a week prior to the date of data collection. The participants were mainly undergraduate students of the Business School. Before the research, they were provided with a participants' information sheet, as well as given some time to read it (see appendix 3 for an example of a participation information sheet).

The information sheet was to inform them that they were under no obligation to take part in the data collection whatsoever. In other words, their participation was entirely optional. While the information sheet explained all they need to know about the research, it also relates to them that there are no anticipated risks or discomfort involved. They were also informed that the questionnaire does not require any demographic or personal information from them; as such, they stand no risk of losing confidential information.

The questionnaire was designed to measure the significance of the availability of the number previous purchases. The picture presented to the participants is a screenshot of product offerings on a daily deal website. In other words, the layout is similar to existing daily deal websites such as GroupOn and Daily Do. However, the retail name was changed and also with a different colour scheme so participants do not confuse it with existing daily deal websites (this will further be discussed in the next section). The pictures were colour-printed with high resolution on an A4 size paper.

Again, all the participants were provided with the same image, the only difference was the number of previous purchases. 73 Participants were provided with the daily deal without the

number of previous purchases. In the section where the numbers of previous purchases are usually shown; it simply had, “The deal is on”. Another 73 participants were exposed to the “snob” condition, where the number of previous purchases was low; simply printed, “14 bought”. The last 73 participants were exposed to the “bandwagon” condition, which showed “1038 bought” (see appendix four for an example of the three images of the daily deal website that the participants were exposed to).

Although there were three different conditions, the participants were not informed neither were they aware. Research reveals that participants often adjust or modify some aspects of their behaviour when they are aware of the researcher's expectations of the experiment; the condition is known as Hawthorne effect (McCarney, Warner, Iliffe, Haselen, Griffin, & Fisher, 2007). As a result, the exact expectation or intended outcome of the research was not revealed to the participants. However, as soon as the questionnaires were handed back, the intended outcome was clearly explained to them.

As aforementioned, participants often adjust or modify some aspects of their behaviour under research conditions. As a result, it was important to ensure that students in each row according to their sitting arrangements get the same questionnaire (with the same image and deal) in order for them not to compare the deals and figure out the true purpose of the research.

Post-experiment, the shoppers were measured on their need-for-uniqueness, using a nine-item scale developed by Tian, Beardon, and Hunter (2001). Cronbach’s alpha was 0.91 for the scale. The nine items were then aggregated, and those on one half of the scale are designated as participants with a high need for uniqueness and the other half are participants with a low need for uniqueness. As mentioned previously, those with a high need for uniqueness are considered as snobs, and those with a low need for uniqueness are considered as bandwagoners. In total there were 104 participants with low need for uniqueness (bandwagoners) and 115 participants with high need for uniqueness (snobs).

The last three questions (question 10, 11 and 12) in the questionnaire look at targeting the participants purchase intentions. A scale by Mittal (1989) consisted of four questions that help determine a consumer’s purchase intention. Two of the four questions were not applicable to this research as the questions were about the preference of branding, which this research does not focus on. However the last two questions from the scale are used in the

questionnaire of this study, Question ten looks at the participants concern about the outcome of their choice and question eleven looks at how important they think the choice is.

The initial scale by Mittal (1989) called the Purchase Decision Involvement helps identify the extent of interest and concern a consumer brings to bear on a purchase decision. Initial to measure the purchase decision involvement, the item scores are summed and then divided by four, however because in this study not all the four questions from Mittal's scale were used, thus the process would not have been valuable. However the two questions chosen from the scale will help guide, and give some form of implication for their intentions towards not only buying the product but also their purchase involvement internally. Question 10 looks at the importance of making the right choice when purchasing the glasses. The question does not look at the overall product importance, but it is placed in the purchase context and the respondents are being requested to rate how important it is to make the right choice (Mittal, 1989). If the respondents indicate that it is important to make right choice when purchasing these glasses then this shows some indication of likelihood of purchase. Similarly, for question 11 when participants show no concern for the outcome of the choice then this also indicates a likelihood of purchase. As supported by Mittal (1989) Participants are likely to feel concerned about the outcome if they perceive the purchase to be risky and the higher the risk, the less likelihood of a purchase.

The very last question directly asks whether the participants would purchase the product. This question is worthy as it asks for a straightforward answer. The last three questions from the questionnaire measure on an ordinal form, going from 1 which represents "Not at all" to 7 which represents "Definitely".

3.6 Product and Picture Design

For this study, it was important to test consumers' purchase intentions and to do this; the questionnaire was designed around a particular product. A product for sale on a daily deal website was selected for this purpose. In other words, the choice of the product is important. When making a purchase, some consumers look for either a hedonic or a utilitarian attribute of the product. Both utilitarian and hedonic goods offer some sort of benefit one way or another (Dhar & Wertenbroch, 2000).

Sunglasses were the products chosen and offered on the daily deal website, simply because it serves both functionality and pleasurable attributes to the potential consumers. In regards to

functionality, sunglasses protect the eyes from the sun, the skin from ageing (wrinkles) and are especially beneficial for those with sensitive eyes. In terms of being a pleasurable product, sunglasses nowadays provide a sense of fashion and style.

Furthermore, providing the consumer with a number of different products to choose from is important, especially when it comes to clothing or accessories. This is because consumers have different preferences in style. If only a style of sunglasses was made available, the purchase intention would have been hard to measure as some participants may decide not to purchase the product due to them not having preference for that particular style. In order to avoid such, participants were allowed the option to choose one of three pairs of sunglasses. Also, because it would not fit the purpose of this research for consumer's loss of intention to buy the sunglasses as a result of the fact that they have no choice or preference of styles.

3.6.1 Product Price

While it appears consumers often shop online because they believe products and services are cheaper online compared to physical stores (Kim & Kim, 2004), a number of different studies have found that online shoppers are not so price sensitive (Donthu & Garcia, 1998; Andrews & Currim, 2004) . In fact, low priced products are not an important attribute of online shopping to consumers (Bhatnagar & Ghose, 2004). As such, it seems evident that price is not a major issue in the context of online shopping.

Important to mention is that, pricing strategies were avoided as price is not a moderating variable for this study. In other words, it is not an objective of this study to look at trying to convince the consumer to make a purchase through pricing strategies. As a result, a similar price was presented for the three conditions (the conditions will be discussed in detail further in this chapter). Initially an informal pre-test was conducted with some tertiary students, asking them about the price they would pay for an average pair of non-branded good quality sunglasses. Results of the mean price showed that the participants would pay approximately \$40- \$60 for a pair of non-branded quality sunglasses. The result of the pre-test is important because if the price of the sunglasses was too low, they would be perceived as cheap and perhaps bad quality. Similarly, if the price was high, participants would most likely mistake them for designer branded sunglasses. Therefore, it was important that the price of the sunglasses was neither as low as \$10.00 nor as high as \$300.00. Based on the outcome of the pre-test, the final price was \$49.00.

Also in the information sheet, participants were told to imagine they were shopping on a daily deal website and have come across the sunglasses on sale. They were asked to imagine the price was within their acceptable price range and could afford it. This is because it was important for the participants not to take the price into consideration. Considering the study does not manipulate the price in any way, consumers' purchase intentions based on the price would have given inaccurate results. Also, considering the participants are students, they are often on a budget, most of them are unlikely to spend \$49 on a pair of glasses.

3.6.2 Product Brand

Studies have shown that online shoppers are most likely to shop for particular brands that they are familiar with (Laroche, Kim & Zhou, 1996) or at least have had some previous experience with (Lee and Tan, 2003). Similarly, brand awareness has also been recognised to have a substantial impact on purchase intentions (Hoyer & Brown, 1990). Therefore, to avoid any bias results, the glasses were of no particular brand. This is important because the brand of a product may influence and possibly increase consumers' purchase intention.

3.6.3 Product Image Size

While the size of the product image presented online does not have an influence on purchase intentions, the clarity of the image does (Park, Lennon, & Stoel, 2005). As a result, the artwork of the daily deal website was printed in high resolution on an A4 size paper.

3.6.4 Product Information

Literature suggests that some consumers prefer to gather some knowledge about a product before actually purchasing it (Jarboe & McDaniel, 1987). Consumers' search for product information has been assessed as capable of influencing a consumer's buying behaviour (Park & Kim, 2003), and in some cases extensive information leads to actual purchase (Peterson et al., 1997).

On the other hand it is argued that consumers have a limited cognitive resource; thus lots of product information could result in information overload, possibly leading to a consumer's refusal to purchase the product (Häubl & Trifts, 2000). Therefore, when carrying out the experiment, it was important to not expose the participants to too much information about the

product. In other words, the only important information about the sunglasses provided was that it offers 100% protection from Ultraviolet rays.

3.6.5 Online Retailer Familiarity

It can be hard distinguishing whether an online retailer is reliable or not (Dennis, Harris, & Sandhu, 2002) and the familiarity of an online retailer could be significant when making a purchase (Lee & Tan, 2003).

As a result, in this study, the name of the online retailer was changed to "Today's Deals". If the name of an existing online retailer is used, especially one that the participants are familiar with such as GroupOn or Daily Do; then the *familiarity* may affect consumers' purchase intention judgments. If this happened, it would have possibly shifted the focus to the preference on the online retailer rather than the number of previous purchases, which is the main focus.

3.7 Statistical Analysis

The data from the experiment will be inputted into an excel sheet. SPSS software will be used to carry out the analysis of the gathered data and the research questions will be answered by examining the data gathering, using appropriate analysis of variance (ANOVA) tests. The final results will be shown in the discussion and SPSS output files will be attached as an appendix.

A one-way ANOVA will be used to compare the means between the three conditions, this analysis is best to use as it helps determine whether any of the means are significantly different from one another or not. Once a significant difference is shown then a t-test will be run, this shows the direction of the difference. A t-test is more specific and point out the difference for instance with hypothesis 1, a t-test will compare the purchase intention within all the three conditions.

A two-way ANOVA will also be conducted, and this is to discover whether there is an interaction between the two independent variables on the dependent variable.

Chapter 4: Findings

4.1 Introduction

This chapter looks into the results of the questionnaires that were administered in order to empirically test the hypotheses for this study. The hypotheses include:

H1: The purchase intention for products with the number of previous purchase information available will be higher compared to those without it.

H2: Given a high number of previous purchases, bandwagoners will have a high purchase intention compared to snobs.

H3: Given a low number of previous purchases, snobs will have a higher purchase intention compared to bandwagoners.

The purpose of the chapter is to display the results of the experiment discussed in chapter 3. It begins with the examination of the descriptive statistics as well as the characteristics of the data set. It concludes by linking each of the three hypotheses to the results of the one-way ANOVA analysis which was performed to test them. A one-way ANOVA is best used to compare the means between the three conditions; it helps to determine whether any of the means is significantly different from another.

4.2 Questionnaire Responses

This study employed a total of 219 participants. The participants were divided into three different conditions: First, one with no number of previous purchases; second, another with only 14 numbers of previous purchases and lastly, one with 1038 number of previous purchases. The sample size was purposely kept equal to measure consistency within each condition.

Table 2: Descriptive Statistics

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 14 items purchased	73	33.3	33.3	33.3
1038 items purchased	73	33.3	33.3	66.7
no information on purchases	73	33.3	33.3	100.0
Total	219	100.0	100.0	

Descriptive statistics is used to describe the basic features of the data in a study and were carried out on all the variables. It provides simple summaries of the sample and their measures. The method basically relates that there were a total of 219 participants, along with the minimum, maximum and the mean for each variable. A frequency analysis was equally carried to help with data cleaning as some errors were picked up which will be later discussed in section 4.4.

4.3 Data Coding

There were a total of 1 to 12 questions in the questionnaire. Questions 1 to 9 in the questionnaire looked at the participants' need for uniqueness; a scale originally introduced by Tian, Bearden and Hunter (2001). Examples of the questions include: *"Products don't seem to hold much value for me when they are purchased regularly by everyone"* and *"I often try to avoid products that I know is bought by the general population"*. The options of the answers were a 5-point Likert scale ranging from *"Strongly disagree"* to *"Strongly agree"*. While the 9 questions were worded differently, they had the same purpose. It would be an obvious assumption to make that those who mostly chose the *"Strongly disagree"* and *"Disagree"* option are bandwagoners.

The scale in the questionnaire is a five-point Likert scale which helps to determine who is a bandwagoner or snob. This was done by adding all the questions and then dividing them by 9, the result of which indicates whether the participants were snobs or bandwagoner. For example, after calculating questions 1 to 9 and then dividing by 9, if the answer is less than 2.78, the participants are labelled as bandwagoners, but if the result is higher than 2.89, the participants are labelled as snobs. There were no results between 2.78 to 2.89. The table below shows a description of this coding.

Table 3: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Degree of Snobiness	219	1.00	5.00	2.8898	.83141
Valid N	219				

The table above looks at the degree of snobiness for a total of 219 participants. The minimum number was 1 and the maximum was 5, with a mean split of 2.8898.

Table 4: Snobs and bandwagoners

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Bandwagoners	104	47.5	47.5	47.5
Snobs	115	52.5	52.5	100.0
Total	219	100.0	100.0	

Table 4 looks at those who were labelled as bandwagoners and snobs. The frequency indicates that there were 104 bandwagoners and 115 snobs, making a total of 219 participants.

4.4 Data Cleaning

After data collection, the questionnaires were manually checked to see all the questions were answered. While it appears all the questions were answered, what came to attention was the fact the questionnaires were not numbered and this became an issue as a respondent number is needed when inputting the coding in SPSS. What then needed to be done was to number all the entire 219 questionnaires. Numbering the questionnaires is important especially because if there is a mistake, for instance with typing out the results, then fixing this error will be by simply finding the label number on the questionnaire as opposed to going through each and every single questionnaire.

Also, when trying to run a frequency analysis, another thing that came to attention was that there were some missing data entries. This meant going back to the data which was inputted into SPSS and checking that all the data had been inputted correctly because there should not have been any missing data as all questions were answered. Surprisingly however, the first questionnaire was not completely inputted in SPSS. As a result, the questionnaire labelled number 1 had to be found and the data was corrected. This was a very important lesson as quality control is essential, without which the analysis could be wrong.

4.5 Testing the Hypotheses

4.5.1 Hypothesis 1

H1: The purchase intention for products with the number of previous purchase information available will be higher compared to those without it.

This hypothesis is based on previous literature which suggests that consumers tend to rely on past purchase experiences to help with their own purchase decisions. In other words, there should have been a significant difference in purchase intentions between the three conditions. As mentioned before, little attention has been paid to the numbers of previous purchases in literature and it was important to find some theoretical background similar to numbers of previous purchases. Basically the number of previous purchases in this research is treated as an information source, similar to an online review. Therefore the theoretical background of this hypothesis is drawn from literature of online reviews, which are reviews of a particular product posted online by consumers who have previously purchased the product. Online reviews are a clear indication of how many other consumers have purchased the product. The reviews have been proven to increase purchase intentions. Based on this theoretical background, it was then hypothesized that the number of previous purchases also increases purchase intention.

Table 5: Purchase intention in all three conditions

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum	Between-Component Variance
					Lower Bound	Upper Bound			
14 items purchased	73	4.00	1.951	.228	3.54	4.46	1	7	
1038 items purchased	73	3.68	1.950	.228	3.23	4.14	1	7	
no information on purchases	73	3.49	1.834	.215	3.07	3.92	1	7	
Total	219	3.73	1.915	.129	3.47	3.98	1	7	
Model			1.912	.129	3.47	3.98			
Fixed Effects									
Random Effects				.148	3.09	4.36			.015

Table 5 looks at the participant's purchase intentions across all the three conditions. The mean for 14 items purchased (condition 1) is 4.00, the mean for 1038 items purchased (condition 2) is 3.68 and the mean for no information on purchases shown (condition 3) is 3.49. The standard deviation for condition 1 is 1.951. The standard deviation for condition 2 is 1.950 and the standard deviation for condition 3 is 1.834. The total number of participants in each condition (N) is 73.

Table 6: ANOVA analysis of overall purchase intention in all three conditions

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	9.562	2	4.781	1.307	.273
Within Groups	790.000	216	3.657		
Total	799.562	218			

The table above shows no difference between the means. The mean ranged from 3.49 to 4.0. (F= 1.307, df= 2, p= 0.273, NS).

Initially, this research tried to point out that having the number of previous purchases available to consumers increases the likelihood of a purchase compared to not having it available. However, the results above indicate that there was no increase in likelihood of a purchase when numbers of previous purchases are shown compared to when they are not shown. Results revealed that there are no significant differences in purchase intentions across all the three conditions.

4.5.2 Hypothesis 2

H2: Given a high number of previous purchases, bandwagoners will have a high purchase intention compared to snobs.

Hypothesis 2 examined whether there was a bandwagon effect in an online shopping context when consumers know a large number of other consumers have made the purchase (1038 previous purchases). Those who are bandwagoners should have a higher purchase intention in condition 2, compared to condition 1 and 3. This hypothesis was based on previous literature on the bandwagon effect and theories based on consumers' needs for conformity.

Table 7: ANOVA analysis of snobs and bandwagoners' purchase intention in condition 2

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum	Between-Component Variance
					Lower Bound	Upper Bound			
Bandwagoners	34	3.82	2.195	.376	3.06	4.59	1	7	-.072
Snobs	39	3.56	1.729	.277	3.00	4.12	1	7	
Total	73	3.68	1.950	.228	3.23	4.14	1	7	
Model	Fixed Effects		1.959	.229	3.23	4.14			
	Random Effects			.229 ^a	.77 ^a	6.60 ^a			

Table 7 looks at the purchase intention of snobs and bandwagoners in condition 2 (1038 previous purchases). The mean of purchase intention for the bandwagoners is 3.82 with a standard deviation of 2.195 and the mean for snobs is 3.56 with a standard deviation of 1.729. In this condition, there are a total of (N) 34 bandwagoners and a total of (N) 39 snobs.

Table 8: ANOVA analysis of snobs and bandwagoners' purchase intention in condition 2

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.223	1	1.223	.318	.574
Within Groups	272.531	71	3.838		
Total	273.753	72			

Based on previous literature on the bandwagon effect, it was hypothesised that if there was a high number of previous purchases, bandwagoners would be more likely to purchase the product compared to snobs. However table 8 relates a different message and in fact there is no difference in purchase intention between the snobs and bandwagoners in condition 2 (1038 number of previous purchases) ($F=0.318$, $df=1$, $p=0.574$, NS).

4.5.3 Hypothesis 3

H3: Given a low number of previous purchases, snobs will have a higher purchase intention compared to bandwagoners.

Hypothesis 3, the opposite of hypothesis 2, looked at testing whether there is a snob effect in condition 1 (14 number of previous purchases). Based on the snob effect theory and the need for uniqueness literature, those who are labelled as snobs should have a higher purchase intention in this condition compared to bandwagoners.

Table 9: ANOVA analysis of snobs and bandwagoners' purchase intention in condition 1

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum	Between-Component Variance
					Lower Bound	Upper Bound			
Bandwagoners	38	3.76	2.098	.340	3.07	4.45	1	7	
Snobs	35	4.26	1.771	.299	3.65	4.87	1	7	
Total	73	4.00	1.951	.228	3.54	4.46	1	7	
Model									
Fixed Effects			1.948	.228	3.55	4.45			.018
Random Effects				.247	.86	7.14			

Table 9 looks at comparing the purchase intentions of snobs and bandwagoners in condition 1. The mean for purchase intention for bandwagoners is 3.76 with a standard deviation of 2.098 and the mean for snobs is 4.26 with a standard deviation of 1.771. In this condition, there are a total of (N) 38 bandwagoners and a total of (N) 35 snobs.

Table 10: ANOVA analysis of snobs and bandwagoners' purchase intention in condition 1

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	4.446	1	4.446	1.171	.283
Within Groups	269.554	71	3.797		
Total	274.000	72			

According to previous literature on snob effect and the consumers' need for uniqueness theory, purchase intention for snobs should have been higher compared to bandwagoners in this condition. However, consistent with hypothesis 2, the results in table 10 indicates no significant difference in likelihood of a higher purchase intention for snobs and bandwagoners in condition 1. ($F = 1.171$, $df = 1$, $p = 0.283$, NS).

4.5.4 No Information on Previous Purchases

As mentioned above, there was no significant difference in likelihood of a higher purchase intention for snobs and bandwagoners in conditions 1 and 2 as initially hypothesised. Condition 3 was not included in the hypotheses as it does not apply to the bandwagon or snob effect and it has no number of previous purchases available to consumers. However, a one-way ANOVA was employed to see whether perhaps there was a difference in purchase intention for snobs and bandwagoners in the condition with no number of previous purchases. This was done to test which of the two, snobs or bandwagoners are likely to purchase the product when no number of previous purchases is shown.

Table 11: ANOVA analysis of snob's and bandwagoners' purchase intention in condition 3

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum	Between-Component Variance
					Lower Bound	Upper Bound			
Bandwagoners	32	3.41	1.794	.317	2.76	4.05	1	7	
Snobs	41	3.56	1.885	.294	2.97	4.16	1	7	
Total	73	3.49	1.834	.215	3.07	3.92	1	7	
Model			1.845	.216	3.06	3.92			
Fixed Effects									
Random Effects				.216 ^a	.75 ^a	6.24 ^a			-.083

Table 11 looks at the purchase intention of snobs and bandwagoners in condition 3 (no number of previous purchases). The mean for purchase intention for bandwagoners is 3.41 with a standard deviation of 1.794 and the mean for snobs is 3.56 with a standard deviation of 1.885. In this condition, there were a total of (N) 32 bandwagoners and a total of (N) 41 snobs.

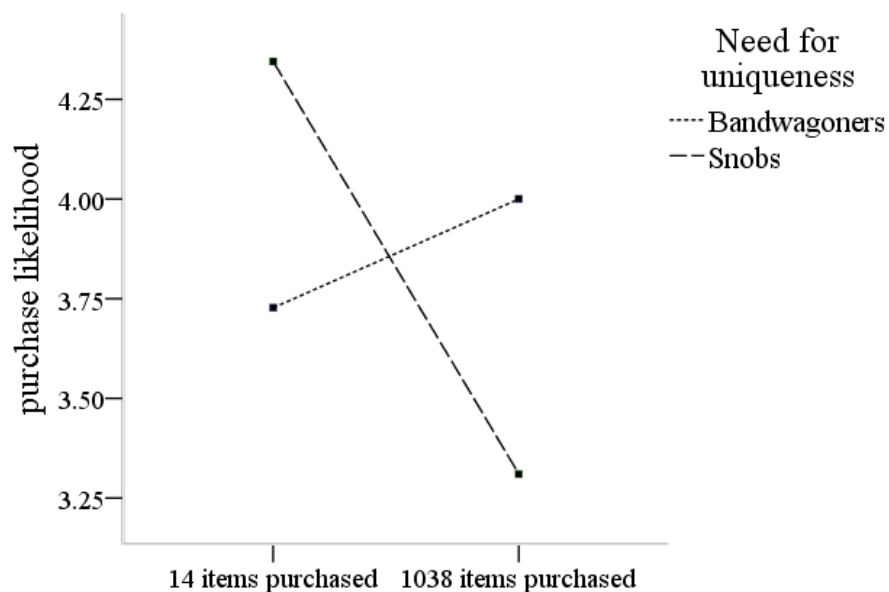
Table 12: ANOVA analysis of snob's and bandwagoners' purchase intention in condition 3

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.430	1	.430	.126	.723
Within Groups	241.816	71	3.406		
Total	242.247	72			

Table 12 shows no difference between the means. Again, the results indicated no significant difference in likelihood of a higher purchase intention for snobs or bandwagoners in condition 3 (no number of previous purchases) ($F = 0.126$, $df = 1$, $p = 0.723$, NS).

4.5.5 Two-way ANOVA analysis

Fig.2. Purchase likelihood scores



The results of this analysis indicated no main effects for either need for uniqueness or level of sales, however evidence was found for an interaction effect on purchase likelihood ($F =$

11.97, $p = .08$). As shown in Fig. 2, the highest purchase likelihood score was found for snobs in the low purchase information condition (Mean = 4.34), while the lowest purchase likelihood score was found for snobs in the high purchase information condition (Mean = 3.31). This finding suggests that there is some evidence of the bandwagoner/snob effect being a determinant of choice in daily deal websites, but only when information is available on the number of products that have already been bought.

4.7 Summary of Findings

This study examines shoppers' buying behaviour when exposed to a high, low or no number of previous purchases on a daily deal website, and whether this behaviour is different when the shopper is influenced by the snob or bandwagon effect. An experiment was created whereby shoppers were exposed to the same daily deal website, offering the same product, with only the number of purchases manipulated – high, low, or no information. A student sample was used, with the product – sunglasses – chosen as something commonly purchased by this group. A manipulation check was conducted with a handful of students to ensure that the high purchase level (1038) and low purchase level (14) were considered appropriate. The price (NZ\$49) was also checked and considered a reasonable price for the product and a level appropriate for the student to consider purchasing, and that the product itself was acceptable. All recognised the site as a daily-deal-type website. A total of 219 students were randomly divided into three equal groups of 73 and assigned to one of the three treatments – high, low or no information on purchase numbers. As the website was a facsimile, each respondent was asked to rate how likely they were to purchase the item on a seven-point scale anchored by 1 = Not at all likely to buy to 7 = Definitely buy it, rather than make an actual purchase. Initially, this research predicted that having the number of previous purchases available to consumers increases the likelihood of a purchase compared to not having it available. However, the results did not show an increase in likelihood of a purchase when previous numbers of purchases were shown; in fact the results of hypothesis 1 showed no significant difference in likelihood of purchase between the conditions that had the previous number of purchases and the one which had no information on previous purchases.

The aim was to test whether there was a bandwagon and snob effect in an online shopping context, basically investigating whether bandwagoners would show a higher purchase intention in condition 2 (when presented with a higher number of previous purchases), and

whether the snobs would show a higher purchase intention in condition 1 (when shown a low number of previous purchases). Results showed no significant difference in purchase intentions between snobs and bandwagoners in all three conditions, including the condition with no information on previous purchases. For all three hypotheses, the null hypotheses have been shown to be correct.

Chapter 5: Discussion

5.1 Introduction

This chapter discusses the final conclusions and extends the discussion of findings from chapter 4. In addition, it discusses the implications of the results and what they mean to academics and marketers. Thereafter, the limitations of this research are explained followed by suggestions for future research.

5.2 Discussion of the Findings

This research was conducted to investigate the impact of previous number of purchases on purchase intention in an online shopping context, particularly on daily deal websites. Specifically, it examined the bandwagon and snob effect based on previous purchases, and how both could affect consumer purchases intentions.

The review of literature in chapter two highlighted that when consumers are given some sort of information on previous purchases, they are likely to purchase the product. Based on these studies, it was predicted that the likelihood of purchase intentions will be high when consumers are presented with a number of previous purchases compared to when they are not. However, the results of hypothesis 1 indicated that having the number of previous purchases available to consumers does not necessarily increase consumers' purchase intentions. There was no statistically significant support to justify that consumers are more likely to make a purchase when they know how many other people have purchased the same product. This means that consumers don't rely on previous purchase information to help with their purchase decisions when shopping on daily deal websites.

Moreover, because this research indicates that the availability of previous number of purchases does not affect purchase intention, it does not necessarily mean that the results also apply to online reviews. As explained previously, previous purchases were assumed to play a similar role to online reviews in regards to indicating that there is a purchase history of the product for sale, some form of popularity indication. While the result of this study indicates that the number of previous purchases do not necessarily increase purchase intention on a daily deal website, it does not mean that this also applies to online reviews because although they were assumed to play a similar role in some aspects, they are also different in other aspects. For instance, online reviews are not only an indication of

previous purchases, but in fact they provide an in depth experience of the product which could be the reason behind a consumer's purchase intention, based on previous experiences and not previous purchases. Therefore the results from hypothesis 1 cannot be applied to online reviews because there is already a strong research background which indicates an increase in purchase intentions when consumers are presented with online reviews.

As discussed in chapter 2, a bandwagon effect is seen when consumers emulate the buying behaviour of others while snob effect reflects when a consumer would not purchase a product simply to differentiate or separate themselves from everyone else. In this study, these two effects were tested by providing high number of previous purchases and low number of previous purchases to participants.

This study initially predicted that there would be a bandwagon effect when bandwagoners are presented with a high number of previous purchases. Their purchase intention was predicted to be higher than snobs under the condition with 1038 previous purchases. However there was no evidence in the findings that supports this prediction. No significant differences in purchase intentions were found for snobs and bandwagoners when they were presented with a high number of previous purchases (condition 2; 1038 number of previous purchases). This study appears not to be consistent with previous literature on the bandwagon effect as it suggests the bandwagon effect does not exist on a daily deal website when consumers are presented with a high number of previous purchases. This does not mean that a bandwagon effect does not exist online, because a number of previous literatures have already proven an existence of a bandwagon effect online with strong support for their arguments. Although a number of different studies have proven what induces a bandwagon effect, and this research tried to prove that the number of previous purchases also induces a bandwagon effect. However, the results of this study indicated that the bandwagon effect is not driven by number of previous purchases. In other words, having a high number of previous purchases does not necessarily induce a bandwagon effect.

Perhaps there is a limit as to when the bandwagon effect no longer exists. For instance there may be a number of previous purchase to which bandwagoners no longer tend to conform. Having 1038 previous purchases of glasses in Auckland city may seem a lot for bandwagoners and as a result, avoided purchasing the glasses so as not to be "too similar" to others.

It was also predicted that there will be a snob effect when snobs are presented with a high number of previous purchases. Their purchase intention was predicted to be higher compared to bandwagoners under the condition with only 14 previous purchases. However, there was no evidence in this research supporting any of the predictions. No significant differences were found for purchase intention between snobs and bandwagoners under the condition with 14 numbers of previous purchases. Inconsistent with previous literature on snob effect, this research suggests that a snob effect does not exist on a daily deal website when consumers are presented with a low number of previous purchases.

This study however is consistent with Brewer's (1991) theory about the two types of social needs existing amongst people, a need for conformity and a need for uniqueness. In this research, out of the 219 participants, 104 of them were identified as bandwagoners and 115 were identified as snobs. This was proven through the need for uniqueness scale which participants filled out. This means that there are consumers who are snobs and bandwagoners, or at least they indicate that they either conform or avoid conforming; however this was not shown when they were asked whether they would purchase the product or not.

There are possibilities of the bandwagon and the snob effect being induced by number of previous purchases for other online retailer websites that do not limit the time for purchasing a product. A reason for these effects not being visible on a daily deal website could be the fact that consumers are given a limited time to make the purchase, meaning that there is a possibility of the focus being shifted from the number of previous purchases to time constraints. Under time pressure, consumers will either act heuristically by making a purchase or they will defer their choices. Therefore, while this study indicates that the number of previous purchases does not necessarily increase purchase intention on daily deal websites, it is not limited only to daily deal websites, it may also apply to normal websites. Consumers enjoy researching, comparing prices and taking their time when making a purchase and sometimes one day may not be enough time to allow consumers to do this. In fact, as mentioned previously, a consumer's ability to search for product information is critical to his/her buying behaviour (Park & Kim, 2003). Thus, the focus is shifted to the time left on the deal. However, if there is no time limit given, there is a possibility that the focus would then shift from the time left to perhaps the number of previous purchases, and therefore increase the likelihood of previous purchases for bandwagoners and snobs.

Overall, as explained in chapter 4, none of the three hypotheses were proven to be supported. The null hypotheses have been shown to be correct, and due to the hypothesis not been proven, this research fails to reject the null hypothesis of no significant effect.

5.3 Academic and Marketing Implication

Previous studies have evidently proven the operation of a bandwagon and snob effect in a number of consumer behaviour scenarios; however this study is not consistent with previous findings. In fact, the null hypotheses were shown to be proven instead. The results from this study clearly show that having the number of previous purchases does not increase purchase intention in an online daily deal website context. Specifically it showed that the bandwagon and snob effect are not driven by numbers of previous purchases.

As aforementioned, no research has reflected the influence of previous purchases on buying behaviour on an online daily deal website. Specifically no research has shown whether a bandwagon or snob effect is influenced by number of previous purchases. This research adds to the bandwagon and snob effect literature by showing that the effect is not driven by number of previous purchases available to consumers on an online daily deal website. It implies that the number of previous purchases has no influence on buying behaviour and that the buying behaviour would be similar even if the participants were not shown the number of previous purchases.

The implications of this for managers are that the number of previous purchases does not make a difference in purchase intentions for products sold on daily deal websites. Meaning, those online daily deal retailers such as Groupon and GrabOne will not have an increase or decrease in sales if the feature of previous purchases is to be removed. Therefore, the point of having this feature is not really significant.

5.4 Limitations

The main limitation of this research is due to time restrictions and this is a dissertation research study, a component for the completion of a Master of Business. The nature of a dissertation means that the research is limited to a relatively small scale study, with a limited time frame and funds. Data was collected by attending lectures in the Faculty of Business and Law at Auckland University of Technology. This meant having to firstly set a date with the

lecturer in charge in order to administer the questionnaire. There was limited time because of mid-semester breaks and exam periods had to be taken into account so once the date for data collection was set, everything else had to be printed and ready to go.

One possible limitation is the fact that in condition 2, the number of previous purchases may have been too high. For 1038 people to have the same glasses in Auckland appears a bit too much. While it has not been proven to be the reason why bandwagoners would not purchase under condition 2, it is a possibility.

The price may have been slightly high. Although the students were told to consider the price being acceptable and their affordability of the product, it was also written in the participation information sheet that was given to them. However, there could also be a slight possibility that the price may have been a factor that hindered the bandwagon or the snob effect from being induced under the chosen conditions. Although again, this was not proven but the price may possibly be a reason behind their purported purchase intentions. Especially because the participants are students, and students could be quite price sensitive, the focus may have shifted to the prices instead of the available number of previous purchases.

The last limitation is the fact that there was no reason given for their purchase intention behaviour. In other words, participants simply indicated whether they would purchase the deal or not, but did not give reasons. It would have been good to either incorporate a question in the questionnaire looking at the reason behind their purchase intentions. For example, if a participant chooses the “not at all buy it” option when answering the question, then they would have to tick the correct answer box indicating why they would not buy it. Some options for participants to tick could be ‘too expensive’, ‘not my style’, ‘too risky because not many people have bought this deal’, ‘I don’t like shopping online’ or ‘too many people have bought this deal’. The results here would have given clear reasons behind their decisions, it would clearly show whether there was a bandwagon or snob effect, if not, then at least the reason why there was not any of these effects would have been perhaps clearer.

5.5 Future Research

If the number of previous purchases available to consumers is not what drives purchase intention for online daily deal shoppers, the question then would be ‘what drives sales on

daily deal websites?’ Or ‘what particular feature of online daily deal websites has been so successful to increase purchase intentions?’ One possible answer would be the time frame, which was not manipulated in this study as it would have shifted the focus from the number of previous purchases. Consumers tend to make heuristic decisions under a time constraint, and it may be worthwhile to test whether the time left on a deal is what actually increases consumers’ purchase intentions. It could be hypothesised that the less time left on a deal, the more chance of inducing consumer purchase intention. It would be interesting to see whether time constraints are what actually drive sales on daily deal websites.

YouTube clips have a feature that allows viewers to see how many other viewers have liked or disliked the video. It would be interesting to see whether there would be an increase in purchase intention if the number of previous purchases was replaced with likes and dislikes feature. This feature would allow consumers to see how many other consumers like or dislike the product (regardless of the fact whether they have purchased it or not). As a result, the bandwagon effect could possibly also come to play; this would be more linked to Fu and Sim’s (2011) research which shows that high view counts influences the decision to view a video, similarly high number of ‘likes’ increases the likelihood to purchase a particular product.

Previous studies on the profile of online shoppers appear to be quite outdated. It would be good to replicate some of the studies which identify who online shoppers are; for instance, Donthu and Garcia (1999) and other similar studies on why consumers actually shop online by Monsuéré et al (2004). This is important as over the last few years, shopping behaviours have changed due to advancement in technology, and new systems that online retailers have developed in order to make shopping easier.

Also, it would be intuitive to find out how tablets and other mobile devices have changed buying behaviour online, to see whether consumers have started to buy more online due to the advent of these innovative devices. It would be worthwhile seeing the role of such technologies in the evolution of online shopping.

Lastly, a number of future studies can be conducted on the bandwagon and snob effect in an online shopping context. This research is limited to daily deal websites, but perhaps there might be a bandwagon or snob effect in normal websites where they are not constrained by

time to make purchases. It might be worthwhile to look at different product categories such as fashion or cosmetics and see in which particular category the snob or bandwagon effect mostly occurs. Its outcome may also be more effective if the product and website methodology was similar to the current study, such as excluding branded items for bias decisions. The results may be different for each product category, for instance the snob effect may be higher for fashion as people tend to have a need to be unique, but for items such as cosmetics the results may be different. Simply because it is fine for 100 people to wear the same moisturizing creams, but it does not appear fine for 100 people to wear the same t-shirt. So in such cases, it can be predicted that the bandwagon effect would mostly occur for cosmetics products than clothing. Pharmaceutical products such as vitamin pills and painkillers would also be an interesting category to look at. Such products could be risky especially when buying online, but perhaps a large number of previous buyers could act as a risk reliever. It may indicate to consumers that it is alright to purchase because so many others have already purchased it.

The degree of bandwagon effect could be further looked at; for example, a study of the degree of saturation for the bandwagon effect. In other words, what is the acceptable cut off number where bandwagoners will stop following others? This could be done by applying three different levels of previous purchases, such as low, medium and a high number, to see under which condition a bandwagoneer would purchase the product.

5.6 Final Conclusion

In this current research was a high reliability score for the scale used to determine need for uniqueness – whether a person was a snob or a bandwagoneer – and it clearly identified people as belonging to one or other group. There was also a clear appreciation for the product offered, with a range of purchase intentions from definitely would buy to definitely would not buy, implying the price was also acceptable for those who liked the product. The website itself was a reasonable facsimile of the typical daily deal websites available, and the manipulation checks showed that the shoppers both noticed the purchase information and considered the conditions to be accurate.

Despite creating conditions similar to studies where information on how many others have purchased has influenced choices based on the need for uniqueness, it was found to be no

difference between snobs, bandwagoners, or even neutrals, when the prior purchase level was low, high, or not revealed. Why might this be?

It is suspect that it is because of the other aspect of daily deals that differentiates them from other online marketing. The aspect of providing information on how many others have purchased has been investigated, but the other aspect is the urgency factor. As mentioned earlier, limited availability has been found to promote purchase decisions through intensifying the desire to acquire a product (Aggarwal & Vaidyanathan, 2003; Byun & Sternquist, 2012; Ong, 1999).

The semantic cue in this case is not how many are left, but that there is a time limit on the offer (24 hours). It may even be that the time limit enhances the snob factor for snobs – only those who buy today will be able to have the product. For bandwagoners, it could be that the time limit panics them – they don't want to miss out. If both of these conditions are occurring, then of course the result would be seen as obtained – a cancelling out of the snob effect and the bandwagon effect as both want to buy but for different reasons. This research have inadvertently accentuated this by creating an experiment artefact through an even more heightened urgency because the respondents in in this research experiment did not even have 24 hours to make their decision.

Further research would be useful to first see if these results are replicated with other products – particularly services. Second, it would be worthwhile introducing a measure of the urgency effect, and seeing if this indeed moderates the need for uniqueness effect. While it is not seen as a limitation for this particular product, it would also be useful to extend the study to other shopper groups to see if other demographic characteristics enhance the need for uniqueness effect.

Nevertheless, it seems from this study that daily deals have a different place in the market when the need for uniqueness is considered. The use of the purchase information by daily deals to entice shoppers to purchase does not appear to have any discernible effect, whether the shopper has a need for uniqueness or conformity. It may be that the other distinctive feature of daily deals, the urgency aspect, overrides the marketing relevance of purchase information.

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Appendices

Appendix 1: Examples of a daily deal website and a voucher website

- Daily deal website (Groupon)
- Voucher website (Vouchermate):

Appendix 2: Survey questionnaire

Appendix 3: Participant Information Sheet

Appendix 4: Images of the daily deal website that participants were exposed to

- Condition 1: 14 items purchased
- Condition 2: 1038 items purchased
- Condition 3: no information on purchases

Appendix 1- examples of a daily deal website and a voucher website

Daily deal website (Groupon):

Choose Your City:
Shopping

Receive deals for Shopping:
 Enter your e-mail address

[Register](#) | [Login](#)

Auckland Deals
Shopping Deals
Getaway Deals
All Deals

Magnetic Fly Screen Door - One (\$21) or Two (\$34), Includes Nationwide Delivery

Buy Now!

Amount:
from \$21.00

This deal can be bought over the next
1 day 09:25:19

231 Bought!
 Deal is on!

Recommend to friends!
[Facebook](#) [Twitter](#) [eMail](#)

Highlights

- Keep flies and bugs out
- Get the house ready for summer
- Magnetic strips
- Ensures door stays closed
- Quick and easy to use
- Fits most standard doorways: 2140 x 900mm
- Child and pet friendly

Fine Print

- Purchase multiple vouchers
- **No refund for change of mind**
- No delivery to PO boxes
- For all enquiries, contact Groupon Customer Care
- **Rules** that apply to all deals

The Deal

- \$21 for one Magnetic Fly Screen

How to Redeem

- Buy your Groupon
- Ensure you enter the correct address during checkout on the

More Deals

\$25.00: Compression Socks, Delivered
\$25.00
View

\$15.00: Three-Metre iPhone/iPad Cable
\$15.00
View

\$14.00 instead of \$63.00: Learn Language Online, 14 Choices
\$14.00 instead of \$63.00
View

\$45.00: Electronic Blood Pressure Monitor
\$45.00
View

\$19.00: Memory Foam Insoles to Fit Any Shoe Size
\$19.00
View

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum	Between-Component Variance
					Lower Bound	Upper Bound			
Bandwagoners	38	3.76	2.098	.340	3.07	4.45	1	7	
Snobs	35	4.26	1.771	.299	3.65	4.87	1	7	
Total	73	4.00	1.951	.228	3.54	4.46	1	7	
Model									
Fixed Effects			1.948	.228	3.55	4.45			.018
Random Effects				.247	.86	7.14			

Voucher website (Vouchermate):



[Login](#) [Login with Facebook](#) [Register](#)

[Home](#) [Win](#) [Online Stores](#) [Help](#)

Advertiser Business click here

Any 5 Weekly Movies for \$4.99

Search

GO



The Deal



 **Save**
Add to saved vouchers

 **Share**   
Share this voucher

[Deal Details](#) | [Company Details](#) | [Valid Locations](#)



Details

- Promotion runs from **03-Jul-2012** to **31-Dec-2012**
- Vouchers redeemable between **03-Jul-2012** to **31-Dec-2012**
- Valid at the locations listed [below](#)



Civic Video

Grab the latest and greatest movies and games from Civic Video. Hire or buy new or ex-rental. C it at Civic!

Grab the latest and greatest movies and games from Civic Video. Hire or buy new or ex-rental. C it at Civic!

[more about this company...](#)





Valid Stores

 **Become a Fan!**

 **Follow**

 **Download our**

 **Get Deal**

Appendix 2 - Questionnaire



Filling out this questionnaire will be taken as consent to partake in the research.

For each of the following questions please circle the one option you most agree with:

When products I like become extremely popular, I lose interest in them

Strongly disagree

Disagree

Neither agree nor disagree

Agree

Strongly agree

I avoid products that have already been accepted and purchased by the average consumer

Strongly disagree

Disagree

Neither agree nor disagree

Agree

Strongly agree

When a product I own becomes popular among the general population, I begin using it less

Strongly disagree

Disagree

Neither agree nor disagree

Agree

Strongly agree

I often try to avoid products that I know are bought by the general population

Strongly disagree

Disagree

Neither agree nor disagree

Agree

Strongly agree

As a rule, I dislike products that are customarily purchased by everyone

Strongly disagree

Disagree

Neither agree nor disagree

Agree

Strongly agree

Products don't seem to hold much value for me when they are purchased regularly by everyone

Strongly disagree

Disagree

Neither agree nor disagree

Agree

Strongly agree

When a style of clothing I own becomes too commonplace, I usually quit wearing it

Strongly disagree

Disagree

Neither agree nor disagree

Agree

Strongly agree

I give up wearing fashions I've purchased once they become popular among the general public

Strongly disagree

Disagree

Neither agree nor disagree

Agree

Strongly agree

The more commonplace a product is among the general population, the less interested I am in buying it

Strongly disagree

Disagree

Neither agree nor disagree

Agree

Strongly agree

How important would it be to you to make a right choice of the sunglasses?

Not at all important 1 2 3 4 5 6 7 Extremely Important

In making your selection of sunglasses, how concerned would you be about the outcome of your choice?

Not at all concerned 1 2 3 4 5 6 7 Very much concerned

How likely is it that you would purchase one of these sunglasses? Would you say that you would

Not at all buy it 1 2 3 4 5 6 7 Definitely buy it

Appendix 3 Participation Information Sheet

Participant

Information Sheet

Date Information Sheet Produced:

4 July 2012

Project Title

Shopping on daily deal websites

An Invitation

My name is Ashleigh Ali and I am a Master of Business student in the MARS Department, Business School at AUT University. I wish to invite you to partake in a research study that investigates consumers' purchase intentions in an online shopping context. Your participation is voluntary and you may withdraw at any time prior to the completion of the questionnaire.

This research project shall assist in the completion of the degree that I am currently studying.

What is the purpose of this research?

As part of a Masters of Business degree, I must conduct a research. Therefore this study is based on my dissertation, and when completed, shall assist in the completion of the degree that I am currently studying at AUT University. The findings may be used in a journal article or research publication in an academic context.

How was I identified and why am I being invited to participate in this research?

A number of different undergraduate Business students have been selected to participate in this experiment.

What will happen in this research?

All you have to do is complete the questionnaire to strengthen the validity of the study, not everyone will get the same questionnaire.

You will need to imagine that you are shopping on a daily deal website and have come across sunglasses on sale. Imagine that the price is within an acceptable price range for you (not taking the price into consideration).

What are the discomforts and risks?

There are no anticipated risks or any discomfort involved during the administration of the survey.

What are the benefits?

The research is being undertaken as part of a core requirement of the Master of Business degree. The research outcomes will particularly benefit the academic community by helping us better understand how consumers make purchase decisions online, specifically on daily deal websites. Participating in the research may be of benefit to you, to give you some insight into how research is conducted.

How will my privacy be protected?

This is an anonymous questionnaire and you will not be asked to disclose any personal information. The questionnaire does not request for any confidential information from you.

What are the costs of participating in this research?

The research requires participants to give approximately 15 minutes for the completion of the questionnaire.

What opportunity do I have to consider this invitation?

You can take five minutes to consider if you wish to participate in the research. Please have your questionnaire ready for collection once completed.

How do I agree to participate in this research?

When filling out the questionnaire, it will be taken as consent to partake in the research.

What do I do if I have concerns about this research?

Any concerns regarding the nature of this project should be notified in the first instance to the Project Supervisor, Andrew Parsons, aparsons@aut.ac.nz, 921 9999 ext 5040.

Concerns regarding the conduct of the research should be notified to the Executive Secretary, AUTECH, Dr Rosemary Godbold, rosemary.godbold@aut.ac.nz, 921 9999 ext 6902.

Whom do I contact for further information about this research?

Researcher Contact Details: Ashleigh Ali, asali@aut.ac.nz

Project Supervisor Contact Details: Andrew Parsons, aparsons@aut.ac.nz

Approved by the Auckland University of Technology Ethics Committee on July 23 2012.

AUTECH Reference number 12/165

Appendix 4- Images of the daily deal website that participants were exposed to

Condition 1: 14 items purchased

Today's Deal

Choose Your City:
Auckland

Receive deals for Auckland:

[Register](#) | [Login](#)

[Auckland Deals](#) | [Shopping Deals](#) | [Getaway Deals](#) | [All Deals](#)

All year around sunglasses - 3 styles to choose from


Buy Now!

Amount:
\$49.00

Buy it for a friend!

14 Bought!!
Deal is on!

Recommend to friends!
[Facebook](#) [Twitter](#) [eMail](#)



Highlights

- These sunglasses shield strong light and protect your eyes from the sun's harmful rays.
- 100% UV protection.

Fine Print

- 1 voucher per person
- Purchase additional as gifts
- Subject to availability
- Not valid with any other offers
- See the rules that apply to all deals.

LADIES ONLY

View it!


Shopping:

\$99.00 instead of \$208.00: Dining: Crayfish Meal for Two with Wine, Viaduct

\$99.00

instead of \$208.00

View




More Deals

\$19.00 instead of \$43.00: Authentic Pasta and Wine for Two or Four, Auckland

\$19.00

instead of \$43.00

View




\$599.00 instead of \$1,755.00: Porcelain Dental Crowns, Auckland

\$599.00

instead of \$1,755.00

View



80

Condition 2: 1038 items purchased

Today's Deal

Choose Your City:
Auckland

Receive deals for Auckland:

[Register](#) | [Login](#)

[Auckland Deals](#) | [Shopping Deals](#) | [Getaway Deals](#) | [All Deals](#)

All year around sunglasses - 3 styles to choose from


Buy Now!

Amount:
\$49.00

Buy it for a friend!

1038 Bought!!
Deal is on!

Recommend to friends!
[Facebook](#) [Twitter](#) [eMail](#)



Highlights

- These sunglasses shield strong light and protect your eyes from the sun's harmful rays.
- 100% UV protection.

Fine Print

- 1 voucher per person
- Purchase additional as gifts
- Subject to availability
- Not valid with any other offers
- See the rules that apply to all deals.

[Earn \\$10 now!](#)

LADIES ONLY
[View it!](#)

Shopping:
\$99.00 instead of \$208.00: Dining: Crayfish Meal for Two with Wine, Viaduct
\$99.00 instead of \$208.00
[View](#)

More Deals
\$19.00 instead of \$43.00: Authentic Pasta and Wine for Two or Four, Auckland
\$19.00 instead of \$43.00
[View](#)

\$599.00 instead of \$1,755.00: Porcelain Dental Crowns, Auckland
\$599.00 instead of \$1,755.00
[View](#)

Condition 3: no information on purchases

Today's Deal

Choose Your City:
Auckland

Receive deals for Auckland:
Enter your e-mail address

[Register](#) | [Login](#)

[Auckland Deals](#) | [Shopping Deals](#) | [Getaway Deals](#) | [All Deals](#)

All year around sunglasses - 3 styles to choose from


Buy Now!

Amount:
\$49.00

Buy it for a friend!

Deal is on!

Recommend to friends!
[Facebook](#) [Twitter](#) [eMail](#)



Highlights

- These sunglasses shield strong light and protect your eyes from the sun's harmful rays.
- 100% UV protection.

Fine Print

- 1 voucher per person
- Purchase additional as gifts
- Subject to availability
- Not valid with any other offers
- See the rules that apply to all deals.

LADIES ONLY

View it!

Shopping:

\$99.00 instead of \$208.00: Dining: Crayfish Meal for Two with Wine, Viaduct

\$99.00 instead of \$208.00

View

More Deals

\$19.00 instead of \$43.00: Authentic Pasta and Wine for Two or Four, Auckland

\$19.00 instead of \$43.00

View

\$599.00 instead of \$1,755.00: Porcelain Dental Crowns, Auckland

\$599.00 instead of \$1,755.00

View

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