

# EXPLORING LOCAL E-COMMERCE SUPPORT: THE ROLE OF MOTIVES FOR, CONVENIENCE AND LOCAL IDENTITY

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## Abstract

Changes in consumer behavior, accelerated by the COVID-19 pandemic situation, are making local business to adopt or reinforce e-commerce. Yet, there is little literature that delves into the factors of such specific e-business type, which may be explained not only by technology, but also by consumer related factors. Hence, current work presents an attempt to fill this gap, by proposing a model—based on BRT—that is able to explain local e-commerce support. Such model was tested within a sample of 502 Spanish e-consumers, who had used local e-commerce during the previous year. In line with the theory, the findings highlight how motives for local e-commerce (web social presence, balance maintenance, and perceived sustainability) are strongly related with local e-commerce support, whereas a reason to avoid it, such as global e-marketplace convenience, is negatively related with it. In addition, local identity stands as having both direct and indirect—i.e., through the activation of motives for and inhibition of perceived convenience—effects on local e-commerce support.

**Keywords:** Local e-commerce, local identity, balance maintenance, web social presence, perceived sustainability, convenience, e-commerce support

## 1. Introduction

Two of the most important trends in consumer behavior after the emergence of COVID-19 pandemic situation are the increasing rates of online shopping (Sheth, 2020) and the support for local commerce (Cambefort, 2020). To keep up with these trends, local businesses' digitization has also increased during this time, in some cases, forced by the lockdowns and restrictions imposed by the pandemic situation (Beckers et al., 2021). Yet, little is known about the mechanisms that underlie individuals' support for local e-commerce. The large amount of literature regarding e-commerce adoption and online shopping drivers, fails to acknowledge the specific case of local e-commerce sites.

Hence, the objective of this work is to understand the rationale followed by consumers to support local e-commerce in Spain. More specifically, a model based on behavioral reasoning theory (Westaby, 2005) is proposed and tested. The results show how motives for the use of local e-commerce, global e-marketplace convenience and local identity play an important role in explaining individual support of such entities, suggesting that such support is better explained by a mixture of technology and consumer related

factors. The findings of current work represent a first step in understanding why some consumers opt for this local e-commerce

## **2. Theoretical background**

### **2.1. Local e-commerce support**

The extant literature regarding e-commerce and consumer behavior can be split in two broad streams (Dennis et al., 2009; Chaparro-Peláez et al., 2016): the first one is focused on technology-related whereas the second stream is focused on consumer-related factors and includes the study of diverse motives and barriers for e-commerce. Despite, a more complete understanding is achieved when both streams are mixed (Chaparro-Peláez et al., 2016), such approach tends to be less frequent (Dennis et al., 2009).

Local e-commerce has been defined as an online to offline (O2O) model that is integrated with local business, where products/services are ordered online and consumed locally (Yu, 2019). Although there is a vast number of papers regarding e-commerce adoption and shopping intention in general, there is little understanding of the factors that influence individuals' selection of local e-commerce websites. The evidence shows that consumers select e-commerce as their purchasing channel when it is more convenient, has better prices and offers a greater variety of products (Chaparro-Peláez et al., 2016). All of these factors are easier to find in global e-marketplaces, compared to local e-commerce. Hence, it is possible that such factors alone are not able to explain local e-commerce support.

When small companies, like local e-commerce business, compete against big ones, there are certain consumers that feel specially motivated to support them. This is known as the underdog effect. According to its definition, an underdog is an individual or group suffering a disadvantage and therefore expected to lose (Vandello et al., 2007; Pharia et al., 2011). For an entity to be considered an underdog, it must meet two requirements: 1) be on a disadvantaged position within a certain competition and 2) display perseverance and enduring effort to overcome such situation (Pharia et al., 2011; Legendre et al., 2018). Individuals are likely to infer local companies' underdog position when they are competing against global companies (Praharia et al., 2011). Following this, local e-commerce business can be considered underdogs from the consumer perspective. These companies are struggling to survive in globalized and highly competitive markets, with significantly less resources and digital experience (Bollweg et al., 2020), not to mention the differences in terms of market share and global recognition. Whereas local and underdog perceptions can exert separate effects on individuals' consumption decisions, their interaction results on higher intentions to purchase and willingness to pay premium (Legendre et al., 2018). Hence, such effects will be acknowledged to select potential consumer-related factors in the proposed model.

### **2.2. Theoretical model and hypothesis**

Current work adopts the Behavioral Reasoning Theory as the reference framework that may adequately account for both technology and consumer-related factors. The BRT offers a more complete understanding of consumer decision-making than other expectancy value theories, by accounting for context-specific reasons (for and against behavior). Such specific reasons serve as important linkages between consumers' beliefs (e.g., values), global motives (e.g., attitudes), and intentions (Westaby 2005). Further, BRT assumes that "reasons impact global motives and intentions, because they help individuals justify and defend their actions, which promotes and protects their self-worth" (Westaby, 2005, p. 98). In the ecommerce context, BRT helps understand underdog and localness effects on consumer support for local e-commerce websites.

### ***Motives for local e-commerce support***

Web social presence reflects the extent to which a website is able to transmit feelings of human sociability and warmth (Lu et al., 2016). Traditional e-commerce has been identified as more impersonal, anonymous and automated than its offline counterpart (Hassanein and Head, 2007). The local e-commerce websites are likely to convey more social presence since they may include information about the offline business and its owners. In addition, such businesses are expected to use more person-to-person rather than automated contact channels (i.e., telephone, chat apps). Some individuals support local businesses for different social motives (Sierra-Murillo et al., 2019), so it is reasonable to expect that web social presence is also an important motive for local e-commerce support.

Local shopping is generally considered as a sustainable option (Memery et al., 2015), regardless of its real impact (Frank and Brock, 2019). Therefore, local e-commerce may be perceived as more sustainable than its global counterpart. Individuals assume that local products use shorter—and thus less pollutant—delivery channels (Frank and Brock, 2019). In addition, local purchases are related to social benefits, assuring employs and company earnings remain within the local community (Memery et al., 2015; Frank and Brock, 2019). Thus, it is expected that perceived local e-commerce sustainability will foster local e-commerce support.

Balance maintenance has been previously defined as the proclivity of individuals to hold the power of entities in society, thus no entity achieves too much power (McGinnis and Gentry, 2009). Individuals seeking for balance maintenance within the marketplace want small entities to keep their opportunities (McGinnis et al., 2017). Hence, balance maintenance has been identified as a powerful motive to support local underdogs (McGinnis and Gentry, 2009; McGinnis et al., 2017). Considering all the above evidence, and in line with the BRT postulates, the following hypothesis is proposed:

*H1: Motives for local e-commerce (i.e., balance maintenance, perceived sustainability and web social presence) will exert a positive effect on local e-commerce support.*

### ***E-marketplace convenience***

Regarding potential barriers—or motives—against local e-marketplace, we selected global e-marketplace convenience. The literature points to convenience as an important

antecedent of shopping, both from physical and online retailers (Noble et al., 2006; Dennis et al., 2009; Chaparro Peláez et al., 2016). Global e-marketplaces have been identified as e-commerce formats that are able to offer great consumer convenience thanks to their product variety, powerful inner search tools, recommendations system and “one click” purchase (Dennis et al., 2009). Therefore, perceived convenience of this kind of e-business can become a major barrier of local e-commerce, which has more limited skills to develop their e-commerce (Bollweg et al., 2020). Thus, the following hypothesis is proposed:

*H2: E-marketplace convenience will negatively affect local e-commerce support.*

### **Local identity**

Given that the object of study is local e-commerce, it is interesting to consider those sets of values that are likely to predispose individuals to act in a favorable way towards such kind of e-businesses. Hence, local identity has been selected. According with the work of Tu et al., (2012, p.36), local identity can be defined as “mental representations in which consumers have faith in and respect for local traditions and customs, recognize the uniqueness of local communities, and are interested in local events.” The literature has identified local identity as having a connection with the support of other community members and entities (Memery et al., 2015). As consumers, individuals with salient local identity show price sensitivity for local companies (Gao et al., 2017). Hence, it is expected that local identity values are likely to exert an important role in order to explain local e-commerce support.

*H3: Local identity will positively influence local e-commerce support*

In addition, local identity is expected to affect the salience of local e-commerce related motives. According to Westaby (2005) values guide individuals to consistently act across several settings. Following this, motives—for and against—that are congruent with individuals’ values are more likely to emerge as behavioral justifications. Hence, when evaluating the support of local e-commerce, local identity is expected reinforce positive motives for supporting it—i.e., balance maintenance, perceived sustainability and web social presence—while weakening negative motives against it—i.e., global e-marketplace convenience. Thus, the following hypothesis are proposed:

*H4: Local identity will a) positively influence motives for local e-commerce and b) negatively influence perceived e-marketplace convenience*

## **3. Methodology**

### **3.1. Sample**

To achieve the objectives of the research, an online questionnaire was designed. The data collection took place in 2021 and was carried out in collaboration with a market research company. To ensure that respondents were familiar with local e-commerce shopping, the questionnaire included two initial screening questions. First, respondents were asked if they were e-shoppers. Second, after showing them the e-marketplace and local e-commerce descriptions, participants were asked to indicate how often they had

purchased products from each type of sites during the latest year. Those individuals who responded that they were not e-shoppers or had not purchased anything from a local e-commerce within the last year were excluded (174 cases). In addition, 316 cases were removed as a consequence of incomplete questionnaires, inconsistent answers or failing attention checks. Thus, the final sample consisted of 502 cases.

### **3.2. Measurement**

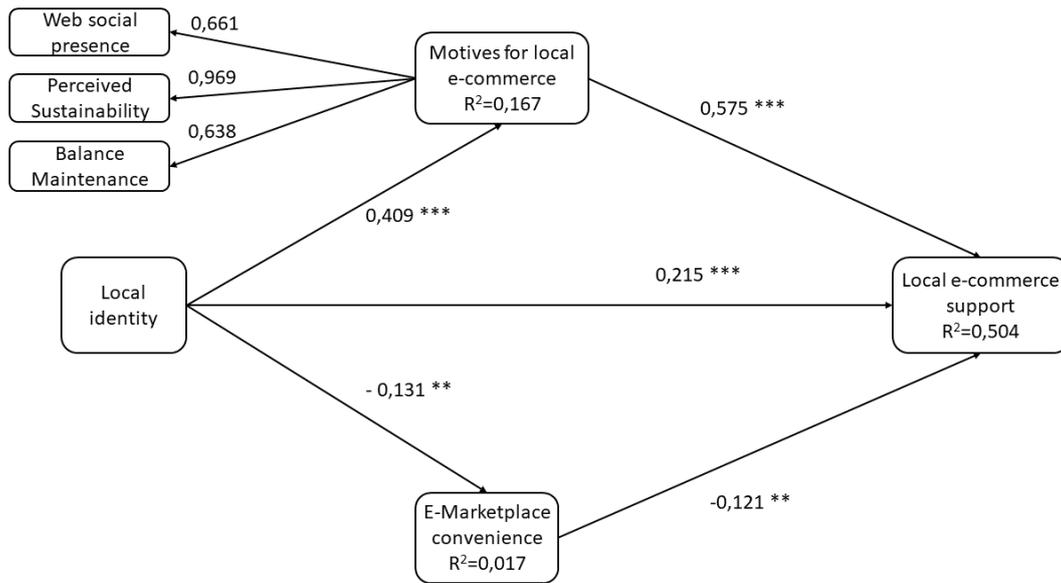
The underdog support scale was adapted from McGinnis et al. (2017). The scale of web social presence was adapted from Lu et al. (2016). To measure perceived sustainability, three items were added that measured the extent to which respondents agreed that local e-commerce stores 1) were greener, 2) offered more dignified working conditions, and 3) were more sustainable than e-marketplaces. The convenience of e-marketplaces was obtained by adapting the convenience search scale of Noble et al. (2006). Finally, the local identity scale was adapted from Tu et al. (2012). All of them were measured with a 7-point Likert scale.

### **4. Findings**

The exploratory and confirmatory factor analysis revealed the dimensionality of the scales performed as expected. The convergent validity tests showed good internal consistency, since all CRs exceeded 0,8 whereas all Cronbach's alphas exceeded 0,7. In addition, the AVEs were higher than 0,5. Following the Fornell-Lacker criterion, correlations between constructs were always lower than AVEs' squared root for the construct itself. All these analyses support convergent and discriminant validity of the data.

Proposed hypotheses were tested by running a SEM model with the program EQS. The results show the model fits adequately (CFI=0,936, RMSEA=0,045). As figure 1 shows, all the relationships analyzed were found significant. Overall, the model proposed is able to explain the 50,4% of local e-commerce support. In line with the hypothesis 1 and 2, the motives for supporting local e-commerce show a strong and positive effect ( $\beta=0,575$ ), whereas the perceived convenience of e-marketplaces (i.e., the motive against) exerts a negative although weaker influence ( $\beta=-0,121$ ) on local e-commerce support. The local identity also performs accordingly with H3, directly and positively affecting local e-commerce support ( $\beta=0,215$ ). In addition, local identity values also manifested a different influence on the two kinds of motivations under study; whereas they positively affect motives for local e-commerce ( $\beta=0,409$ ), they also exert a small negative influence on perceived e-marketplace convenience ( $\beta=-0,131$ ) (support for H4).

Figure 1: Tested model and path coefficients



Note: \*\*\*= p-value <0,01; \*\* = p-value <0,05

## 5. Discussion and conclusions

Despite the demand of local products is on the rise (Memery et al., 2015), local businesses are finding it hard to survive (Sierra-Murillo et al., 2019). Some of them are moving online as a way to meet customers' trends. Yet, there is little knowledge regarding the factors that make consumers willing to purchase from local e-commerce businesses (Beckers et al., 2021). The present work is an attempt to fill such gap. For this purpose, a model based on the BRT was proposed and tested. The results show that such theoretical framework is useful to understand local e-commerce support combining technology and customer related factors (Dennis et al., 2009). Motives for local e-commerce—balance maintenance, perceived sustainability, and web social presence—emerged as the most important antecedents of its support. This is in line with authors claiming that both customer and technology related factors can be understood as important antecedents of e-commerce (Chaparro-Peláez et al., 2017). However, the relevance of customer related factors within this study is specific for local rather than general e-commerce. Convenience has to the date been understood as a key antecedent of e-shopping (Dennis et al., 2009), yet current results show how consumers are less supportive of local e-commerce when they perceive global e-marketplaces as more convenient. Last, but not least, our model shows how local identity, as with other local product categories (Memery et al., 2015), is crucial to understand support for local e-commerce. Current results add to the previous findings providing support for both direct and indirect effects of local identity.

Transferring advantages traditionally associated with local commerce, such as helping small companies compete in the marketplace, being more sustainable and fulfilling social needs seem to be a good way to assure its support in the online environment. On the other hand, improving the convenience associated with buying in these kinds of e-businesses is necessary. Beyond this, enhancing consumers' local identity can also be a

powerful mean of improving the support for local e-commerce stores directly whereas making motives for local e-commerce more salient and inhibiting global e-marketplace convenience at the same time.

Finally, it is also important to highlight some relevant limitations. Although current work presents a clear differentiation between local e-commerce stores and global e-marketplaces, this differentiation is not always easy for the consumer to make. In fact, local commerce stores can also sell their products through a global e-marketplace. In addition, the research has been developed on a specific country setting (Spain) and focuses on intentional local e-commerce support rather than behavioral measures.

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