HTTP://WWW THE EFFECT OF SERVICE DETERMINANTS ON CUSTOMER PURCHASE AND RETURN BEHAVIOR IN THE ONLINE FASHION INDUSTRY

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Abstract
To be present online is seen, in recent time, as a necessity for fashion companies in order to sustain on the market. Since online shopping lack the opportunity for customers to try on purchased products it entails a risk of experiencing dissatisfaction when orders are received. Through this, customers demand determinants that ensure safety within the purchase. Different kinds of customers might, however, possess various motivations for purchasing, stressing the requirements for variety in service value deliverance. Therefore, purchase and return policies comprise a significant importance in order to create attractiveness towards customers. The problem, though, consists of the balance between offering lenient purchase and return policies, to create competitiveness, but still considering excessive purchasing and depreciation of product value. There are several determinants affecting the shopping experience online. These were combined, with components of an online purchase, in a theoretical model to empirically test the key conceptual ideas embedded in the consumption system perspective. Further, primary data was conducted through company interviews and focus group interviews, with the aim to explore customer behavior online. Findings, from interviews compared with secondary data, analyzed through the theoretical model, indicates that the right of withdrawal and its additional components such as charges, time and inconvenience is interpreted differently by different customers. Further, it is up to e-tailers to discover the benefits and drawbacks of different policies in order to detect the most suited policy for them and their customers.

Keywords: Service determinants, online customer behavior, purchase policies, return policies, hedonic and utilitarian motivations
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1 Background

"We live in a world of short product life cycles, and customers excessive purchasing behavior online has resulted in that substantial parts of e-commerce inventory is paused in customers property, losing its value, waiting to be returned." - Interview respondent

In recent time, to be present online might be seen as a necessity for fashion companies in order to sustain on the market (Ozen & Engizek, 2014; Statista, 2018). The competition is severe, as the retailers not only compete with local stores, but also face international rivals (Molla-Descals et al., 2014). The growth of the online retailing market is forming the dynamics and constitution of retailing. E-tailing, i.e. online retailing, presents customers with lower prices, more products and an adequate and suitable shopping experience (Saarijärvi, Sutinen & Harris, 2017). Rahman, Khan and Iqbal (2018) state that e-tailing offers customers to perform purchases in new ways, and due to this the shopping behavior is different than in physical stores. The most significant distinction is that, with help from the continuously developing smartphones, tablets and laptops, e-tailers are enabling shopping anytime and anywhere (Mostellar, Donthu & Eroglu, 2014). This facilitates the shopping, saving customers a lot of time and may further lead to an increased amount of excessive purchases. As the behavior in many cases results in that customers receive unwanted products, it is followed by an increasing amount of customer returns if customer expectations are not met. This results in various challenges for companies, one of the most severe the decreasement of products value when the products are shipped several times (Koufaris, Kambil & Labarbera, 2001).

Sarkar (2011) distinguish two kinds of motivations, hedonic and utilitarian, that predicate customers’ purchasing behaviors. He emphasizes that when companies are developing an online concept, it is crucial to understand how various service determinants of the website can influence these motivations online. Utilitarian benefits entail the functionality of the shopping experience while hedonic benefits deduce from the pleasure of it (ibid). What customers are attracted to regarding online purchases might devolve upon the utilitarian advantages. These could be the increase in service attributes of comfort, broad product selection, tracking and shipping, a variety in payment methods and lower prices. It may also be due to the hedonic values like amusement, such as product selection, level of service and product representation. By understanding the variation of customer behaviors fashion retailers can establish strategies and develop website attributes that correspond to customers’ wants and needs and that additionally gains competitive advantage (Rahman, Khan & Iqbal, 2018).

The relationship between a customer and an e-tailer might be seen as multiple transactions and in order to perform these transactions customers have to consider the risks with them. These risks could contain of that the received product is incongruent with the information available on the website, not matching what customers expected regarding look, size or fit. This leads to a decision whether a purchase should be made or not (Hjort & Lantz, 2016). A transaction within the retail industry can, according to Chircu and Mahajan (2006), be described as “an exchange between a consumer and a retailer in which the two parties obtain
something from each other at a cost to each” (p. 899). When a purchase has been performed it entails a risk of inducing experiences of unsatisfied needs and might lead to customers blaming the company for this. As a result, customers could have their expectations disconfirmed, making them want to undo the purchase and returning products (Powers & Jack, 2013; 2015). Customers perceived value might be increased if the level of risk is lowered or there is less transaction costs. This can be done by post-purchase determinants like returns. If companies can deliver reliable product information, and successful transactions, including returns, customers will experience trust in the e-tailer (Hjort & Lantz, 2016). There are scarce studies on how distinctions in offered service by e-tailers within different price levels are perceived by customers. Pan et al. (2002) argues that the level of service does not widely explain price dispersion, but that other elements such as the trust for a company and the feelings towards a brand might.

Depending on which kind of product is being offered, e-tailers experience high rate of returns. The returns can vary from 15-50 percent and this is, in several ways, very costly for the retailer (Rao et al., 2018; Walsh & Möhring, 2017). Product returns are reputable to be a depletion of the lucrativeness of companies and a depreciation of products value (Petersen & Kumar, 2009). This makes it significant to study customer return behavior. The handling of returns often concentrate on reducing costs but the environmental effects, loss of product value and decreasing customer satisfaction impel fashion companies to expand their return management and take several service determinants into account (Shaharudin, Govindan, Zailani, & Tan, 2015).

Clothes constitutes the product group with the highest amount of returns. Reasons for this might be that customers experience products to not perform as expected or they have a hard time finding the right look and fit (Chen & Bell, 2011; Song & Ashdown, 2013). This creates a necessity in investigating this area. Shulman, Coughlan, and Savaskan (2010) further state that the reason for customer returns frequently derives from the realization of the mismatch between what was expected and what was delivered and that most items being returned consists of non-defective products. Since shopping online might entail a perceived risk, customers want to allocate attributes that ensure safety. Hence, this is why purchase and return policies possesses a significant importance regarding attractiveness towards customers (Saarijärvi, Sutinen & Harris, 2017). Purchase policies entails information such as shipping alternatives, shipping charges, payment alternatives, tracking of packages e.g. Return policies entails information about return alternatives, return charges, refund alternatives, time span for right of withdrawal e.g. Janakiraman, Syrdal and Freling (2015) and Hjort and Lantz (2016) state that there is a growing trend towards more lenient purchase and return policies in online retailing and that many fashion companies utilize the policies to create competitive advantages, e.g. lowering the risk for customers. Ferguson, Guide Jr and Souza (2006) mean that products with no functional or cosmetic defect are commonly returned by consumers to retailers. These returns are often, according to Petersen and Kumar (2009), made by customers that take advantage of lenient policies.
Well-constructed policies are often used to create competitive advantage to compete within the industry (Chen & Bell, 2011). Nevertheless, Kim and Wansink (2012) highlight that return policies can favor opportunistic and deceptive purchasing and returning, creating disadvantages for fashion companies. Customer returns can have an impact on the company’s retail price, since fashion companies can choose to include return costs in the price, order amounts and decisions in inventory (Chen & Bell, 2011). There are also, according to Shulman, Coughlan and Savaskan (2010), uncertainties in who should be in charge of payment and who should be responsible for handling the returned goods. Powers and Jack (2015) state that the interest in comprehending of product returns is a growing matter leading to demand for more profound research on the topic. The frequency and consequences of returns in the market creates an importance in understanding customers behavior and how it affects the buying process and the returning of products. The way that fashion companies manage product returns can be helped by understanding patterns in shopping and return behaviors (Powers & Jack, 2013; 2015).

1.1 Problem discussion

Regarding return rates, there is a considerable distinction between e-tailers and traditional retailers. According to Rao et al. (2018) return rates commonly transcend 22% for e-tailers, while the number is around 8% for traditional retailers. The extended lead times for shipping and returning of products detain their life cycles, creating depreciation of products value (Chen & Bell, 2011). The combination of online customers excessive purchase and lenient purchase and return policies therefore affect products’ value, and in the high paced fashion market, this have severe consequences. Especially, when some customers opportunistically return unwanted products just before the right of withdrawal is exceeded, creating difficulties in saving product value (Chen & Bell, 2011; Ertekin, 2018).

The utilitarian or hedonic motivations affect how customers interpret website service determinants, and hence the ease and satisfaction of their purchasing process. According to Saarijärvi, Sutinen and Harris (2017) e-tailers must locate the different variables that generate excessive purchasing and returning behavior, in order to develop tools to manage the diverse impacts of unnecessary ordering and returning. There is an unrequited relationship between e-tailers pre-sales and transaction services and customers’ intentions to return products. These services constitute of determinants such as product information, pricing policy, shipping and handling and policies (Jiang & Rosenbloom, 2005). Sutinen and Harris (2017) stresses that there is a necessity in understanding customers shopping behavior in order to amplify the website determinants, which can ease customers experience and fulfill product expectations. Saarijärvi, Sutinen and Harris (2017) concur the necessity of well explicated website service determinants. This because when performing an order online, customers seek ways to decrease the perceived risk of a disadvantageous purchase that will be regretted.

Since online policies are a substantial part of the retail concept, with the mission to attract customers to perform purchases, it is highly important to consider the benefits and drawbacks of different policies (Bonifield, Cole & Schultz, 2010; Hjort & Lantz, 2016). There is a
constant dilemma regarding how lenient or aggravated the policies should be. E-tailers might offer lenient policies in order to create a differentiation against other fashion companies with a similar product or service proposition (Rao et al., 2018). However, the leniency in policies might lower customers perceived value of the purchasing experience, encouraging them to less thoughtfully place orders (Rao et al., 2018; Saarijärvi, Sutinen & Harris, 2017). It also allows customers to perform purchases without the risk of spending non-refundable money on an item they feel insecure about. Therefore, lenient purchase and return policies might increase unnecessary and excessive ordering of products. This is followed by increased return rates which problematizes customers behavior and aggravate the ecological and economical issue of online shopping and returning (Saarijärvi, Sutinen & Harris, 2017). The lenient return policies and the followed excessive customer purchasing and increasement of online returns characterizes the dark side of online retailing. Not only because it might be a costly challenge for e-tailers to conquer, but rather because the development has disturbed the purchasing process (Minnema et al., 2016). The usage of monetary leniency, e.g. offering returns that are free of charge, does not necessarily imply more profitability for the retailer. Whereas the costs for handling the returns might be higher than the revenue from sales (Rao et al., 2018). Some fashion companies conduct aggravated policies, making the returning of a product inconvenient. These could entail commissions for shipping and returning, a shorter time span for the right of withdrawal or no included return labels with the order. This might decrease the customers’ willingness to return products, but it might also induce lost sales for companies (Walsh & Möhring, 2017).

There is a quandary whether e-tailers should offer a leniency regarding the time span in which a return is accepted. Retailers often prefer a shorter time span, in order to secure the purchase faster and decrease products value depreciation, while consumers want a longer span to be able to consider the purchase and minimize the risks. Products that are returned, one or several times, depreciate in value and thereby are often discarded or resold to reduced prices (Rao et al., 2018). Hence, Chen and Bell (2011) draw the distinction that products with a short selling cycle, e.g. fast fashion products, are excruciatingly affected when being returned. This since they lose a significant part of their lifetime. Products with extended selling cycle, e.g. exclusive products from designer brands, are affected as well, yet not in the same extent.

Bearing in mind that e-tailers can gain sales and profit from excessive purchases (Chen & Bell, 2011; Hjort & Lantz 2016; Janakiraman, Syrdal & Freling, 2015), the behavior is more complex than that. Several studies (e.g. Rao et al., 2018; Saarijärvi, Sutinen & Harris, 2017; Walsh & Möhring, 2017) indicate that return policies can lead to increasing product returns and to the financial detriment of the e-tailer. One of the most essential company deprivations is the decreasement of their products value (Chen & Bell, 2011; Koufaris, Kambil & Labarbera, 2001; Hjort & Lantz, 2016). E-tailers need to immerse their knowledge about the consequences of excessive purchasing, and hence understand the reasons why customers conduct this kind of behavior. Despite efforts by researchers to measure the extensiveness of return rates, scarce research investigates the determinants that substantiate customer returns. Therefore, this thesis intends to investigate customer behaviors, and allocate specific service determinants concerning the increasement of unplanned and excessive buying behavior and
hence increasing returns. This to supplement fashion companies’ knowledge, encouraging them to develop their service determinants online, in order to decrease customers tendency for excessive purchases and avoid the depreciation of products value.

1.2 Purpose
The purpose is to investigate customer shopping behavior online and the service determinants affecting it, particularly how policies influence purchase and return decisions, and if there are any distinctions regarding this proceeding in different fashion e-tailers.

1.2.1 Research questions
Since purchase and return policies are part of the online fashion retail concept, with the intent of attracting customers to perform purchases, it is important to investigate how customers behavior online are affected by these. Intentions for purchases are driven by different motivations that are triggered by various stimuli and therefore lenient policies can evolve an excessive purchase and return behavior among customers. Gaining knowledge about customer behavior online will help fashion companies discover the benefits and drawbacks of different policies in order to detect the most suited policy for them. With this in mind, the first research question is:

RQ1 - How do policies affect the motivation for excessive purchase and return behavior online?

Customers behavior online might differ regarding of various company factors. Features are constructed differently in different kinds of fashion companies and affect hedonic and utilitarian motivations to conduct purchases and returns. The determinants that differentiate the fashion companies are for example price level, product information and services offered. Due to this, the second research question is:

RQ2 - What distinctive differences can be identified between fashion e-tailers regarding customer purchase and return behavior?

Customers purchase behavior can derive from different reasons affecting the decisions. Concerning hedonic and utilitarian motivations to various customer behaviors online, there are eruditions that fashion companies can utilize in order to create and implement tools for decrease and handling of returns. In order to detect these tools, fashion companies need to apprehend what behavioral variables that customers possess, and so the third research question is:

RQ3 - What customer behavioral variables are there that fashion e-tailers can exploit in order to develop new tools for prevention of customer returns?
There is a necessity for fashion e-tailers to investigate the various service determinant affecting shopping and return behavior online. This since customers, when placing an order online, seek ways to decrease the perceived risk of regretting the purchase when products are delivered. In order to create trust and facilitation in the experience on the web site, and fulfill customer expectations, fashion e-tailers need to identify the primary service determinant to be prioritized. Hence, the fourth research question is:

RQ4 - What is the primary online service determinant affecting customers shopping and return behavior, and in what way?

2 Literature review

In order to understand customer behavior and how it affects shopping and the returning of products it is of significant importance to examine what motivates customers and influence their behavior online. Due to this, research on utilitarian and hedonic motivations are first presented, to generate an understanding of how these influences purchase decisions. This is followed by a summary on product return policies and depreciation of product value in order to give an insight in the area.

2.1 Motivations behind purchase

According to Solomon and Rabolt (2009), there are several service determinants that influence customer behavior online and accordingly also their purchase process, though there are different forces and agendas that affect each individual. Overby and Lee (2006) claims that it is of importance to take motivations and value demand into consideration regarding usage of the online platform. Customers often visit websites, perform purchases and return goods to fashion companies that possess determinants that entail the most value. Therefore, retailers need to outperform other fashion companies in presenting the most attractive value proposition to online customers. Jiang and Rosenbloom (2005) argues that creating new competition against other fashion companies does not only entail what is manufactured. It also includes what is additionally added by various actors, like packaging, customer guidance, delivery options and other services that add value to companies’ products.

Childers et al. (2001) divides customer behavior into two categories, based on their motivational factors, namely hedonic or utilitarian. Regarding online shopping, Rahman, Khan and Iqbal (2018) mean that both utilitarian and hedonic motivation can play their part in affecting decisions. Customers either seek expediency, convenience and usability or experience, entertainment and pleasure, or even a combination of these. Kahneman and Thaler (2006) emphasizes that customers regularly make purchase decisions based on experiences that they have already had. In other words, preferences from hedonic and utilitarian forecasts are often informed from the memory associated to the situation. Therefore, the events that customers have already experienced rarely cause any hedonic or utilitarian surprises. This since if they have performed a previous purchase with a satisfactory outcome and accomplish the same type of purchase, the perceived experience is most often the same. On the contrary,
if the customer purchase from another product category or price level, the experience and through that the overall outcome might be different.

2.1.1 Utilitarian motivations

Overby and Lee (2006) emphasizes that utilitarian value refers to the comprehensive judgment of functional benefits and sacrifices. Conventionally, utilitarian perspective in shopping often is regarded as the rational process by customer behavior. Customers with utilitarian motivations tend to make long-term forecasts and therefore purchases are often accurately performed with certainty of retainment. Further, they mean that customers also include the value of the money, comfort and the time they save on the purchase. So online shopping might be seen as advantageous due to availability and the possibility to compare attributes and prices between products that different fashion companies offer.

The research conducted by Kahneman and Thaler (2006) demonstrate that customers do not always know what product they will like, and thereby they commit systematic errors when predicting what they will experience they will gain from owning the product. In other words, the customer fails to maximize their experienced utility. This statement though assumes that the customer makes a forecast of the utility from an outcome that will be experienced in the future. What might be a challenge is when customers perform unintentional purchasing since they in those cases refrain from making a forecast of the utility, but they might make an evaluation afterwards. Rahman, Khan and Iqbal (2018) state that customers that perform purchases with utilitarian motivations make fewer purchases and spend a smaller amount of money than customers with hedonic motivations. These customers further find comfortability in conducting online purchases but at the same time they might experience an increased amount of risk.

2.1.2 Hedonic motivations

Hedonic motivations can be explained as an evaluation of the sacrifices and advantages derived from the experience. Customers might perform purchases with the experience in mind instead of only completing a mission (Overby & Lee, 2006). The hedonic motivations have widely been considered regarding offline shopping, but it is also as important to reflect upon it when it comes to the online experience since customers also pursue online shopping for pleasure (Rahman, Khan & Iqbal, 2018). Customers online might visit the retailer with a good experience and escapism in mind, and if customers consider this as beneficial it motivates them to purchase (Overby & Lee, 2006).

Lantz and Hjort’s (2013) study reveals that when fashion companies offer free delivery, this is noticeably associated with increasing hedonic motivations, and thus increases customer order frequency. Fashion companies that offer free deliveries commonly have lenient return policies, that also have a tendency to precipitate hedonic motivations, though these does not only create excessive customer orderings, but are also associated with the probability of customer returning items.
Additionally, Lantz and Hjort (2013) emphasize that free delivery and lenient return policies influence impulse buying, which is a significant attribute of hedonic behavior. With impulse buying they refer to customers unplanned purchase decisions, that are conducted in immediate prior to a purchase. Lenient or free returns facilitate impulse buying, since it decreases customers perceived risk, customers that conduct impulse purchases often motivates their purchases with a ‘seize the moment’-behavior.

Customers can perform a prediction regarding hedonic motivations by a juxtaposition of the hedonic prediction and experienced utility. This is noticed when customers decisions results in worse experiences and by gathering proof that the hedonic predictions are affected by irrelevant determinants (Kahneman & Thaler, 2006). Hedonic forecasting is most commonly done intuitively and not carefully considered. Furthermore, hedonic forecasts are receptive to biases in other intuitive judgements (Gilovich, Griffin & Kahneman, 2004; Kahneman & Thaler, 2006).

2.2 Customer satisfaction

Perceived value can be explained as a customer’s assessment of the advantages and costs of the purchased product (Rahman, Khan & Iqbal, 2018). According to Jiang and Rosenbloom (2005) attributes among loyal customers are that they spend more money, more frequently purchase products, are willing to search for information online and are fairly resistant to competitors’ promotions. When a customer is satisfied he or she also tend to spread a positive word-of-mouth, that can have an impact on the overall picture of the fashion company.

Since customer value is of significant importance regarding competitiveness on the market and making customers return to the fashion company, Jiang and Rosenbloom (2005) further mean that retailers need to focus on the value delivery. Service determinants are a common feature used when customers try to learn more information about products to gain a better comprehension of their value. This may resolute the intrinsic uncertainty of products value, and hence customers may choose to delay the purchase until after gaining all necessary knowledge about it (Swinney, 2011). Customers evaluate the quality and advantages they will gain in sacrifice of the price and therefore retailers need to make sure they offer the best dividend. This by having the right quality to the right price (Jiang & Rosenbloom, 2005). Swinney (2011) emphasize that the longer customers extend the purchase decision, the more information is received and thus increases the perceived product value. Further, this decreases customers experienced risk for purchase. When customers obtain this time dependent learning, it increases the improved matching of supply and demand, increasing customers overall satisfaction.

In order for an online fashion company to gain success in the market it is of importance to support a good customer apprehension of the shopping experience and the experience after the purchase. Customers might experience a discouragement in trusting the e-tailer since when a purchase is made there are distinctions regarding when the trade of money and products is
performed. This could contribute to a lower level of trust since customers might have to pay for something they will receive at another time (Jiang & Rosenbloom, 2005). This might, as Walsh and Möhring (2017) state, be a problem since, online customers do not have the opportunity to try on products and perform an evaluation before the purchase.

### 2.3 Customer returns and company purchase and return policies

As stated earlier a purchase entails customers perceived risk of dissatisfaction. Expectations that was created before the purchase might be disconfirmed making customers want to return the ordered product (Powers & Jack, 2013; 2015). Chen and Bell (2011) highlight that in order to recognize and be able to create a reduction of customer returns it is of great importance to completely fulfill customer demand. This creates a need for the e-tailer to gain information on customer preferences in order for this actor to make choices and changes according to the customer data.

According to Powers and Jack (2013) customers might, after purchases, perform a comparison between products that has been bought and other possible products. The outcome of the comparison might be affected by service determinants as price level, shopping convenience and shipping policies. Further, Powers and Jack (2015) state that customers motivation to perform purchases is highly affected by the simplicity or difficulty in accomplishing a product return. If customers lack prior experience from the website and has reached the check-out in their shopping experience, it is of significant importance to persuade them to finish the purchase by mediating the company’s purchase and return policy. If this policy is perceived as aggravated it might create uncomfortable situations for customers.

Bonifield, Cole and Schultz (2010) states that purchase and return policies are a highly important factor that should be handled as a part of the overall online retailing concept. The policies are a prominent part of the online experience (Hjort & Lantz, 2016). Hence, lenient return policies increase purchases, giving an increase in sales. Further, Rao et al. (2018) mean that customers perception of policies affects the subsequent loyalty towards the fashion company. This is affirmed by Powers and Jack (2015), as they emphasize that it is of significant importance to acknowledge that policies have an impact on returns. Therefore, it is valuable for fashion companies to investigate in what variables policies affect expectations and the performance of returns. Janakiraman, Syrdal and Freling (2015) state that return policies can be utilized in different ways, either for pre-purchase or post-purchase. Pre-purchase, they can be practiced to express product or service quality and post-purchase they can transform customers assessment of the product or service.

Various fashion companies use lenient purchase and return policies. The leniency might entail free of charge shipping and returns, a longer time span in which a customer is allowed to return an item, different refund alternatives and facilitating services when returning (Lantz & Hjort, 2013). Overall, lenient policies can be perceived value increasing, and customers can associate policies to quality in companies (Bonifield, Cole & Schultz, 2010). Customers might experience risks within the purchase, but this might be lowered by existence of lenient return
policies that reduce the risk and create value in the shopping process (Powers & Jack, 2013). Hjort and Lantz (2016) further mean that this created value entails customer loyalty which can compensate for the costs that lenient policies might bring. However, fashion companies should take precautions in their decision making regarding leniency determinants since it will bring certain consequences. Since lenient return policies might lead to unnecessary ordering of products since they facilitate the returning it creates an excessive buying behavior and an increase in return rates (Hjort & Lantz, 2016; Saarijärvi, Sutinen & Harris, 2017). Koufaris, Kambil and Labarbera (2001) highlight that making purchases online can spare customers time and that this might lead to them performing unplanned purchases. However, if they are served with a great quantity of information, this could extend the time of decision making and through this lower the amount of unplanned purchases. Lantz and Hjort (2013) further claim that the intention of buying can be affected by the information and quality of a firm’s website.

Lantz and Hjort (2013) claim that charging for returns might be seen as a tacit factor of a fashion company’s pricing plan. They further mean that the value that customers envision is evaluated at the time when the purchase is made but when customers decide to return are built upon different perceptions after the purchase. These perceptions are most commonly unknown for customers at the time of purchase and can entail perceived incertitude. Hence, a lenient return policy would present customers with a higher level of utility and perceived security in the purchase.

Hjort and Lantz (2013; 2016) claim that lenient purchase and return policies lower the value of the ordering, fostering customers to less thoughtfully perform purchases and creates more frequent returning. They further mean that customers that repeatedly visit the e-tailer contribute with a lower input per order but instead generate a higher contribution in total. This might eventuate from lower coverage of cost in total with a higher likelihood of return and common ordering. If the retailer offers free returns it entails a bigger probability that a customer performs a return even though there is only a small dissatisfaction. On the contrary, Hjort and Lantz (2016) emphasize that high-end customers have a tendency to associate lenient policies with high-quality products. This based on customers interpretation that when offering free shipping and free returns, the fashion company trust that products being purchased will satisfy customer wants and needs. Hence, before conducting the purchase, they feel certainty that the products will be retained.

Purchase and return policies can mediate different sorts of perceived value, entailing confusion which could increase product returns (Hjort & Lantz, 2016). Lantz and Hjort (2013) and Janakiraman, Syrdal and Freling (2016) suggests that companies should formulate their policies differently, dependent on customer segments, rather than having the same for all customers. High-end customers might raise their expectations regarding quality when companies offer lenient purchase and return policies, since this can be interpreted as trustful. Lantz and Hjort (2013), on the contrary, discuss that there is a possibility that leniency of policies can be misinterpreted, and lead to products quality being questioned. This further might affect customers in averting risks by decreasing their purchasing of products with a
high perceived value. Hjort and Lantz (2016) mean that usage of lenient purchase and return policies can increase short-term advantages through appeal of new customers.

Even though there are many advantages for customers regarding returns, its policies might be difficult to understand and perceived as confusing. In order to accept a return, e-tailers might require different things. Commonly this is that customers have kept a receipt and that the return is performed within a certain time. Also, it might differ if the company offer customers a full refund or in-store credit (Powers & Jack, 2013). Rao et al. (2018) highlights that whether a retailer is quick or slow in refunding on returns affects the intention of purchase. If the return is free of charge and the experience is positive it is more likely that customers will perform more purchases from the retailer over time, while if customers are charged for the return the intention to spend money is decreasing.

2.4 Depreciation of products

One of the most essential company deprivations is the decreasement of their products value (Chen & Bell, 2011; Koufaris, Kambil & Labarbera, 2001; Hjort & Lantz, 2016). As some customers opportunistically perform excessive purchases and hence return them just before right of withdrawal is exceeded, it results in the consequence of depreciation of products’ value (Chen & Bell, 2011; Ertekin, 2018). The impact is more severe for e-tailers than for traditional retailers. This since extended lead times in shipping, time for right of withdrawal and returning detain products’ life cycles (Chen & Bell, 2011; Guide et al. 2006; Swinney, 2011).

If customers are strategic in their future purchase decisions, and arrange their purchases accordingly, it can reduce the probability of product depreciation. This based on the assumption that when purchases are intended, it increases customers perceived value in products and decreases the intention to return (Swinney, 2011).

E-tailers are forced to cope with end-of-life products. If lead times are not accurately considered, product disposal might be the resolution (Guide et al. 2006; Ertekin, 2018). Further, products’ depreciation is followed by exceeding requirement for manufacturers and their distributors to manage with the increased flow of customers returned products. Guide et al. (2006) emphasize that the value decreasement of products being returned within 90 days of scale is the most expensive barrier to overcome. Cost-efficient logistics processes may be one resolution of the problem yet changing companies’ policies might as well change the level of return rates.

Short life-cycle, time sensitive products can lose up to 30% of their original value when being returned (Guide et al., 2006). As these products face their end of use or end of life, there is a need for development of product return-strategies that emphasize products asset recovery, in order to prevent them from entering the waste stream. Further, Guide et al. (2006) emphasize that cost of lost product value is dependent on the time delays from each stage of the return process. Faster response can be a competitive advantage, which can motivate the formulation
of aggravated purchase and return policies. Further, the authors stresses that saving time will save value, and hence compensate for economic losses. This assertion is applicable on both company- and customer perspective and works as a critical amplifier to speed the reintroduction of products in forward supply chains. Moreover, Guide et al. (2006) emphasize that these implications for management of products value depreciation are highly relevant for fashion companies with high return rates. These companies should consider redesigning their policies and hence return management to focus on efficiency and responsiveness. This would lead to increasing knowledge about customer behavior and additionally may decrease returned products.

3 Theoretical framework
In order for a company to create customer value and hence be competitive on the market they need to focus on value delivery. This value can derive from various service determinants that affects customers shopping behavior (Jiang & Rosenbloom, 2005). Perceived value comes out of the assessment, made by customers, between the advantages and the costs of the purchased product (Rahman, Khan & Iqbal, 2018). For an online company to be successful it is significant to establish a good customer apprehension of the shopping experience and the experience after the purchase (Jiang & Rosenbloom, 2005). This makes it important for companies to allocate service determinants that will ease the shopping experience and ensure customer satisfaction (Sutinen & Harris, 2017). On account of this, the model shown in Figure 1, found in Jiang and Rosenbloom (2005), is proposed to empirically test the key conceptual ideas embedded in the consumption system perspective.

![Figure 1. Customers intention to repurchase over the internet, Jiang and Rosenbloom (2005).](image_url)
3.1 Customer price perception

One of the most extent distinctions between shopping online and shopping in physical stores is that customers online are not able to see or handle the physical product. This entails that both customers with hedonic and utilitarian shopping motivations perceives uncertainty and that products that is represented are not congruous with what is actually received. In situations where customers feel this kind of performance uncertainty, price perceptions are of great importance to determine post-purchase satisfaction, as well as the intention to return. According to Jiang and Rosenbloom (2005) this is peculiarly true when discussing e-tailing, whereas customers are not able to examine the physical product before purchase. Further, the limited capacity to examine product results in that customer are forced to depend on price insinuation. Thus, the perceived equity of product pricing might be the cardinal determinant of customer satisfaction and consecutively decrease or increase customers intention to purchase and return. In order to comprehend customer satisfaction organizations can test the effect of their customers price perception and use a comparative measure of price perceptions in competing companies.

Previous researches have conveyed results that customers have a tendency to switch e-tailer due to perceived poor price perceptions on their website. Thus, Jiang and Rosenbloom (2005) propose that unfavorable price perceptions can affect customers intention to switch. Furthermore, they emphasize that negatively authenticated information is more substantial than positively authenticated information. Negatively authenticated information entices a stronger psychological response than positive information. Hence, when customers perceive high price in a product, this is negatively authenticated information. Jiang and Rosenbloom (2005) highlight that price perceptions affect customers intention to switch, intention to recommend and intention to sustain a continuous relationship with companies.

3.2 At check-out customer satisfaction

Customer ratings on e-tailing services and shopping convenience are directly linked to at check-out satisfaction. Positive customer perceptions of shopping convenience are directly related to companies’ characteristics, website, selection of products, information about products (e.g. measurements, material composition), ease of ordering and handling/shipping. These customer perceptions impact the online markets, and for instance product selection is considerably connected to customers pre-sales satisfaction. Customers with hedonic motivations prefer when there are several alternatives to choose between (Overby & Lee, 2006). According to Jiang and Rosenbloom (2005), companies that invests in wide product selection or in innovative product development have the ability to generate customer demand. At-checkout satisfaction is influenced by the extensiveness of product information, the more correct information, the greater customer perception of shopping convenience. Hence, e-tailers with detailed product information might receive increasing positive response to shopping convenience.
Regarding delivery and handling, customers’ demands differ depending on what is presented in companies’ policies. For example, some customers are willing to wait longer for their order to arrive, hence some companies offer lower or free shipping and handling charges. Though, Jiang and Rosenbloom (2005) highlight that some customers are also willing to pay more charges in order to get quick delivery. Customers with utilitarian motivations tend to pay more attention to these kinds of services (Overby & Lee, 2006). Jiang and Rosenbloom (2005) emphasize that by offering shipping methods that matches customer demands companies can use shipping and handling as a tool to attract patronage. Furthermore, offering variation in shipping and handling may be an important propulsion of price perception. E-tailers purchase and return policies might influence product pricing. According to Jiang and Rosenbloom (2005) this leads to a negative correlation between the retailers most transcendent services and the price of products.

Variation in the shopping convenience affect customers’ perceptions in the experience online. Both customers with hedonic and utilitarian shopping motivations wants to navigate easily on retailer websites (Jiang & Rosenbloom, 2005; Overby & Lee, 2006). By developing search tools to simplify customers search of finding and evaluating products and thereby fastening the check-out process, companies are able to reduce customer search and switching costs (Jiang & Rosenbloom, 2005). If doing so, e-tailers offer high level of convenience, which enables them to extract higher customer satisfaction, and reduce product returns.

Product price and perceived quality are two attributes characterizing customer value. Though, shopping convenience determinants such as ease of ordering, website performance and product information might decrease the potential impact of price. Customers with utilitarian motivations tend to use price as their primary filter when searching for products (Jiang & Rosenbloom, 2005; Overby & Lee, 2006). These customers behavior is highly affected by product pricing and might therefore experience price cues as strongly related to overall satisfaction (Jiang & Rosenbloom, 2005).

### 3.3 After delivery customer satisfaction

The definition of after-delivery satisfaction is conceptualized by Jiang and Rosenbloom (2005) as “customer ratings on the sub-system of e-tailing services on the fulfillment reliability dimension” (p. 158).

Reliability in this concept regards to aspects such as delivery time and consistency of customer service, which contents attributes as order tracking, on-time delivery, customer support and customer met expectation. Customers with utilitarian shopping motivations tend to have higher demands on these aspects, hence, if companies do not fulfill these demands, it results as perceived customer dissatisfaction. However, customers with hedonic motivations consider these aspects to be important as well, and it is crucial that e-tailers fulfill demands regarding transactions and delivering of products (Jiang & Rosenbloom, 2005; Overby & Lee, 2006). According to Jiang and Rosenbloom (2005), since the perceived reliability influence customers’ perception of their online shopping experience, it is concluded that more reliable
e-tailers should have the power to generate higher overall customer satisfaction than less reliable competitors.

The main service determinant that constitutes customers’ evaluation on the shopping experience depends on the temporal distance from final overall evaluation. Therefore, service attributes that customers experience close to final evaluation have greater effect on overall satisfaction than those that are distanced from it. The most decisive process in the purchasing experience happens at the end of the purchasing process. Jiang and Rosenbloom (2005) argues that this part of the process play a greater role than the level of shopping convenience, and if customers are satisfied with the at-checkout satisfaction, they are likely to return to this website.

3.4 Overall satisfaction
Jiang and Rosenbloom (2005) contend that a high level of customer satisfaction leads to brand loyalty. Severely, customer satisfaction is the critical response of how well companies are delivering products and services that meet customer demand. The outcome of overall satisfaction is independent from whether customers experience hedonic or utilitarian motivations when performing purchases. Furthermore, it justifies customers’ experience on the website as well as their willingness to return. In the contrary, if customers are dissatisfied, it is highly unlikely that they would recommend the website, and hence presumably they will not return to the site for future purchases.

3.5 E-tailers’ services that influence customer behavior online
In figure 2 service factors of e-tailers are listed that explain what customers can experience when visiting websites, including tools and processes that are relevant to discuss when inspecting customers online behavior and purchase decisions. It also illustrates the penalties that customers experience when experiencing each specific feature.

The perceived value of products purchased from an e-tailer depends on a variety of distribution services, such as assortment, accessibility, ambiance, availability of information, and assurance of product delivery. There are counterparts associated with the services, such as perceived convenience of finding and navigating the website, reliability of order fulfillment and convenience of returns, availability of information, and quality of shipping (Pan, Ratchford & Shankar, 2002). All features add value or provide utility to customers.

Shopping convenience, product information, reliability, shipping and handling, and pricing policy are feature measurements of the e-tailer. Communalities of factor one, shopping convenience, are on-time product delivery, product representation, customer support, and tracking of shipping. Generally, if customers experience shopping convenience on a company’s website, they feel reliant about purchasing products from this site. The second factor, product information, is related to the ease of ordering products, product selection and the ability to navigate on the website. The variables of the second factor reflect on the first
factor of shopping convenience. The third factor is related to quantity, quality and relevance of the information about products that the retailer provides. Pan, Ratchford and Shankar (2002) emphasize that this kind of information increases shopping convenience and is regarded as a tool to attract web traffic and hence induce purchases. As customers might experience online purchases to generate feelings of risk (Hjort & Lantz, 2016), providing reliable information about products may act as a signal of trust (Pan, Ratchford & Shankar, 2002). The fourth factor concerns options and charges of shipping and handling. This factor can companies implement by using it as a tool to attract patronage by matching customers’ demands regarding charges and time in delivery of products. The fifth factor, pricing policy, refers to the price in relation to level of service. Price dispersion is defined as when customers find it too time consuming and too costly to allocate the lowest price offered on the market. According to Pan, Ratchford and Shankar (2002) if the product information is accurately formulated, customers would purchase at the lowest price for their experienced level of service, and hence that would force e-tailers to charge the same price for their products.

<table>
<thead>
<tr>
<th>5 FACTORS</th>
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<tbody>
<tr>
<td>SHOPPING CONVENIENCE</td>
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<tr>
<td>PRODUCT INFORMATION</td>
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<tr>
<td>RELIABILITY</td>
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<tr>
<td>SHIPPING AND HANDLING</td>
</tr>
<tr>
<td>PRICING POLICY</td>
</tr>
</tbody>
</table>

Figure 2. Own constructed table of the five factors, from Pan, Ratchford and Shankar (2002).

### 3.6 Proposed research model

The illustrated theoretical model from Jiang and Rosenbloom (2005) was considered somewhat limited in order to fulfill the thesis’ purpose. Some parts were regarded as irrelevant in order to fulfill this thesis purpose, nor answering the research questions. Therefore, only substantial parts were accounted for in the followed gathering of empirical data. Specifically, what will be excluded are the relationships circumstancing ‘Customer intention to return’. Furthermore, it was complemented with ‘the five factors’ collected from Pan, Ratchford and Shankar’s (2002) research. Though, as this thesis intend to investigate customer shopping behavior online and how fashion companies’ service determinants, particularly purchase and return policies, affects the purchase decision- and return process, a few changes of the mentioned theories was conducted.

Firstly, as this thesis do not focus on whether customers return to the retailer or not, one of the resulting parts of Jiang and Rosenbloom’s (2005) theoretical model was changed from ‘Customer intention to return’ to ‘Customers excessive purchasing’, based on literature gathered from researches (Hjort & Lantz, 2016; Koufaris, Kambil & Labarbera, 2001; Saarijärvi, Sutinen & Harris, 2017). Furthermore, as an opposite component to excessive purchasing, ‘Customers intended purchasing’ was added. These two components are the outcome that follows the service factors of ‘Customer price perception’, ‘At check-out customer satisfaction’ and lastly ‘After delivery customer satisfaction’.
Secondly, in construction of the research model, a sixth determinant was added to Pan, Ratchford and Shankar’s (2002) five factors, namely return policy. This service determinant constitutes of the communalities of easy return processes (e.g. return label enclosed with order), potential customer charges for returning products, refund alternatives, and how long customers have the right of withdrawal.

<table>
<thead>
<tr>
<th>DETERMINANT</th>
<th>COMMUNALITY</th>
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<tbody>
<tr>
<td>SHOPPING CONVENIENCE</td>
<td>• On Time Product Delivery</td>
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<td></td>
<td>• Product Representation</td>
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<td>• Customer Support</td>
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<td></td>
<td>• Tracking of Shipping</td>
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<tr>
<td>PRODUCT INFORMATION</td>
<td>• Ease of Ordering</td>
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<td></td>
<td>• Product Selection</td>
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<td></td>
<td>• Ability to Navigate</td>
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<tr>
<td>RELIABILITY</td>
<td>• Quantity, Quality and</td>
</tr>
<tr>
<td></td>
<td>Relevance of Information</td>
</tr>
<tr>
<td>SHIPPING AND HANDLING</td>
<td>• Shipping and Handling Charges and</td>
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<tr>
<td></td>
<td>Options</td>
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<tr>
<td>PRICING POLICY</td>
<td>• Price in Relation to Level of</td>
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<td></td>
<td>Service</td>
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<tr>
<td></td>
<td>• Price Relative to Similar</td>
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<tr>
<td></td>
<td>Retailers</td>
</tr>
<tr>
<td>RETURN POLICY</td>
<td>• Easy Return Process</td>
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<tr>
<td></td>
<td>• Charges for Returning Products</td>
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<tr>
<td></td>
<td>• Refund Alternatives</td>
</tr>
<tr>
<td></td>
<td>• Right of Withdrawal</td>
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</tbody>
</table>

**Figure 3. Own constructed table of the six service determinants.**

Lastly, since this thesis partly focuses on customers behavior after the purchase, namely the return decision, the choices ‘Returning of products’ and ‘Retaining of products’ was added to the model. This allowed to explore further how fashion companies operate in order to encourage customers to retain products and discourage them to return products. Additionally, it enabled to allocate customer behaviors and the fundamental motives that these constitutes.

The key features that contributes to ‘Customer price perception’, ‘At check-out customer satisfaction’ and ‘After delivery satisfaction’ are in the proposed theoretical model shown as a ‘wave’. Accordingly, the ‘wave’ represents the communalities of the six determinants: Shopping convenience, product information, reliability, shipping and handling, pricing policy, and lastly return policy. These service determinants, presented in Figure 3, influence all linkages between the online experience and the outcome that follows, namely ‘Customers excessive purchasing’ or ‘Customers intended purchasing’, and the followed actions ‘Returning of products’ and ‘Retaining of products’. In conclusion, the new model can assist as an analytical tool to increase the knowledge about the key linkages between features that e-retailers contribute with and the reasons for customers excessive purchasing and customer satisfaction, and lastly the decision of retaining- or returning products.
4 Methodology

In the following section the applied methods are presented. As the purpose of this thesis partially is to understand and investigate customer motivation for purchase and return behavior online, the decision was made to conduct a qualitative research. Furthermore, it was of interest to use a qualitative method since previous researches in this area foremost have conducted quantitative methods. In this way, it was enabled to analyze and compare the primary data, gathered in this study, with secondary data collected from quantitative researches. In order to fulfill the purpose and answer to the research questions a combined method of literature reading, company interviews and focus group interviews was used.
4.1 Research process

In order to fulfill the thesis purpose and answer the research questions an inductive approach was conducted. The literature study has been done to describe and understand problem areas, and according to the inductive approach it has been done in systematic steps to increase the quality and reliability of the result. Edwards and Bagozzi (2000) and Gioia, Corley and Hamilton (2013) describes the inductive approach as to enter a phenomenon without presumption. First step of the inductive approach is defining of research topics, which motivates the next step, formulating the thesis purpose and demarcated research questions. This is followed by gathering of the secondary data, which is data collected from existing scientific literature (Christensen et al., 2016).

In this study, mainly scientific publications on the topic have been utilized as secondary data. These were found through the databases Primo and Google Scholar using key search words like “purchase policies”, “return policies”, “motivations for purchase” and “depreciation of product value”. Further the search was delimited to peer-review publications to ensure the reliability of the sources. When a sufficient number of articles were found, they were read through to make sure they treated the subject accurately. Subsequently, the articles were critically reviewed and compiled to a text in order to produce an overall image of prior research.

By compilation of the literature, it created the opportunity to identify problem areas and created the possibility to compare the secondary data with the primary data. In order to do so, the theoretical framework was conducted, based on scientific literature gathered in the research. The theoretical framework was used in an attempt to understand the area, by collecting primary empirical data, which according to (Christensen et al., 2016) is data collected while examining methods. Gathering of primary data increases knowledge about experiences and enables to find results that lead to a new understanding of the phenomenon. The theoretical model was used to create the interview guide used in the company interviews and inspired the topics being raised in the two customer focus groups. Since the purpose of this study entails to investigate whether there are distinctions between different fashion companies, the empirical data was divided accordingly. This was followed by analysis, critical discussion and conclusion of the empirical findings together with and compared to the secondary data.
4.2 Interview

In order to enrich and expand the limited literature available about customer behavior and returns in different kinds of fashion companies, three interviews with representatives from Swedish fashion companies were conducted. This because in qualitative studies, interviews are seen as an effective way of gaining knowledge of individuals, groups and organizations (Alvesson, 2003). Through this method, the respondents’ stories can be compared with previously presented scientific publications about e.g. the effect of service determinants and customer behavior. Bell and Bryman (2007) emphasize that in order to increase the possibility of comprehensive results, semi-structured interviews are appropriate for this kind of research. The semi-structure in interview methodology is based on that the questions are formulated in such a way that they give the respondent the opportunity to talk freely (ibid), which was preferable as this thesis aims to generate nuances and distinctions between companies. Also conducting a semi-structured interview enables the interviewer to ask different follow-up questions (Bell & Bryman, 2007). This procedure was seen as necessary since the selected companies work in different ways and hence it was accounted as difficult to address questions to one specific organization. The interviews were performed with help from an interview guide, with reference to the subject being reviewed (see Appendix 1). This is, according to Kvale, Brinkmann and Torell (2014), favorable to get detailed results from a qualitative interview. Further, it gives the interviewee opportunity to choose how to respond, while the interviewer is open and flexible for sidetracking. This might provide insights into what the interviewer and the organization consider to be important to convey (Bell & Bryman, 2007).
4.2.1 Selection of companies

When performing qualitative interviews, Dalen (2015) states that the sample of respondents is of particular importance. The thesis’ research questions is absolutely crucial for the selection of respondents to be interviewed (Ahrene & Svensson 2015). In a methodology that emphasize organizational concerns, the authors have to thoroughly review the market to select actors suitable for the thesis purpose. In order to have various companies to choose between ten companies were contacted. However, most of them declined to participate. Due to time constraints, three companies were seen as an adequate number of participants. Of those who agreed, one low price company, offering products with short lifecycle, and two companies in a higher price segment, offering products with longer life cycles, were selected. They are all active on the Swedish online market, offering female fashion and possessing different product ranges and service attributes. After allocating organizations willing to participate, the next step was to choose which individual in each company to be interviewed. Further, a person was contacted from each company, that held knowledge and insight about customer behavior on the website and about product returns.

In order to ensure that the respondents from the three fashion companies interviewed were not exposed to unnecessary risks they have been anonymized. As this thesis intend to explore company aspects that might be regarded as vulnerable to share, anonymization might ease the respondents’ interpretation of the interview. Hence, it can help respondents to feel safe to respond more honestly to interview questions (Ejvegård, 2009).

4.2.2 Interview execution

Prior to the interviews, an interview guide was formulated (Appendix 1). This based on Trost (2010) and Bell and Bryman’s (2007) recommendations, that claims that such is appropriate to use in qualitative methods, where standardized questions should be ruled out. The interview guide was founded by open questions considered relevant to gain a deeper insight into the companies’ work and strategies interrelated to purchase and return policies, as well as how they perceive their customers to be affected by these.

The interviews were performed between the 23rd of April and 7th of May. They were conveyed both through personal meetings and by phone, depending on the company’s location and the respondents’ availability. The interviews started with the request for approval of recording, followed by introducing the theoretical model to the respondent. After that, initial questions were asked where the respondent got to introduce him- or herself and the company he or she works for briefly. It induced an ease to the mood and got the conversation flowing. Then to discuss the questions about the company’s product range, price segment, return policy, return form and their customers behavior online. During the interview, one of the interviewers asked the questions while the other interviewer wrote notes about the respondent's answers and narratives. In such a way, it enabled the interviewers to pay all attention to the conversation with the respondent and increase the possibility of spontaneous follow-up questions for development of answers. The questions that followed did not concern the respondent's feelings or opinions, though the respondent had to speak from his or her own
knowledge about the company's work. As Ahrne and Svensson (2015) recommends, the interviews ended with explaining how the collected material will be handled and how the study will proceed, as well as thanking the respondent for taking the time to participate in the interview.

The process continued with listening through the recorded material, taking notes on the answers that were given. Both interviewees listened through it to strengthen the reliability and to ensure no answers or nuances were disregarded. Transcriptions were conducted for the material later used as quotes. The interviews were executed in Swedish to facilitate the interviewing and data gathering, since both the interviewers and respondents have Swedish as native language. Transcriptions and the notes were performed in English and the translations were made as accurate as possible to create reliability, hence, no content have been changed. Subsequently, more extensively writing and analysis of the interviews were performed, in order to view the results as connected or conflicting with the theories and literature gathered. Finally, the collected material was categorized according to the theoretical model which formed the basis of the interview guide, to get an overall impression of the results, each company still separated.

4.3 Focus groups

In order to investigate how fashion customers apprehend of online shopping in relation to returns, and the hedonic and utilitarian motivations behind them, focus group interviews were chosen. Bryman and Nilsson (2018) describes focus group interviews as where several respondents interact with each other in a discussion of a set topic. This is, according to Redmond and Curtis (2009), considered to be a legitimate qualitative method for gaining insight into the context and the entirety of the subject being studied. Further, this type of qualitative method has led to a discovery of attitudes and opinions that represent how people act in the set of online retailing. Therefore, the purpose of the focus groups has been to encourage respondents to provide concrete and personal answers to the research questions (Kvale, Brinkmann & Torell 2014; Christensen et al., 2016; Wibeck 2010). This way of conducting interviews might also facilitate open discussions among the participants, that exposes values, since the perceptions of one respondent can raise other thoughts and opinions from co-participants (Christensen et al., 2001).

The moderators of a focus group do not necessarily have to be experts on the examined topic, yet they should have general knowledge about the area that has contributed to the thesis research questions and purpose. According to Ahrne and Svensson (2015) this provides the opportunity for moderators to develop questions that concern fulfilment of purpose and answering of research questions. As this study was based on gathered secondary data, it generated knowledge that assisted in formulating questions as well as to guide the focus group interviews. Christensen et al. (2016) further mean that it is of importance to delimit the amount of questions in order to help the respondents stick to the subject. Due to this, a small amount of wide questions was established.
The focus group interviews were based, in similarity to the company interviews, by an interview guide (see Appendix 2). The decision to conduct an interview guide was inspired by Halkier (2010), where a funnel model is theorized. The funnel model describes that the moderator commences the focus group by asking general questions about the subject, to later ask questions specified to the subject being investigated. This to, initially, introduce the respondents to the subject to then deepen the discussion. In order to fulfill the thesis purpose and its featured research questions, the interview guide was influenced of the theoretical framework. The general questions were mainly about the features of the purchase behavior and the more specific questions were inspired by the communalities of the features.

4.3.1 Sampling of focus groups

The sampling and recruitment of focus group participants will be made of a purposive sampling. This, according to Bryman and Nilsson (2018) is a form of non-probability sample that aims to sample participants in a strategic way. In this research, it is significantly relevant to assure that the participants recently have visited a fashion e-tailer to have accurate opinions to contribute with. When the participant was prompted, it was ensured that they had paid a visit to a fashion e-tailer within the last month. It was not seen as necessary that a purchase had been made since the purchase and return policies might have affected the customer, i.e. the respondent, to refrain from shopping. Continuously, Generation Y was chosen as respondents for the focus groups. This, since Generation Y is flexible, competitive, fashion-intensive and is a major part of the consumer market. The generation further includes people between the ages of 10-34 (Belleau et al., 2007; Loureiro & Breazeale 2016; Kaupins 2012; Workman & Studak 2006). As female consumers have a tendency to consume more clothes and have a stronger relationship to fashion consumption (Birtwistle & Moore 2009; Fournier 1998; Jain, Takayanagi, & Malthouse 2014; Vignali & Reid, 2014) and because the interviewed companies all target female customers in the ages of 20-34, this constituted the delimitation of the focus groups sampling. Ahrne and Svensson (2015) argue that it can be beneficial if the participants in the focus group know each other, as they relate more easily to each other's comments. This also allows respondents to experience a safe environment where they can openly discuss their opinions. However, Ahrne and Svensson (2015) highlight that there are also disadvantages if respondents know each other as it may adversely bias the discussion. Therefore, this was kept in mind when selecting participants making sure that all members were comfortable with the group they were part of, without knowing each other too well. Before asked to participate in the focus group, the respondents were briefly presented on the subject and offered full anonymity. This to ease the respondents’ interpretation of the focus group and to increase the possibility for discussion and to enable them to feel secure about sharing their honest thoughts and opinions (Ejvegård, 2009).

4.3.2 Focus group interview execution

Due to time constraints, a maximum of two focus groups were considered plausible to conduct. These were performed on two different occasions, namely the 9th of May and the 13th of May. In order to have time to listen through the material and take notes, they were
scheduled with a few days apart, something that is recommended by Ahrne and Svensson (2015). The focus group interview started with one of the moderators introducing the topic, giving a background and purpose to the study. This so that the respondents would gain an understanding of the subject facilitating the discussion and opinion building. Further, the focus group was given a general question, outside the interview guide, on the subject to start an exchange of views and the moderators made sure to lead the discussion without controlling or affect the answering (Ahrne & Svensson, 2015). The respondents were, with the assigned questions, encouraged to reflect upon their views, formulate answers and participate in a continuous discussion.

The number of participants that were invited to attend each focus group were six in each group. Though, in one of the focus groups one respondent did not attend. Six to eight respondents is according to Ahrne and Svensson (2015) an adequate amount of attendants to obtain a material that is relatively independent of the perceptions and values of individuals. Too many participants might create difficulties in involving all attendants in the discussion and some might avoid expressing themselves about topics they consider having little experience of (Bryman & Nilsson, 2018).

In total, the discussion in the first focus group went on for an hour and ten minutes and the second went on for 50 minutes. The discussions proceeded well and at the times the debate or conversation decreased, one of the moderators presented a new question. Prior to each meeting, a study room was booked at the Swedish School of Textiles. The reason for this was to reduce the risk that respondents would be disturbed or interrupted. The study rooms at the Swedish School of Textiles are large enough to accommodate all participants and provided good conditions for the recording to get a high quality. Bryman and Nilsson (2018) argues for the advantages of recording focus group interviews, therefore, audio recording was conducted from both occasions. This further established the ability to resume and listen through the interviews. The audio recording was approved by all respondents.

When both focus group interviews were conducted the recorded material was resumed and re-listened by both moderators. While doing this, notes were written about the respondents’ dialogue and quotes that could be of use in the thesis was accurately transcribed. The focus group interviews were performed in Swedish to facilitate the interviewing and data gathering. This as both the interviewers and respondents have Swedish as native language. Transcriptions and the notes were however committed in English and the translations were made as accurate as possible to create reliability. Hence, no content has been changed. After the gathering of notes and transcriptions an analysis were conducted of the material in order to accomplish a more meticulous and extended writing.

4.4 Methodology analysis
In order to analyze the gathered data, a combination of integrated analysis and inductive analysis was conducted. For secondary data, the literature of scientific publications, was
analyzed with an integrated analysis approach. Additionally, the primary data, gathered from focus groups and interviews, was analyzed with an inductive approach.

### 4.4.1 Analysis of literature

The gathered literature was analyzed with help from an integrated analysis approach (Kristensson, 2014). Firstly, the literature selected from articles was read several times to create an overall image of the material. Secondly, in order to put the articles in relation to each other, overall differences and similarities were identified in the articles’ results. Throughout the process, the interpretations were compared to the purpose of the literature study. Codes related to each other were combined together without losing its meaning and forming subcategories. Additionally, subcategories with similar content were combined into categories of the thesis, compiled the resulting literature. All categories were directly related to components of the theoretical model. Furthermore, the scientific literature was critically compared with gathered empirical data, which enabled the formulation of assertions to delineate the ascertained relationship between the components.

### 4.4.2 Analysis of empirical data

In order to analyze the empirical data, an inductive analysis was conducted. This is recommended when the subject being examined is new or that previous research in the area is scarce (Edwards & Bagozzi, 2000; Gioia, Corley & Hamilton, 2013). The empirical data analysis was initiated with the re-listening of interview results, where important parts that responded to the purpose and research questions were decomposed and transcribed. The meaningful assertions where then jointly discussed in order to educe codes and create consistency in the results. These codes were then divided into several segments, that could be clustered with the components of the theoretical model. The empirical data was critically compared with the gathered scientific literature. This was followed by the formulation of assertions to delineate the ascertained relationship between the components.

### 4.5 Reliability

Reliability refers to the credibility of an investigation and that it would give the same result when repeated (Frankelius, 2015). To create a reliable result within an examination it is of great significance to make sure the same variables are being measured in every inquest. Further, there should be consistency in the results deriving from the investigation, and these are not affected by random events. (Ruane, 2006). In a qualitative study, reliability means ensuring that the information provided in the survey is reliable, and this requires that the person who obtained the data did not misunderstand the person or source from which the data came from (Frankelius, 2015). This was ensured through discussions during the interviews, where the same topics were treated multiple times, ensuring a consistent result was gained. Also, since the method was completed with two moderators, this helped in order to avoid misunderstanding and provided the opportunity to discuss the received answers. Further, an interview guide was followed to make sure the same topics and questions were used.
throughout the performance of the method, which gave a consequent treatment of areas in all interviews. When conducting interviews, it is important to consider that the empirical data can be angled, consciously and unconsciously, in a way that influences the study in a certain direction (Frankelius, 2015). This was taken into account, but since a theoretical model was used as a foundation for the interview guide and the analysis, the results received reliability. Further, the interpretation and analysis were done jointly by the two moderators, discussing and problematizing the results and analysis.

Further, Ruane (2006) means that to create reliability a retest can be conducted. This means to measure what is supposed to be measured more than once. This can be seen as a critical point in this thesis since the respondents were only interviewed once, due to time constraints. However, performing this while conducting interviews with people is somewhat a challenge. This since Ruane (2006) state that when interviewing a person twice the respondent is most probable to repeat what was said the first time of interview. As this study contained of interviews with people, this was seen as problematic. Further, the time constraints contributed with such a short time span that the answers would probably be memorized by the respondent instead of being built on actual opinions and emotions. To strengthen the reliability of the method, the topics of the interview was treated several times through discussion between the respondent and the two moderators. This made sure a thorough answer were attained and during the analysis the answers on the topics could be interpreted and compared.

4.6 Validity

Validity refers to the quality of a study, whether it measures what it intends to measure and that the measure is based and conformable with the real world (Frankelius, 2015; Ruane, 2006). In a qualitative study validity can be about that the results, deriving from an investigation, is generalizable to more environments, and to other groups of people, than the one treated in the study (Frankelius, 2015). The validity of the results in this study was assured by the using of an interview guide, with questions controlled to treat the areas targeted in the thesis. This helped in covering all the parts needed to gather relevant data. The material was listened through to sort out the usable data and what was identified as needless was left out from the presentation of results. Further, the interview respondents were chosen on the basis that they had insight in the companies and the topics. This in order to have the possibility to contribute with accurate knowledge and opinions. For the company interviews, the respondents were persons with insight to the handling of returns and customers behavior regarding purchase and return policies. The respondents in the focus groups were females that were active on the online fashion market. One critical factor could be that the respondents might have interpreted the questions differently from what was intended from the moderators (Ruane, 2006). This was prevented by giving explanations on expressions or terms that could be misapprehended. Further, since this study includes various kinds of companies, and also respondents in terms of customers, it allows the findings of this research can be applied to other contexts. Though, due to the limit of three company interviews the validity can be questioned. To gain a more valid result, more companies could be included with even more differences regarding service determinants. Frankelius (2015) means that validity in
qualitative research includes a control of credibility, meaning that there are empirical evidence and that a feasible interpretation has been made. This was facilitated by that the theoretical model, used for analysis, was conducted and then approved of by a supervisor.

4.7 Generalizability

Ruane (2006) refers to generalizability as if you can come to conclusions on something based on knowledge of another investigated area. This means that after performance of an investigation, the results should be pertinent to other settings as well. From this thesis, findings could be seen as applicable to other settings, more particularly other organizations, that hold large varieties in product attributes. The study was made within the fashion industry and on companies that offer clothing, so the results could be applied to a company offering e.g. shoes. This since these kinds of companies also carry varieties in attributes like size and color. It might not hold the same generalizability regarding companies with low variety in product attributes, since they might be seen as less affected by service determinants influence on purchase and return behavior. Further, Ruane (2006) means that the sampling of the study should represent traits of the population, to have the opportunity to generalize the study to other groups of people. This study was made through purposive sampling, and women in the age 20-30 were chosen as respondents for the focus group, making it difficult to generalize to the whole population. It was, thought, not seen as a necessity since it was estimated as more useful to conduct examination of the group of people that have the highest tendency and the strongest relationship to consuming clothes (Birtwistle & Moore 2009; Fournier 1998; Jain, Takayanagi, & Malthouse 2014; Vignali & Reid, 2014).

4.8 Methodology discussion

It was chosen to conduct a qualitative study, which might be criticized as quantitative studies can be perceived as more credible (Trost, 2010). Quantitative studies enable to gain a greater insight in the understanding of how prevalent and extensive the problem area is. However, as the research aims to understand the matter of customer behavior, this was not able to comprehend with quantitative methods. It should be highlighted that imperfections are contained in virtually all language-based tests, and therefore the thesis validity can be questioned. Frankelius (2015) and Ruane (2006) indicates that it is impossible to have control over the different perceptions, interpretations, prerequisites, experiences, and other influences of the informants that affect how a question is interpreted and answered. Further, Trost (2010) states that qualitative researches often are in the forefront in quantitative studies, but on the contrary, the qualitative studies in this area was perceived as scarce. Therefore, it was instead seen as intriguing to propose the execution of a more comprehensive study in the future, where quantitative and qualitative data could be gathered and compared.

In order to investigate customer behavior, a sample of respondents participated. As these only represent a scarce variety of the population it can be applied to a larger generation, but with caution. Since the subject examined can contribute to comprehensive results, it is difficult to draw conclusions about what the outcome would be if a larger population were to be
examined. However, it is not irrelevant to apply generalization to these studies. Furthermore, the limited resources also resulted in the resolution to conduct phone interviews with fashion companies located in cities that are time-consuming to travel to. According to Ahrne and Svensson (2015), this might be seen as disadvantageous for surveys in which research questions are based on capturing and finding nuances. However, as the interviews conducted in this research were based on finding knowledge about fashion companies and their knowledge about customers, rather than personal perceptions, the choice to perform interviews over the phone was not regarded as an obstacle in order to get credible results. Due to time constraints, three fashion companies were chosen for the interviews. Nevertheless, ten companies were contacted but the majority of them declined participation. This might have been due to that return issues can entail sensitive information, which companies preferably keep within the organization. In order to detect more differences between companies and gain a greater generalizability in the outcome of the research, interviews with more companies offering various service determinants, would have been preferable. A more extensive study would also enable the ability gain greater insight in different organizations and to allocate a wider variety of offered service determinants. Nevertheless, with the three company participants that were interviewed, an adequate company variety was achieved.

The credibility of research is based, among other things, on the possibilities of generalization, i.e. whether the research and its results can be applied to something about a larger population or environment than the one studied (Ahrne & Svensson 2015). Since the study was conducted for a limited period of time, with limited resources, the study is not considered sufficiently comprehensive for generalization. Since the sampling of the study can be seen as somewhat scarce, the level of generalizability is lowered. If a larger sum of companies would have been included, with a higher variety in service determinants, and a wider fluctuation in sampling of focus groups, generalizability would have been more easily ensured. Due to this, the presented findings should be seen as an indication of reality and not the absolute truth.

5 Results

In this chapter results from company interviews and focus groups are presented. As three fashion companies have been investigated, these are presented separately followed by the results from the two focus groups, merged together. As the services derived ‘Customer price perception’, ‘At check-out customer satisfaction’ and ‘After delivery customer satisfaction’ all conduce to either ‘Customers excessive purchasing’ or ‘Customers intended purchasing’, these outcomes are discussed under the three mentioned sections.

5.1 Company XX

Company XX, that were interviewed through a personal meeting, on the 23rd of April, is a distributor of a wide range of brands, offered in different price segments. The assortment is targeted to a specific customer group, namely women in the age of 20-40 with a slightly higher income. Products are sold solely through their website and according to the respondent the company focus on style rather than fashion, meaning that they aim to offer long lasting
and timeless garments. There is a high level of customer loyalty, but since well-known brands are offered also new customers easily find them through online search tools.

5.1.1 Customer price perception
The respondent believes that offering free of charge delivery and returns is an advantageous strategy for a company. However, he emphasizes that fashion companies need to consider the costs that the shipping entails and compare this to the benefits that free shipping brings. The apprehension of Company XX is that customers appreciate free shipping and that if the company would charge for this it would discourage customers from placing orders. This since many customers, according to the respondent, view it as a benefit to be able to experience the physical product and evaluate it in real life to make the final purchase decision. Hence, the possibility for customers to return products is necessary for e-tailers since customers are unable to try on the right size provided by the company.

Company XX offer customers to use Klarna invoice as a payment method. This is something that the respondent think might affect the orders and returns since it does not require customers to spend money and then wait for a refund when the order is returned. Company XX offer products in different price levels. The products with a higher price might affect customers intention to make a purchase with Klarna invoice, and without having to wait for a refund, they return some items and the invoice will be cancelled. When the respondent receives the question whether the price level influence the amount of returns he emphasize that higher price levels makes customers consider the purchase more carefully and therefore performs a more accurate order that decreases the return rate. If customers expectation would not be met, the respondent claims that the high price would create a higher demand for return.

The respondent does not experience that customers of Company XX conduct excessive purchases. Purchases on their website are mainly well contemplated and hence the respondent implies that their online services and tools does not exhort unnecessary purchases. On the contrary, he claims that they operate in every extent to help customers make accurate purchasing decisions. For example, they generate accurate product descriptions and administer highly attentive customer service, with the goal to maintain a high paced two-way communication when responding to customer inquiries.

“We quickly intercept all customer dialogues, no matter how the customer comes into contact with us. At all stages, we try to provide very fast feedback, in order for the customer to get a good online experience and assigned all the information they want and need. This is one of the services we provide to ensure customer satisfaction and decrease precarious orders.”

5.1.2 At check-out customer satisfaction
Company XX are fully committed to generate at check-out customer satisfaction, and one of their main mission is to deliver distinct information, for example about the company, products, materials and styling. This to ensure that when customers receive their products,
they have to be congruent with the expectations they had at check-out. The respondent emphasize that this is one of the primary barriers that e-tailers have to overcome in order to reach customer satisfaction.

“Generally, we try to be clear in product descriptions, partly by showing model images and dressed bodies. However, it is difficult to portray models in the right way, sometimes it creates more questions than knowledge from the customers. The model images should represent something the customers want to identify themselves with, and it is not certain that the model mediate the same feeling or body type that the customer has.”

Furthermore, Company XX does not have standardized measurements on their website, they measure each garment and its appurtenant size range. They are meticulous with product information and does not only measure length and width of the garments, but also arm lengths and cuffs e.g. They also reassure that size divergences are accounted for, such as ‘this blazer is a size 50, yet does not conform with the standard measurements, choose one size smaller than you normally do’. The respondent declares that if they have missed to explain this in the products’ information, this fact is rapidly mediated, when customers return or exchange products for another size. If the information flows in the latter sequence, Company XX are quick to take actions and update product information.

Customers of Company XX include different things in their decision making and the respondent believes that their policies are a part of that. He claims that free of charge delivery and returns will encourage customers to perform an order since it removes obstacles like considering spending money on shipping. The most important aspect for Company XX when reviewing their purchase and return policies is that they have to meet customers preferences. One way to ease returning products is by enclosing a pre-printed return label with the order, which Company XX do. To convey distinct order and return policies is a part of easing the shopping experience, and to reassure customers that if they are unsatisfied with their products there is no problem returning them. The respondent stresses that having free of charge returns and including return labels in orders does not exhort customers to return goods, but to increase customers perceived shopping convenience. Traditionally, when trying to decrease return rates, fashion companies implement aggravated purchase and return policies. For example, these can contain shortened rights to return or no pre-printed return label enclosed in the order. The respondent implies that this is an alternative tool to use, though insist that it is not something Company XX will implement in the near future.

"There are tools we would like to apply in order to decrease return volumes, but then we would lose customers. In our company, this is not the way to go."

The respondent from Company XX emphasize that policies can be included regarding price setting of products. Through that, the costs of the returns are affecting the price of products. Company XX only sell their products online but when he receives the question about carrying out their business through a physical store he does not see it as an impossibility. The difference that he identifies regarding online and offline stores is the ability to try on products
before the purchase. In online stores this activity is performed after the purchase and delivery of products. Another difference is the time that customers spend waiting for their orders. In physical stores products are received at the moment of purchase and in online stores there is a waiting time required. Nevertheless, Company XX have created opportunities to deal with this by offering customers different delivering options.

5.1.3 After delivery customer satisfaction

The respondent views delivery as something that affects customer satisfaction since it is a significant part of online stores that can create competitive advantage. This is why Company XX offer different ways of performing the delivery. As a standard the orders are sent with a one to three-day delivery to a collection spot where customers can collect it. Another option is home delivery where customers can receive their order on a chosen delivery date and time. The home delivery does not cover whole of Sweden, but most customers of Company XX are entitled to the home delivery. The third option for delivery is to have the order delivered to a delivery box, where customers can pick it up using a personal code. With this delivery option customers can have their products delivered on the same day as order placement or the day after. This variety in delivery options creates the opportunity for increased customer satisfaction since customers can choose the alternative best suited for their specific needs. Further, it will contribute with an improved attitude towards the company that will increase the possibility for future purchases. Company XX focus on preserving operations that work, for example their storage is closely connected to the rest of the firm. This decreases the risk of selling products that are not available in storage, as well as increasing the availability to answer customer inquiries regarding, e.g. products aesthetics. By having easy access to their storage, Company XX is assured that they can deliver products on time, meeting customers’ demands.

The respondent thinks that customers’ right of withdrawal is a significant part and that it should be an easy process with no unnecessary effort. Customers are offered a 14 day right of withdrawal and Company XX enclose a pre-printed, pre-paid return label. In this, customers are given seven options to motivate the return, namely: 1. Too small, 2. Too large, 3. The item was faulty (sincerely, add information in what way), 4. I received the wrong item, 5. The item was damaged in shipping, 6. I have changed my mind, and 7. The item did not meet my expectations. However, Company XX does not pay considerable effort in these return reasons. The respondent claims that, as they have close relationships with their customers, they often receive this information via customer service. Though, the respondent believes that online registration for returns is the next development in this area. Some competitors of Company XX have already commenced this type of service, and hence it is under development towards more facilitated return processes. However, there are several alternatives to select from, and Company XX is contemplating about which are most suited for their customers. They are leaning towards that customers can notify their return via an app or ‘my pages’ on their website, where all relevant information easily can be shared, e.g. reason for return. According to the respondent, the most extensive barrier for them is to receive a good impact, and that the new service would create customer value.
The respondent from Company XX argues that it is needless for a company to offer customers an excessive amount of time in which a return will be accepted. He claims that customers make their return decision quite urgently and a longer timespan for return acceptance would be unnecessary. Since products offered by Company XX are fashion items the respondent means that a long time for return acceptance could further decrease the value of the products. This since fashion items have a rather short lifespan and if customers keep these products at their home, during the time of decision, the level of trendiness will be lowered.

Company XX hold both an email for inquiries and other communication with the company, and a questionnaire where customers can ask questions about style and personal guidance. The company have a fast pace in responding which is highly appreciated by their customers. Common questions to ask include how to send back unwanted products, what the delivery options are and what kind of payment methods are presented. Regardless if customers are satisfied or not, the inquiry is highly prioritized by Company XX’s customer service. Thus, the customer service reassures to resolve the problem of matter, and that customer are satisfied with the service and hence the company. All inquiries are shared with the rest of the company. If there are quality issues with a product e.g. all coworkers receive the information and are aware of it for future inquiries. Also, positive response is shared among the coworkers, if not shared verbally, they have a wall of printed emails from satisfied customers. By sharing customer opinions, this increases the company’s knowledge about their products as well as strengthen customer relationships.

“The true customer experience, that is persistent and really important to give to the customer, is definitely not only created at the time of purchase but also in situations as how the company handle a return or a complaint. One can be as satisfied with a supplier, but when there is a malfunction, then it is crucial to resolve quickly and satisfy the customer.”

5.1.4 Retaining or returning of products

The respondent claims that the company’s level of returns is lower than most firms. Despite this, they still receive a large amount of returns. Normally fashion companies possess a return amount of approximately 25-38% and Company XX is in the lowermost of that span. When discussing their customers return behavior, the respondent from Company XX emphasize that their customers generally return products the same day or the day after they have received them. He argues for that their customers know Company XX’s brands and hence can make a quick decision if they fit or not. The respondent reflects this to be an advantage that it enables them to have a rapid flow of products, which does not decrease products value considerably.

“We live in a world of short product life cycles, and customers excessive purchasing behavior online has resulted in that substantial parts of e-commerce inventory is paused in customers property, losing its value, waiting to be returned.”
Even though Company XX’s level of returns is low, the respondent highlight that there are tools to implement that might decrease return rates. For instance, he shares the idea of keeping lenient return policies, but charging approximately 20 SEK for each return. This amount could be donated to charities or organizations working towards a sustainable future. Through this, the company could inform and stress customers about the footprint of environmental damages that excessive purchase behavior leaves behind. Furthermore, he emphasizes that there are more severe challenges for fashion companies to fight, but the facile behavior of excessive purchasing and increasing returns is one of the challenges that can be resolved, or at least decreased. Charging 20 SEK for returning is, though, not something that Company XX will implement in the near future, yet it might inspire for other resolutions of decreasing the company’s return rates. The respondent from Company XX regard the facile shopping behavior as an effect of lenient purchase and return policies. Further, he imagines that the behavior would gradually change if the market would slow down and fashion companies would reformulate their policies. The respondent compares the return behavior online with how it would be in physical stores:

“Customers usually do not drive to a mall, back and forth, because they think it is fun to purchase unwanted products and go back. When there is no incentive to think about, I believe that it may shape a facile shopping behavior.”

5.2 Company YY

Company YY, that were interviewed by phone, on the 2nd of May, sells exclusive products in a higher price segment. They have a distinct target group of women in the age of 25 to 50 and a high level of customer loyalty. Further, Company YY sell their own products via their website, but through other distributors as well. Hence, they have customers both online and on the conventional market. Their business model has been consistent since the beginning and hence the brand name is strongly associated to their products.

5.2.1 Customer price perception

Company YY’s customers’ behavior are substantially the same, though they have a tendency to change their behavior when products are sold to a reduced price. Furthermore, since Company YY’s products are sold from several distributors, in cases when any of the others have a discount or special offer, Company YY detect a change of behavior on their own website as well. The respondent from Company YY stresses that they do not see other distributors as competitors, but rather that special offers might confuse the brands customers. On their website they rarely have any special offers, but when they do they see a tendency of spontaneous purchases, which leads to the consequence of increasing customer returns.

“Even though we have a distinct target group, there are sub-groups with particular behavioral patterns [...]. Sometimes we can predict which of our customers will buy the new products we release on the website.”
Regarding prices in relation to level of service, Company YY are certain that they fulfill customers’ service demands and that these are congruent with their pricing policy. Their customers are willing to pay for the service and products they receive and hence the price policy is positively affecting customers overall satisfaction. Generally, their customers make conscious purchase decisions, without pricing as an important factor, and hence post-purchase satisfaction are not severely influenced by price perceptions.

5.2.2 At check-out customer satisfaction

The respondent from Company YY is convinced that the price segment of products affects the decrease of returns. With a higher price segment, it is more likely that products are congruent with customer’s expectations regarding quality, material and fit. Company YY’s business strategy is to satisfy customers to every extent, and therefore they regard it as crucial to generate positive customer perceptions on their website. Customers are provided with rightful product information, in regard to products material, measurements and other design attributes. This Company YY assures by setting strict requirements on their suppliers, to subsequently review the quality of randomly selected samples of each product article they receive. The production is placed in factories shared with other organizations, yet Company YY own their seamstresses. This ensures quality of details and construction of products.

“As we provide products in a higher price segment, the pressure to ensure customer satisfaction is higher. However, with our high standards on materials and specialization in sewing and fit, the task is conquerable.”

Moreover, to increase customer perception of the shopping convenience, Company YY tries to educate their customers regarding which materials are favorable for different kinds of products. Also, they attempt to mediate a feeling and a type of lifestyle correlated to their products, which the respondent believe increases the shopping convenience further. As previously mentioned, Company YY offer niched products, yet are innovative in the design of these. The respondent believes that their innovativeness and unique patterns and designs create inimitable market competition.

Regarding the shipping and handling-determinant of at check-out customer satisfaction, the respondent believes that customers are willing to wait for their products, since their purchases often are intended and without a specific time frame for shipment. The respondent does not believe that there are any difficulties regarding the shipping time frame they offer, since the majority of customers receive their products the day after purchase has been conducted.

5.2.3 After delivery satisfaction

Company YY offer extraordinary leniency in their purchase and return policies, which is influenced by the quality and niche of their products. They offer 30 days right of withdrawal and contend that most returns do not depend on customers excessive purchases or quality issues, but rather a change of mind. In every delivery there is an enclosed reprinted return
label, in order to ease customers’ return process. Additionally, they enclose a return form, where they ask customers to state the reason for return. However, they request that if something is faulty with a product, customers should get in touch with their customer service, to get a quick resolution to the problem and enable Company YY to replace it. In the return form customers are given five options, namely: 1. Wrong size, 2. Wrong fit, 3. The item did not match my expectations, 4. Ordered two sizes to select one, and 5. The information and/or picture on the website does not match the product. After listed these reasons, customers are given the opportunity to write additional comments to supplement the information. For company YY it is important to gain knowledge in their customers shopping behavior, and what motivates them to conduct purchases, but more considerably why they choose to return.

As the company offer a wide range of assortment, yet keep their niche, the majority of customers are loyal to the brand. This further gives them tendency to shop from Company YY’s website, rather from other distributors. The respondent also highlight that they try to distinguish from other distributors by educating customers regarding which materials are favorable for different kinds of products. Also, they attempt to mediate a type of lifestyle correlated to their products, which the respondent believe increases the shopping convenience further. This kind of lifestyle is easier to communicate when acting on their own domain, since it enables them to be consistent wherever customers are allocated. By setting strict requirements on suppliers, and controlling samples from each product they receive, Company YY reassures that they meet the conducted standards. Even though they do not receive questions in a large extent, Company YY focus heavily on customer support. Here they ensure customers overall satisfaction by sharing quantity, quality and relevance in their information. When receiving inquiries, Company YY have a short time frame for answering. Since customers’ have high expectations regarding all service determinants that Company YY offer, their customer service is meticulous about giving the correct answers.

“Our mission is to satisfy our customers, and if there are any experienced inconvenience, we solve it. Whether it regards right of withdrawal, if the fit is disliked, or in some other way we don’t fulfil the customer demands. As an e-tailer, the pressure on the perceived convenience is the primal barrier, that we need to overcome.”

The respondent stresses that this does not necessarily indicate that all orders being placed are planned. Yet, it suggests that if excessive purchases have been conducted, customers are aware that products that were not intended to be bought will fit and will bring satisfaction anyway. This, the respondent argues to be possible because of their high standard of information sharing, and that the information is consistent with products that customers receive. To increase reliability in after delivery satisfaction, Company YY offer several shipping alternatives, whereas the most commonly used is an 1-3 days standard free delivery with Postnord. Most orders that are placed before 3 pm in Sweden, are shipped the same day and reaches the customer the day after. They also offer worldwide shipping, where they offer free standard delivery in Europe, but charge 25 euro for next day delivery, and in the rest of the world all shipments cost 25 dollars. The respondent stresses that they offer on-time delivery, and that it is extremely rare that orders are received beyond the estimated time frame.
of the shipment. Further, to decrease the risk of dissatisfaction among customers, wherever the order is being shipped, customers are able to track the order on its way.

“We believe that one of the major challenges with the digitalization is for us to be available whenever, wherever. With the development of our shipping alternatives this helps us be available to a larger extent.”

The respondent stresses that they focus heavily on customer support and customer met expectation, which they ensure by sharing quantity, quality and relevance in their information. When receiving inquiries, Company YY have a short time frame for answering and satisfying the customer. They do not receive a large expanse of questions, which the respondent interprets as positive, with the argument that they share enough information online. Though, when doing so, he believes that customers’ expectations are high on their customer service, and therefore they are meticulous about giving the correct answers. Finally, what constitutes the overall after delivery satisfaction is the service attributes that customers experience in the end of the purchase, and here Company YY is sharing extensive information, about their products, upselling products, suggestions on how to style products, information about payment options, shipment options, time for right of withdrawal e.g.

5.2.4 Retaining or returning of products

The respondent from Company YY shares that they have a return rate as low as 11%, returns after Christmas sale and other price reduced sales included. This argues for that they have a high level of satisfied customers. Company YY see customer returns as a necessary evil that is needed from the company side in order to increase customer satisfaction and compete in the market. They are confident that their customers rarely conduct excessive purchasing and hence the amount of returns in the company is below the industry average. They consider themselves to possess such quality of their products that they do not get returns due to bad quality. Company YY tries to describe their products rigorously with both text and pictures. This to decrease the likelihood of returns by making sure there are congruence between what customers expects and what is actually delivered. If a return is necessary, the company thinks that this should be because of customer change of mind or that the purchased product did not match the intended opportunity. They think of returns as unnecessary if customers perform a spontaneous purchase that they, when delivered, regret.

Company YY offers 30 days right of withdrawal, that is advertised to their customers, but the respondent emphasize that they accept any return if there is something wrong with a product. Though, as customer satisfaction is company YY’s highest priority, they accept returns that is up to five years old, based on the reasoning of keeping loyal customers. The respondent regards the extended time for right of withdrawal as too generous, while prospecting that it is winsome in the long run.
“It rarely happens, but when we receive inquiries about products that in some way has disappointed our customer after a long period of time, we of course make it our primary mission to turn the customer from dissatisfied to satisfied.”

Company YY always enclose a pre-printed return label, with the exception when customers have ordered custom made (e.g. embroidery, choice of material) or customized products. Still, in general, a return guide is enclosed in every order. Company YY offers free returns. The respondent explains that the company have attempted to charge their customers’ returns, during Christmas sales. Though, this resulted in severe expenses since their customer support was strained with customer concerns. Since Company YY have loyal customers, the respondent feel that it would be possible to charge a small amount for customers return, to donate to charity. However, the respondent does not believe that is something Company YY would implement in the near future.

5.3 Company ZZ
The interview with Company ZZ was conducted through a phone interview on the 7th of May. Company ZZ is an e-tailer in the lower price level with a wide range of product categories and items within them. They target women in the age of 16-30 and carry both their own brand and offer other brands that belong to the same category of style. With this variation in products, combinated with the lower level in price, customers can easily spend long periods of time overhauling the assortment. Since Company ZZ appertain to the fast fashion segment with short product life cycles, there is a fast turnover of goods.

5.3.1 Customer price perception
The respondent of Company ZZ describe that most customers prefer a lenient return policy with free of charge returns. However, Company ZZ believes that this is not feasible for them, as their return rates already are too high, even though they charge for customer returns. The respondent believes that customer returns might create huge amount of costs for them and other competitors. Hence, this needs to be considered when constructing return policies. The respondent of Company ZZ further thinks that the price level of their products affects their customers’ decision making. If the ordered product derives from a lower price level, or possesses a price reduction, the respondent claims that their customer have a tendency to retain products because of return charges. This since the return charge creates an obstacle for customers and the return might in some cases entail a higher price than the purchased product. The respondent thinks that the return rate would have been higher if they offered free of charge returns, since when the slightest incertitude occurs customers probably choses to return the product when no obstacle is present.

Company ZZ have a high turnover of goods. They offer both their own brand and external brands there might be a difference in pricing. The products that arrive from external providers are delivered with an already stated price that Company ZZ mediate. This however consequences as an exceeding competition variable, since other distributors sell several of the
brands that is offered by Company ZZ. Therefore, pricing policies might be a crucial service determinant for Company ZZ’s profit. However, regarding their own goods the prices are calculated in house with a margin of the price paid to the manufacturer. This means that the cost that returns that these products entails is not included in the retail price of the products.

Further, the accessibility of product variety enables the possibility for customers to spend long periods of time overhauling the assortment. However, the external brand products are not possessed by Company ZZ, which induces the risk of selling products that might not be present as inventory.

5.3.2 At check-out customer satisfaction

The respondent asserts that there is a definite change in customers shopping behavior. She believes that since the online market is growing, there are more purchases being made and so the risk of returns increases. It is, therefore, of significant importance for Company ZZ to make sure that their customers attain full satisfaction with their products. This is made by producing explanatory product descriptions, of the look, size and material of products. Every product possesses several pictures and a video of a model wearing it, with the intention to render a truthful image of the garment. Further, there is a description available that mediate the color, material, washing advice and what size is worn by the model. Products description also thoroughly describes its look and attributes to serve customers a righteous experience. In order to ensure that customers choose the right size Company ZZ hold a table of standardized measurements. This facilitates for customers in finding the size of the specific garment.

“In the product description we try to communicate detailed information. For example, we describe the material, colors and patterns and how the surface of the product feels. This to enrich the customer’s perceived illustration of the product.”

Company ZZ has tried to increase customers convenience by easing the navigation on the website by dividing products into different categories. Furthermore, customers can choose different search tools to facilitate finding the right product for them. For example, they can choose to be exposed to products within a price range or from a specific brand. In order to guide customers and increase customer satisfaction Company ZZ offer support by telephone or e-mail. This enable customers to feel secure when placing orders and it could, according to the respondent, help in making more accurate purchases that hopefully will not result in a return.

5.3.3 After delivery satisfaction

Products from Company ZZ are shipped within one to two days after the order have been conducted, which allows customers to receive the goods after two to three days, at a chosen pick up point. Since Company ZZ also provides products from external brands these might not be present as inventory and then the order entails a longer delivery, while the company’s own brand might have a faster delivery. Customers are also offered home delivery or delivery
to a personal representative. This to a cost of 99 SEK. The normal shipping cost is 39 SEK, but in those cases when the order price exceeds 999 SEK, the shipping is free. The respondent claims that when customers intend to perform a purchase, this limit for free shipping might conduce to additional purchases in order to avoid the charges. Customers have 14 days right of withdrawal and can return their goods, with help from the pre-printed return label, to a cost of 45 SEK. Also, they enclose a return form, where they ask customers to state the reason for return. They are given eight options, namely: 1. Too small, 2. Too big, 3. Did not correspond with expectations, 4. Defective, broken, stained, buttons missing etc., 5. Shrunk or stretched after washing, 6. Stained in the laundry, 7. Delayed delivering, regretted the purchase or other reason 8. Wrong item delivered. This enables Company ZZ to gain some knowledge in their customers shopping behavior, and why they choose to return products.

5.3.4 Returning and retaining of products

According to the respondent, the right to withdrawal of products online are seen as a necessity in order to allow customers to try on their clothes. Since they are an e-tailer it is impossible for customers to know the size and fit of the garment. Even so, returns entails a problem for the company since the return rates are high creating costs for the company.

As previously mentioned, Company ZZ offer a high variety of product groups and the return rates might differ in the different categories. The return rate for Company ZZ is generally at 40% but some categories may rise to 80%. This high amount of return is something that the company highly problematizes. The respondent shares that it is not unusual that products are removed from the assortment, when shipping and returning of has entailed higher costs than the actual profit of the product. Since parts of Company ZZ’s assortment are offered in a lower price level, the respondent argues that this might increase the return rates. This since customers visiting their website browse through the different categories of products and thus perform shopping as a pleasure which is frequently followed by purchases of unconsidered items. Since their products hold a lower price the considering of products utilization is probably shorter and a purchase is more easily made. The respondent also claims that these purchases entail a lower value for their customer and therefore returns are to a large extent performed.

The respondent believes that after delivery satisfaction depends on which kind of product the customer have purchased. When purchasing products with a lower price level, customers have a tendency to retain product even though they are not satisfied with it, just to avoid the return charges. However, when purchasing a more expensive product, customers often retain it as a result of satisfaction, or return it because it did not conform with expectations. According to the respondent from Company ZZ this is one of their greatest barriers with charging for returns, as expectations on lower priced products are easier to circumvent while expectations on expensive products are explicit. Regarding shipping and return charges, the respondent claims that it is hard to know what affects customer satisfaction.
The retaining of products often equals the tried-on products that customers chose to keep. Since the return rate for Company ZZ is high, the respondent means that it is of importance to find strategies to increase the retention of customer ordered goods. She further explains that the company wants to keep the order rates but decrease of the return rates, in order to find congruence between what customers’ expectations and what is delivered. One step towards this might be to improve product descriptions.

5.4 Focus groups

When the respondents were asked about how they generally perceive shopping online, both focus groups primarily mentioned the benefits of e-tailing. Furthermore, both groups discussed that it was easy to get an overview of the products offered at websites and the convenience of online shopping when purchasing from home. Overall, they did not feel insecure about their purchases except in cases where products purchased would not meet expectations. However, what seemed to be the biggest uncertainty of all respondents was that physical products could not be experienced. The respondents emphasize that they rarely trust the information that companies have on their website, due to previous experiences. They assert that the perceived insecurity of purchasing products online might be decreased when companies offer free of charge shipping and returns. Furthermore, communalities of the policies aggravate the decision to return. Another communality that might decrease the perceived risks is when companies offer invoice as a payment method. However, according to the respondents this commonly increases their excessive purchasing. Additionally, when companies have questionable information or when products are expensive, the respondents believe that invoices make the purchase feel more secure. The respondents consider products price level to influence their purchase and return behavior, with the argument that higher price entails higher requirements and that lower price facilitates excessive purchasing.

5.4.1 Customer price perception

According to focus group interviews, when ordering online, the price level of products highly influence the shopping and return behavior. Most respondents agreed on that products of a higher price level entails higher requirements of demand fulfillment and that this results in ordering of multiple sizes and returns if requirements are not met. Also, the use of invoice as payment method is of great value for customers since it allows them to place uncertain orders, try garments on and return them without paying at the moment of order placement. This further facilitates excessive purchasing with returning as outcome since customers are allowed to try on received products with the possibility to return without the transferring of money.

“When I order clothes from designer brands I really want to ensure myself of that the garment has the right fit, so due to this I have a higher tendency of ordering multiple sizes. In these cases, it is especially good if you can use invoice as a payment method, since the clothes are more expensive, and you do not have to spend the money right at that point. If I order from a fast fashion company I usually pay right away, even if I am uncertain of a product.”
“There are many factors that has to be correct when it comes to more expensive garments. It might be aesthetic attributes, functions of the material and that the garment have many areas of use.”

The price perception is particularly important concerning online shopping. As customers are not able to physically examine products before the purchase the price of services and products are highly significant to motivate the buying. The perception of the price needs to be congruent with the estimated quality and customers need to receive a feeling of equity regarding this. Otherwise the probability of customer dissatisfaction is greater and might lead to refraining of purchase or returning of product after reception.

“The price of products highly affects me since I get insecure of the purchase if the price is too high. I also prefer free of charge returns, since it allows me to perform an order without the engagement of a purchase. If I do not want the product, I can just send it back.”

If products derive from higher price level customers are more inclined of being critical and if product criteria are not met there is a high probability of returning. In this price category, the perceived equity of product pricing is even more important since the level of customer satisfaction is highly dependent on this determinant. Further, this might lead to a decrease or increase in customers intention to return.

“If I have been putting a lot of money into a purchase I want it to be perfect. Or else I will return it. If I have purchased cheap t-shirts I think ‘never mind, I’ll wear it anyway’.”

5.4.2 At check-out customer satisfaction

When visiting a website, respondents from the focus group discussed that customers do not always intend to buy any particular products, but instead they are driven by hedonic motivations. Customers perform shopping with the experience in mind, motivated to a purchase by the different stimuli they are exposed to. For customers that visit websites with hedonic motivations, it was found that the experience and the feeling of novelty was highly important for customers.

“When I visit a website, I want to experience new things and I want an adequate number of products to choose from. Sometimes I just visit online stores for the sake of amusement and if I find something it is just a plus.”

Mediating the right information can be seen as highly important in order to give a consistent and correct image of a company. This would make companies gain a positive image by creating a comprehension of security for customers in knowing what they will receive. One of the respondents, appropriately enough, narrated that she recently paid a visit to Company ZZ’s website, but she abstained from ordering since the shipping information was highly indistinct. This confuses customers and creates an incertitude and unreliability. Customers with utilitarian motivations are mostly sensitive towards this since they value clear and
straightforward information that facilitate their shopping. This is why e-tailers with detailed and thorough product information might receive highly positive response regarding shopping convenience.

“At one place on the website, it was stated that free of charge shipping was offered for orders over 999 SEK, at one place for orders over 299 SEK and at one place it said that the shipping was free of charge. This confused me and gave me a negative image of the company.”

Results from the focus groups show that customer demands regarding shipping and delivering differ among the respondents. As long as it is clearly stated in companies’ policies some respondents prefer to pay less or be offered free of charge shipping and returns in exchange for a longer wait for deliverance. This while some respondents stated that they sometimes want fast delivery and that they, in those cases, are willing to pay more. Because of this, it can be seen as important for fashion companies to possess a variation in the offered shipping alternatives. Nevertheless, purchase and return policies are service determinants that the respondents take into consideration while shopping. The policies are commonly compared between fashion companies and the one closest to what is expected and congruent with the price perception wins.

“I almost never visit physical stores. Instead I order products online. Regarding delivering I have extremely high requirements, comparing several actors with each other. If I want a new garment for the weekend, I know, without research, what company that deliver the fastest. Then, of course I will choose that company.”

Additionally, the effect of invoices was discussed. There was a conforming argument that when e-tailers offer invoices, independent on whether they sell expensive or low-priced products, it is an increasing chance for customers to perform excessive purchases. Hence, the respondents mean that this increase ordering of several sizes or colors of one product, which enables them to try them at home and then return the ones that does not fit.

“When retailers offer invoice as a payment method, I have a tendency to take more chances regarding products aesthetics and fit.”

If the retailer offers shopping convenience in form of on-time delivery, there is an increasing intuition of excessive purchasing. One respondent state that when she is aware that a certain company fulfil their promise of delivery time, she can urge the purchase decision without further thought when she wants to receive the products ordered before the weekend e.g.

One respondent discusses the determinants she believes to be most effective on her purchase decisions. Besides easing and increasing planned purchases and excessive purchases, the determinants can act as barriers in the shopping experience. She shares that she has experienced that websites that are difficult to navigate on makes her feel inconvenient about the purchase. She explains that this might change her interpretation of a company, and result in that some similar experiences has led to that she has excluded some e-tailers from her
choice of options. Also, the respondents have a probability for excessive purchasing when the retailer offers a wide variety of product selection. This with the argument that if the respondent intends to order a certain product, she has a tendency to add additional products to the shopping cart if there are products available, similar to the one she has decided on. Further, she states that some retailers communicate products that can be styled together with the one placed in the cart, and that this sometimes has made her purchase the ones suggested.

One respondent stated that she rarely performs online purchases. This was due to the problem of finding the right and expected fit. Supported by a few others, she claimed that this problem can lead to a decrease in sales since she, drawn from own experiences, meant that customers often refrain from purchasing if there is a perceived uncertainty. Customers want to perceive reliability and a safety when ordering and thereby need some sort of assurance of correctness.

“I rarely shop online, since I often find problems with fit and sizes. And I do not order two or three sizes to try on at home, like many people do.”

Lastly, the respondents discussed how reliability affects their excessive purchase behavior. This, they conclude that it influences their behavior in a satisfying way, as it increases their knowledge about products. When reliability results in excessive purchases, the respondents highlight that these most often results in their overall satisfaction.

5.4.3 After delivery satisfaction

Customers want to experience reliability regarding product quality. There should be congruence between what customers expects and what companies deliver. Thus, the respondents of the focus groups argue that thorough and meticulous product descriptions are necessary to attain this. By carefully describing products, including material, color, measures and fit the risk of faulty orders is reduced. The respondents believe that when companies conduct a video, presenting products, it is positively affecting their interpretation of the product. Further, if products are thoroughly described, there is a decreasing need of ordering multiple sizes, since the purchase will be more accurate.

“You do not want any differences between what you read on the website and what you receive in real life. Therefore, when I order online, I highly appreciate when there is clear information regarding if products differ in sizes somehow.”

“How products are described highly affects me in my level of satisfaction with the website and the experience online.”

The respondents further state that the delivered customer support to a great extent affect the level of satisfaction. When there is a well-functioning support customers experiences reliability. Some respondents emphasize that by answering customers inquiries, fashion companies can gain competitive advantage by creating higher levels of customer satisfaction.
“If I am interested in a product while online shopping, but I am unsure of, for example size, I want, as complement to the existing product information, access to some sort of customer support in a chat or e-mail, with fast response. When I receive a fast answer from the customer service, despite the type of my errand, it contributes to an increased positive overall image of the company.”

The respondents shared several stories about when they had performed excessive purchases, and where the return policy was the decisive determinant. There was a congruence in the respondents’ interpretation of when retailers combine low price levels and lenient return policies. Accordingly, some of the respondents claimed that they perform excessive purchases several times per month, just because the retailer offers free shipping and free returns.

The absence of shipping and return charges might substantiate excessive purchasing. The focus group discussion revealed that there is a greater probability of venture regarding the purchase if there is no demand for shipping and return payment. Then customers can afford to place an order of uncertain products since it does not entail any risk.

“If there is a cost for both shipping and returning, I rather refrain from purchasing than taking a chance, but if the returns are free of charge, I more commonly gamble regarding sizes.”

Pricing policies might increase the probability for excessive purchasing. The respondents that often perform purchases online shares that the majority of their purchase processes conduct the search for most favorable price. This is mainly when purchasing branded products, as these often are sold from various distributors. Furthermore, the communality price in relation to level of service is one of the decisive determinants when purchasing expensive products. If the e-tailer offer high service yet no favorable price reductions e.g. the respondents can choose to purchase their products from their website anyway, since it increases the overall purchase satisfaction. Accordingly, if the respondent is satisfied with an e-tailer she has an increasing tendency to perform excessive purchases, yet they are often followed by satisfaction.

5.4.4 Retaining or returning of products
The result showed that respondents in the focus group experience shopping convenience when performing purchases from e-tailers that they are familiar with. If they have purchased from a company before, they remember the determinants that eased their experienced and influenced their purchase decision, hence they perceive loyalty towards the retailer. Customers received experience on websites affects the overall satisfaction and through that the attitude towards companies. Respondents narrated that negative experiences contributes with the unlikeliness that they recommend companies to other customers and decreases the probability of customers returning to the company for further purchases.
Regarding product attributes such as fit, the respondents emphasize that information about product measures are rarely accurate if the retailer has a standardize sizing chart. However, one respondent argues that her favorite retailer, that distribute their own products, have such accurate measurements, adjusted for each different product, that she is certain that products ordered will fit.

“The first time I stumbled across this store, I was unsure about the garments fit. I didn’t know anyone else that had bought from them. It seemed as they had detailed measurements of each product, and therefore I trusted these to be accurate. I ordered one t-shirt and a pair of pants, and both fitted perfectly. After that, when I need new clothes, I often browse through this website firstly.”

This arguments for that when developed accurate product information, it increases reliability and reduces the risk respondents experience when they purchase products online. The respondent had no previous reference about this website yet was convinced that products would fit her expectations. In this dialogue, co-respondents agreed that when retailers have detailed product descriptions, as well as aesthetically accurate product images, it increases their satisfaction with the purchase, hence leads to the retaining of product.

In one of the focus groups, there question on whether price perception is a reason for retaining or returning products. This resulted in two distinctions. Firstly, they referred to aggravated policies with return charges in fast fashion companies. If products that is purchased are low priced and does not bring considerable perceived product value, the respondents believe that they would retain the products, even though they might not be satisfied with it.

“One time, during Christmas sales, I placed a huge order. However, when I received the products it turned out that I both had ordered two duplicates and one product in the wrong size. [...] since I got them almost for free, I didn’t bother to return them. Honestly, I think that they are in the back of my closet right now.”

Another aspect regarding price perception is that some of the respondents believe that a higher price increases the products standard. They associate the price with high quality, right measurements and a higher perceived product value once wearing the garment. Also, they discussed that retailers with a higher price segment often have more extensive service determinants online. This based on the fact that several of the respondents have navigated on websites in to utilize service determinants in order to ensure their purchase accuracy.

Respondents from the focus groups all agreed on that online fashion companies are favored by easy return processes, since it contributes with customer reliance and satisfaction. When offering free of charge shipping and returns it removes a significant obstacle in order placement due to the absence of customers perceived risk. Also, if company’s purchase and return policies are characterized with leniency and facilitated by easy processes, such as pre-printed return labels, it will contribute with advantageous customer reviews.
“It is so much more difficult to return products if there isn’t a pre-printed return label attached with my order. I don’t have a printer at home, so I will have to find a place to print it in case of a return.”

Despite the product group or products price level, most respondents expect free of charge returns. They claim that the growing desire to order online entails a necessity in the ability to experience and try on products, hence the need to order with the opportunity to return. Further, if the return policies are lenient it is viewed as advantageous and very often as a matter of course. This is especially true for products with a size range, since customers possess the need to detect the right size by thorough measurement description or trying products on. As one respondent state, niche products probably have a lower return rate since customers have more knowledge about what is wanted before the purchase and if product does not carry different sizes customers are less inclined of returning.

6 Discussion and analysis

In the following section a discussion and analysis have been made, with a constitution derived from the research model of this thesis. The discussion and analysis take support in the studied literature and the results from company and focus group interviews. Each part of the theoretical model is discussed and analyzed separately under their own heading, resulting in the creation of ten assertions on the relationship between companies’ service determinants and customers behaviors. The discussion and analysis enabled finding answers to the thesis research questions; How do policies affect the motivation for excessive purchase and return behavior online?, What distinctive differences can be identified between fashion e-tailers regarding customer purchase and return behavior?, What customer behavioral variables are there that fashion e-tailers can exploit in order to develop new tools for prevention of customer returns?, and What is the primary online service determinant affecting customers shopping and return behavior, and in what way?
Figure 6. Theoretical research model, with assertions describing the relationships between components, graphically designed by Viktor Lassing (2018).

6.1 Customer price perception

Lenient purchase and return policies that are free of charge encourages, according to Lantz and Hjort (2013), customers to perform impulse and, very often, excessive purchasing. This since the leniency and the absence of return charges decrease customers perceived risk of spending money on shipping a product that will not be retained. This was supported in the results of the focus groups where some respondents claimed to more frequently place orders of products they were uncertain about if lenient purchase and return policies were offered. This eliminates the obstacle of purchasing that a commission for shipping would entail, favoring excessive purchasing. Still lenient policies are used as a competitive advantage by fashion companies (Chen & Bell, 2011) and might be demanded and even, as the respondent from Company XX claimed, expected by customers. Therefore, it is important for fashion companies to consider the level of leniency and implement policies that are congruent with
the level of offered service and price. Because even if leniency might create excessive purchasing and returning, it can be seen as necessary in order to compete with other fashion companies.

If the price level of the offered products, further, are congruent with the expected utility (Overby & Lee, 2006), there is a higher likelihood of customers performing a larger amount of purchases. This since customers will experience satisfaction in met expectations to a reasonable price. Also, if products price level is lower, the focus group respondents asserts that less consideration is required when deciding on purchasing a product. This might be a reason why Company ZZ have a high turnover of goods, together with the fact that they are a low-price company in the fast fashion segment. Customers of this company probably have a shorter time span for decision making since the risks of a higher monetary loss are absent.

Most respondents of the focus group agreed on that there is a higher probability of ordering of multiple sizes regarding products that derive from a higher price level. This was due to that the high price entails higher requirements of demand fulfilling and hence customers want the ability to try on various sizes to find the perfect one. This was something that the respondent of Company XX had experience of and claimed that their customers might order multiple sizes with high demands in mind. Actions like this leads to an excessive purchase behavior even though a part of the order might be returned. Further the usage of invoice as a payment method might enhance excessive purchasing. This since many respondents of the focus group mean that it allows them to order products, try them on and return them without paying at the moment of order placement. Company XX offer invoice as a payment method, which they regard as a necessity to stay competitive on the market. The use of invoice can be seen as more common among customers with hedonic motivations for shopping. This since it allows them to gain a favorable experience while shopping without the monetary loss at the moment of purchase, increasing the amount of purchased goods. Customers with utilitarian motivations might, derived from what Khan and Iqbal (2018) state, prefer more efficiency within the purchase, managing the payment at the time the order is performed. It might, though, be dependent on products price level. A higher level of price might increase customers use of invoices as payment method, since paying right away is not always optional for. Either way, the use of invoice facilitates for excessive purchases since the price does not have to be a determining factor at the moment of purchase.

Discussion on customer price perception show that if customers perceive the level of price as congruent with what was expected or perceived as low in comparison to what the customer gains from it, there is higher likelihood of excessive purchasing. This whether it is regarding price of products compared to competitors, price of purchase or return policies or price in relation to the level of service. This led to creation of the following assertion derived from the theoretical model:

PC1: “Favorable price perceptions increase the customers probability for excessive purchasing.”
Results from the focus group interviews show that when shopping, customers compare the price with the perceived value and quality of the product. This is supported by Jiang and Rosenbloom (2005) that further mean that it is of importance for fashion companies to deliberate whether their offer of quality and service is congruent with the price level. If this has a positive outcome, the level of satisfaction will be higher.

Fashion companies are commonly compared with each other and customers choose the one seen as most advantages and to the highest extent meet their demand. Schulman, Coughlan and Savaskan (2010) emphasize that the most common reason for returns is due to the mismatch between what was expected and what was delivered. To enable customers to perform intended purchases, there is a need for detailed descriptions of products and services. Further, it is of importance to facilitate accurate deliverance of products, together with a clearly stated price. Customers compare the service determinants of companies. If customers’ expectations are congruent with the expected price, the company performing this is chosen above its competitors. One respondent from the focus groups shared that she has significant expectations on companies’ deliverance, comparing several actors with each other. This to ensure that her purchase is accurate. If a desired product is found, it is commonly known what company offer the fastest delivery. This makes it important for fashion companies to present a variety in service offers in order for customers to find an appropriate one. Results from the focus groups also showed that customers possess different requirement of service attributes and the price level seen as congruent to it. Some respondents had the willingness to pay more for shorter delivery while some respondents preferred free of charge delivery in exchange for a longer time of deliverance.

Since customers to a large extent compare service deliverance connected to price, it is of importance to create congruence between these determinants. Customers need to experience reliability in companies regarding accurate product and price information and fulfilling of this. Companies that can deliver information according to customer expectations will be seen as competitive and this resulted in the assertion:

PC2: “If the price perception is congruent with expected deliverance of the six determinants customers perform intended purchases.”

### 6.2 At check-out customer satisfaction

Findings of the focus group interviews show that the convenience in the shopping contribute to excessive purchasing. This is further supported by Overby and Lee (2006), that states that online shopping might be seen as advantageous due to availability and the possibility to compare attributes and prices between products that different fashion companies offer. If the ordering is made easy, with a preferable product selection and good customer support, this will lead to customers willingness to spend more money when visiting companies’ websites. This can be seen as true for both customers with utilitarian shopping motivations, since they are lured off the facilitating in order placement, and customers with hedonic motivations, since extensive information and customer support entails a preferable experience.
If there is an accurate magnitude of product selection and the appurtenant product information is well executed and seems appealing to customers it will substantiate excessive purchasing (Hjort & Lantz, 2016). Respondents from the focus groups discussed that if the product information is advantageous it results in a larger amount of purchases. If a company mediates products in an appealing way it creates satisfaction at check-out. Further this is one reason all of the interviewed fashion companies possess descriptions of their products. Company ZZ even try to describe their product in a detailed way regarding appearance attributes and the mediated feeling, with the aim to address customers with hedonic motivations for shopping. This will give a richer experience for customers as it creates visual configuration. Company XX and Company YY, on the other hand, present more factual descriptions, containing measures and material composition. This could be seen as more appealing for customers with utilitarian motivations for shopping, since it entails clarity.

The fashion companies that were interviewed all offer different shipping options, to varying prices. Company XX have a free of charge delivery option as standard and also a home delivery option offered for a commission. This gives customers a choice to select the option most suitable for personal demand. Company ZZ also offer a standard shipment, but to a charge of 39 SEK. They also present a home delivery option to a commission of 99 SEK. This also presents customers with options to choose from but since both options require payment, this might inhibit excessive purchasing due to obstacles in the ordering. Since Company XX and Company YY both offer free of charge delivery and returning, there is a facilitation for excessive purchasing. Also, as the results from the focus group interviews showed, customers might, as Petersen and Kumar (2009) states, take advantage of the free delivery and returning, exerting excessive purchasing and, in case of dissatisfaction, perform excessive returning.

The six factors from the model presented in the theoretical framework all influence customers in purchase decisions. If they are to an advantage for customers, it commonly leads to excessive purchasing since it creates customer satisfaction. Due to this it led to the assertion:

CC1: “Customers probability for excessive purchasing is positively affected if the six determinants are beneficial for the check-out satisfaction.”

It can be discussed whether leniency in purchase and return policies is preferable or not. It might create perceived trust from customers, as in Company YY, where leniency is offered through 30 days right of withdrawal. Still, the company have a low level of return rates which might be derived from customers trusting the product quality and product information that is mediated through the website. Company YY have thorough product information and to some extent customization of products, which indicates a probability that customers are probably confident in their purchase and that expectations will be met after receiving products. Furthermore, as Hjort and Lantz (2016) assert that high-end customers have a tendency to associate lenient policies with high-quality products, the situation of Company YY is supported by this. Customers tend to interpret free of charge shipping and returning as a sign
of companies trusting in their offered products to satisfy customer demand. This creates a higher probability for customers to experience satisfaction.

There might be beneficial to restrict the leniency of return policies in order to make the return decision and process more aggravated. Hence, this would increase the necessity for customers to evaluate the purchase before it is made. Companies could aggravate customer returns by e.g. implementing return charges, by not including return labels or by inserting restrictions in time when a return is accepted. Nevertheless, with these tougher restrictions, it needs to be ensured that customers will reach satisfaction with the performed purchase. This can be done by guiding customers in making the correct choices with the help of well executed product information. All fashion companies that were interviewed saw product descriptions as an important attribute to their web pages with the attempt to give customers the best and most efficient experience. Company ZZ, as an example, use both explanatory product descriptions combinated with several still and moving images with the intention to render a truthful image of the garment. This was shown in the focus group interviews to be well appreciated by customers. The respondent claimed that in case of both hedonic and utilitarian shopping motivations, they read product descriptions to receive more detailed picture of products. Regarding sizes, they thought that this demand more thorough descriptions to facilitate finding the right product fit. Since sizes can differ between various fashion companies, it is of importance that every company create their own description of measures. This would help to decrease the ordering of multiple sizes, and hence returning of the wrong ones.

The level of leniency in purchase and return policies needs to be determined and suited to customer expectations. Regardless if the policies are lenient or aggravated, an accurate magnitude of product selection and product- and service information is required to increase the level of customer overall satisfaction. This led to the assertion:

CC2: “Product and service information is highly important in order to increase customers intended purchasing and check-out customer satisfaction.”

6.3 After delivery customer satisfaction

The respondent from Company XX claim that the higher price level of products entails customers to purchase multiple sizes in order to find the right fit and return the products non-suitable. This might not, according to the respondent of Company ZZ, be as necessary with products from a lower price level since the low price induces less carefulness regarding demand fulfillment. Further, if the purchase contains shipping and return charges, as it does at Company ZZ, it is more likely that customers will retain products since it is seen as unnecessary to pay for returning a low-priced garment. In this case, the commission acts as an obstacle for unnecessary returning. This was supported in the focus group interviews, were respondents discussed that products with higher price entails more requirements in demand fulfillment. Products from lower price levels were not as sensitive regarding this so minor dissatisfaction might be overhauled since the monetary loss is not that significant.
If further the returning is facilitated by preprinted return label, as Company XX states as an example, it favors excessive purchasing as, in case of customer regret, it is seen as easy to undo the purchase. This can though be seen as a necessity in order for fashion companies to compete with each other. In cases where a return label is not included with the order this might be perceived as a disadvantage, contributing to a negative overall image of the company. As stated in the focus groups and by company respondents, free returns and included return labels are assumed to be an obvious part of company policies. This will remove obstacles in ordering, substantiating excessive purchasing. Furthermore, it might be significant for companies to ascertain the reason for product returns. In current state, this is done by attaching a form with reasons for return that customers can designate. While Company XX include a form with slightly standardized questions Company YY have the fewest reasons for return included. Nevertheless, the reasons that Company YY include are perceived as accurate as they contain of an evaluation of the expectations customers had before the purchase and how the delivered product is perceived. Company ZZ have various reasons for return included, but it can be questioned whether they cover all reasons why a return has been made. They mostly include options regarding if the product were faulty in any way and not how it was perceived by customers. By including an adequate amount of accurate reasons for return companies can detect the motives for why a return has been performed. Further, this can facilitate for companies to find ways of lowering the amount of inaccurate purchases and returns.

Since products from higher price levels entail higher requirements for exactness in demand fulfilling, creating needs for customers to order multiple sizes, free of charge shipping and returns might be seen as necessary. This while products from a lower price level might be purchased and retained, regardless of minor dissatisfactions, if a return charge is required. Hence, the service determinants distinguish what kind of return policy is most prominent in generating excessive purchasing. This leading to the assertion:

AC1: “Customers excessive purchasing is affected by whether the price level is congruent with the accuracy of service determinants.”

Hjort and Lantz (2016) emphasize that whether companies can deliver reliable product information and shipping of products has a significant impact on customers satisfaction and trust in the e-tailer. If all determinants are of advantage for customers, it entails an overall positive image of the company. By producing this, it ensures customer overall satisfaction. This can be accomplished by creation of demand fulfillment to, what customers perceives as, an equitable price. Focus group interviews contained discussions on company website consistency. This was an important determinant to produce reliability in the company. One respondent highlighted a visit to the website of Company ZZ, where inconsistency in the information was found. She emphasized that it created a disadvantageous image of the company leading to her refraining from purchase. Thus, one negative factor of one determinant might create value loss for companies, as it decreases customers intended purchases.
One determinant seen as significant for customers intended purchases is information about size and fit. Company XX measure each garment thoroughly, reassuring that size divergences are accounted for and states in product descriptions if the specified size is congruous or differ in measures. This facilitates for customers in placing accurate orders, promoting satisfaction. Company YY also possess thorough product descriptions, facilitating order accuracy. Company ZZ, on the other hand, mediate their sizes through standardized size charts. This was seen, in the focus group discussions, as disadvantageous since these size charts rarely are congruent with the actual sizes.

If the determinants of a company are congruent with customer expectations, satisfaction can more easily be ensured. When customers approach the company with inquiries it is important to guide them, helping them with their issues and reassure accurate purchases. Company XX hold both an email for communication with the company, and a questionnaire where customers can ask questions about style and personal guidance. This creates a comprehension of security for customers, ensuring their satisfaction. Well executed customer communication facilitates positive deliverance of service determinants, since customer demand becomes visible for the fashion company. This led to the assertion:

AC2: “Customers intended purchasing is highly affected by the after-delivery customer satisfaction, with the website meeting of expectations regarding the six determinants.”

### 6.4 Returning and retaining of products

When performing online shopping customers lacks the opportunity to experience products physically. Hence, due to the difficulty for companies to mediate products in a lifelike and truthful way it increases the risk of customers dissatisfaction at the time of delivery. This is one of the reasons why return rates are higher online than on the offline market (Saarijärvi, Sutinen & Harris, 2017). Therefore, it is of significant importance for companies to offer well executed product descriptions, in combination with images that depicts products fairly. Company XX and Company YY exhibit well described products, which could be a reason why their customer ordering is rather accurate, and their return rates are relatively low. Company ZZ, do offer product descriptions, but since they are not as thoroughly executed as the other fashion companies, only presenting standardized size charts, this might be a reason for the excessive purchase and return behavior. The low-price level increases the amount of purchases, but the lower level of product description makes it harder for customers to detect the preferable fit, increasing the return rate.

It can also be discussed whether it is advantageous to facilitate customer returns or not. As an example, Company XX believes that online registrations for returns could be a facilitation for customers and that this would gain competitive advantage. Since some companies have already commenced this type of service it will probably, in the future, be seen as a necessity to compete in the market. Customers will seek ways to ease the return process and one solution could be to notify returns via an app or on the website. However, this facilitation in returning might increase the amount of returns being performed. The respondents of the focus
group interviews discussed about how extraordinary leniency in purchase and return policies offered by a company increases ordering and also returning. This since the facilitation and absence of return charges makes customers consider the purchase less creating excessive purchasing and returning (Koufaris, Kambil & Labarbera, 2001). In regard to this, it would be beneficial to somehow aggravate the returning process, to create reduction of the amount being performed. The respondent from Company XX is aware of that there are tools to implement for intended decreasing of returns. This could be to establish a commission for returning that could be donated to various organizations, instead of return charges paid to the company. Though, the respondent of Company XX explains that even if there are awareness of this, it is probably not something that will be implemented since the company want to offer customers easy returns. Company ZZ utilize return charges, but since their return rates are rather high, it can be questioned if this is a favorable action or if the aggravation could be done differently. Perhaps, by not including a return label with the order or by offering less time in which a return is accepted.

Since the respondent of Company ZZ claims that their return rate would increase if they would offer free of charge returns, it could be questioned whether they experience assertiveness in the products and services they offer. If there were a confidence in products and the product information they present, free of charge returns would probably be more preferable to offer. This since findings from the focus groups show that in case of no commission for returns, the likelihood of a return is bigger if there is the slightest fault. This can be compared with results from the interview with Company YY, showing that when trusting their products quality, companies experience certitude in offering extraordinary leniency in their policies.

By including return policies when performing excessive purchasing, customers can evaluate whether they want to return or retain products. In cases when companies fail to satisfy customers, fulfilling their demand, the return rates will increase. This leads to the assertion:

PR1: “With a higher level of customers’ excessive purchasing, fashion companies will get a higher level of returns if customer expectations are not met.”

If companies’ service determinants succeed in satisfying customers, it can lead to loyal customers contributing with a higher amount of purchases (Sutinen & Harris, 2017). Loyal customers will get to know the company’s products and their fit, leading to higher amount of trust and demand fulfillment. This will further increase retaining of the ordered products since requirements to a larger extent will be met. Respondent of the focus group interviews claimed to be loyal to fashion companies that performed according to their expectations. If the service determinants of companies are consistently congruent with what customers expect, loyalty will probably be attained since utility will be derived from the visits and purchases. The interview with Company YY, showed that they possess a large number of loyal customers and that this was seen as deriving from the delivered quality in both information and products. Quality in these areas might, as one respondent of the focus groups highlighted, contribute to increased satisfaction making customers purchase larger amounts of products.
Sutinen and Harris (2017) highlights the necessity in understanding customers shopping behavior in order to reinforce the website determinants, to ease customer experience and fulfill product expectations. Several respondents of the focus group interviews claim that purchasing is amplified if the service determinants of a company are satisfying customers. This creates intentions for excessive purchasing since the loyal customer often visit the website, increasing the possibility for a purchase. Rao et al. (2018) highlights that loyal customers contributes with higher levels of purchases and profit for fashion companies and this supports the necessity in creation of customer satisfaction. Swinney (2011) further mean that if customers are strategic in their planning of future purchase decisions, it can reduce the probability for product depreciation. This could be accomplished by customers with more utilitarian motivations for purchasing, since they are more driven by efficiency and planning. It can be assumed that when purchases are intended, it increases customers perceived value in products, by compliance of expectations, and decreases the intention to return. This led to the assertion:

PR2: “In the cases when excessive purchasing is due to customer satisfaction derived from the six factors meeting of expectations, customers intend to retain products.”

Results from the focus group interviews show that one negative determinant of companies can create a negative image of all associated experiences connected to them. As one respondent visited a company’s website, that mediated inconsistent information about shipping, it created an overall negative experience which led to customers abstaining from purchasing. This shows that inconsistent or unclear information on websites creates customer dissatisfaction that can lead to lost sales or higher amount of returns as the information in incongruent with what is delivered. All service determinants of a company are important in order to create a positive image of the organization and satisfying customers. If one determinant fails to satisfy it might lead to customers focusing on the one negative determinant, entailing the risk of a return. This might be one reason to why Company YY offer extraordinary leniency, accepting almost any return out of goodwill. It is inferred that they have the intention to increase satisfaction and prohibit the risk of customer receiving a negative image of the company.

When receiving the ordered product, customers will evaluate whether it corresponds with what was expected (Powers & Jack, 2013; 2015; Sutinen & Harris, 2017). According to focus group respondents, the order can meet expectations regarding most service determinants but if there is one determinant that is dissatisfying, this might affect the overall image of the ordered products, underpinning a return. This is especially true if products derive from a higher price level as in Company XX and Company YY. When the respondents discussed this, it was concluded that if a product possesses a higher price, the requirements are higher to completely fulfil customer demand.

As the e-tailers, according to Chen and Bell (2011), contend with depreciation of product value from the shipping and returning it can be seen as a severe challenge to detect tools for managing this. The combination of online customers excessive purchases and lenient return
policies facilitates the high amount of returns, which negatively affects products value. Therefore, in cases when customers experience dissatisfaction in one or more determinants, it enhances the return decision, creating depreciation of value. This is, according to Chen and Bell (2011), especially crucial regarding products with a short selling cycle, e.g. fast fashion products, since their value is highly affected when being returned. While products with an extended selling cycle, e.g. exclusive products from designer brand, are affected, but not to the same extent. This might be a reason why Company ZZ charges for returns. Since they offer fast fashion products in a lower price segment, their products are impacted to a larger extent.

Since depreciation of product value is a severe challenge regarding returns, it is of significant importance to create customer satisfaction. Therefore, it is necessary for companies to, in the return form, formulate accurate return reasons. The three fashion companies investigated has formulated different reasons, yet there are distinctions in level of effort in these; Company XX believes that their customers will communicate the reason for return via their customer service, Company YY has an extensive return form, where they request for additional comments from customers. Company ZZ’s return form has several alternatives. What is congruent with all three return forms is that they all draw comprehensive biases, that does not explore if the reason for return is because of behavioral alternatives. Nor do they inspect if their service determinants have affected the reason for return. The results from focus groups however implicates that customers perceive the ordered product as an overall picture, entailing the whole purchase process. This includes all service determinants a company offers, and if one of these determinants fail to satisfy customers it might result in a product return. This led to the assertion:

SR1: “If one service determinant fails to satisfy the customer, the likeliness of customer returns increases, leading to depreciation of product value.”

Since focus group respondents meant that they experience shopping convenience when performing purchases from e-tailers that they are familiar with, creating loyalty could be seen as advantageous. If customers have purchased from a company’s website before, they probably remember the determinants that facilitated the experience and influenced the decision making. This is probably most applicable on Company XX and Company YY since they experience their customers to be returning, loyal customers that find their service determinants as appealing. Further, this will contribute to trust in value delivery, creating high levels of customer satisfaction, substantiating product retention. Retaining of products will save product value since the amount of shipping is minimized (Guide et al., 2006; Shaharudin, Govindan, Zailani, & Tan, 2015).

Findings from the focus group show that niche products have a higher potential of being retained since customers have more knowledge about what is wanted before the purchase and therefore more easily seek information. Since demand is better formulated and information easier found, the evaluation after the purchase most common have a positive outcome. This might be to Company YY’s advantage since their product and service offer can be seen as
niched, better ensuring customer satisfaction. Services of Company YY could be seen as facilitating for customers with utilitarian motivations. This since they offer highly descriptive product information and also customization to some extent. Offering this will ease the shopping convenience, increasing the level of product representation.

Swinney (2011) further mean that if customers are strategic in their planning of future purchase decisions, it can reduce the probability for product depreciation. This could be accomplished by customers with more utilitarian motivations for purchasing, since they are more driven by efficiency and planning. It can be assumed that when purchases are intended, it increases customers perceived value in products, by compliance of expectations, and decreases the intention to return.

If customers perceive the price level as congruent with the service delivered by a company, the overall satisfaction will gain a more positive result. When customers experience demand fulfillment the intention to retain the ordered products will increase, preserving products value. This led to the assertion:

SR2: “Customers overall satisfaction will increase if the price level is perceived to be congruent with the level of service, and hence the retaining of products will increase, saving products value.”

7 Conclusions

With the assistance of existing theories from Jiang and Rosenbloom (2005) and Pan, Ratchford and Shankar (2002) a theoretical research model has been created which can help e-tailers to examine customer behavior. Further, e-tailers can practice the model to increase their knowledge about which components and service determinants that affect the behavior, and which of these that generates purchase and return decision. The thesis concentrated on policies as the decisive determinant, since previous researches has implicated that these intent to attract customers to perform purchases, yet can favor opportunistic and deceptive product returns, creating costs for fashion companies.

This thesis has resulted in the indications of several behavioral patterns, all affected by the service determinants that e-tailers offer. Lenient purchase and return policies can influence customers in performing excessive purchasing and returning as it removes the perceived obstacles for customers. If the purchase, further, is facilitated by the use of invoice as a payment method and pre-printed return labels, customers experience lower levels of risk. This might enhance the ordering of multiple sizes, followed by predetermined returns. It might also entail trust, since customers comprehend that companies have confidence in their products. If lenient policies are combined with thorough product descriptions, demand fulfilling is facilitated, creating higher levels of customer overall satisfaction. Aggravated policies might create an obstacle in purchasing and returning, but if this is combined with imperfect product information, customers will perform purchases believing that satisfaction will be attained. When this is not the case returning of products will be performed, regardless of the return
charge. Though, in cases when aggravated policies, containing return charges, is combined
with a lower price level, customers might retain products, despite that complete demand
fulfillment was not attained. This since it is seen as unnecessary to pay for returning a product
that hold a low price.

Distinctions between online companies can entail offering of various different service
determinants. Customers behavior online can differ between these companies. This is partly
exposed in companies’ view on demand fulfillment, since it is not perceived as significant in
products deriving from a lower price level as for those from a higher price level. The
extraneous view on low price products increases customers probability for excessive
purchasing. Companies that offer products from a higher price level commonly presents more
thorough and clear information, which might lead to an increase in customers’ expectations
regarding demand fulfillment, but also facilitates for accurate customer orders. Further, if
companies in a lower price level charge for shipping and returns, this does not ensure a low
level of purchases and returns. This may be a consequence of disadvantageous information on
the website. For companies in higher price levels, free of charge returns might result in
customer trust in the company and the products offered. Retaining of products may increase
due to advantageous website information, favoring demand fulfillment and accurate ordering.

The research concluded that e-tailers service determinants generates several variables in
customers behavior. It is concluded that purchase and return policies have an increasing effect
on whether customer perform online purchases, with the main finding that it reduces the
perceived risk of the shopping experience. Though, the decision of making a purchase is
influenced by several other factors. Results from the focus group interviews show that
customers behavior is highly affected by various services, e.g. those easing the navigation
online.

The results indicate that customers with utilitarian shopping motivations commonly use
navigation tools, they read product information to ensure their purchases, are highly affected
by obstacles in their purchasing process and are not significantly affected by purchase and
return charges. Additionally, it shows that customers with hedonic shopping motivations
prefer products grouped in categories and all optional products mediated, they are not
significantly affected by product information yet easily affected by upselling products and
lastly, they have a tendency to perform excessive purchases.

The variables of customers purchase and return behavior are dependent on several different
factors. The most decisive mission for e-tailers is to ensure that the products they are offering,
and what they are representing on their website, is congruent with the products that customers
receive. This interpretation is influenced by all service attributes that customers have
experienced while browsing through their website. However, the last service component that
reassures that the purchase is being made, and hence influences return behavior significantly,
is the content, accessibility and formulation of companies purchase and return policies.
Therefore, for future development of website determinants, it is of importance to regard when
and how service factors affect the excessive purchasing, and how they can be decreased, in
order to increase intentional purchases and customer satisfaction. Additionally, the study resulted in that there are distinctions regarding the proceeding of purchase and return decisions. However, the right of withdrawal and its additional components such as charges, time and inconvenience are interpreted differently by different customers. It is now up to the e-tailer to discover the benefits and drawbacks of different policies in order to detect the most suited policy for them and their customers.

Information is the primary service determinant affecting customers shopping behavior online. This concluded by the implication that when there is congruence between website information and perceived products it results in customers’ satisfaction and might act as a factor decreasing returns. Companies that have inaccurate information, yet with customers that have tendencies to perform excessive purchases have a high level of return rates. Further, inaccurate information aggravates demand fulfillment, and even customers who intend to retain ordered products are experiencing dissatisfaction with their purchase. However, the determinant of accurate information reduces customers experienced risks online, and increases customers’ conducting of intended purchases. Accurate information further increases customers’ experienced shopping convenience and results in an increasement of customers’ satisfaction.

Findings from this thesis can be used by companies in order to create better understanding of customer behavior, and for implementation of service determinants most advantageous for the company. Shopping behavior online vary among customers with different ulterior motivations as well as among different kinds of companies. Therefore, it is up to e-tailers to identify the customers that visit their websites and explicate the service determinants most suited for them in order to generate intended purchases, and hence prevent depreciation of product value.

7.1 Restrictions and suggestions for future research

Since this thesis investigated a problematic area that is still under development, it is one of the factors that restricted this survey. As the online market continuously grow, the development of service determinants is required to keep up with the pace. Hence, it is seen as a possible future progress that would have affected the online retailing as well as customer behavior. Furthermore, customers consciousness about the consequences followed by excessive purchases and return decisions might also be increased in the future, and this would probably modify the outcome of this study.

It would be of interest to carry out a similar study of a more comprehensive nature where more respondents participated. As mentioned earlier, a longer period of time is regarded as the decisive restriction limiting the outcome of this thesis. Expanding the time for research would make it possible to increase the number of respondents in the study, which would have been of interest in order to comprehend if the outcome would differentiate. It was also considered beneficial if more companies could participate in the study, as this selection was partly limited due to lack of participation from actors in the industry. As an example, it would be of interest to include more companies in a lower price level since findings from this thesis
indicate that a lower price of products entails less thoughtful purchases and hence more returns. It would gain more generalizability to investigate more companies and find if this applies to all. Including more companies in the study would enable the possibility to investigate more company determinants, as well as their purchase and return policies and how they affect customer behavior. It would be interesting to research the subject as it highlights a major and important issue on the market. Therefore, further studies could have highlighted and provided suggestions for innovative service developments for companies to apply.

In a more comprehensive study, it would increase the possibility of generalization from the results, and to apply it to a larger population than the one that has been studied. In the current state, the findings from this thesis can be seen as an indication of the situation, and not the absolute truth. Future research can apply a combination of qualitative and quantitative methods. This could give a greater insight into the understanding of how to deal with this important issue, hence influence e-tailers for future innovative developments.
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Figure 6. Theoretical research model, with assertions describing the relationships between components, graphically designed by Viktor Lassing (2018), p. 47.
Appendix 1 - Interview guide

Customer price perception
What is your approach on free returns vs. return charges?
Do you think that return charges affect customers behavioral variables?
Do you believe that customers return behavior is affected by the use invoices?
Do you believe that customers experience uncertainty buying products online?
Do you think that price perception influence customers overall satisfaction?
Do you think that price perception influence on customers intention to retain or return products?
Do you think favorable price perceptions have a direct and positive effect on customers excessive or intended purchasing?

At check-out customer satisfaction
What do you think are the decisive differences between a physical stores and online stores?
Do you think customers include purchase and return policies in their decision making?
How are you manage attributes/services affecting shopping convenience (i.e. characteristics, website, selection of products, information about products, ease of ordering and handling/shipping)?
Do you experience that it is easy to navigate and find information on your website?
How are you presenting your product selection for your customers?
Describe the company’s purchase and return policies.
What different shipping alternatives do you offer?
How do you think that the amount of returns can be lowered?
How have the purchase and return policy been changed over time?

After delivery customer satisfaction
How do you think your delivering of orders influence customer satisfaction?
Do you offer on-time delivery?
What kind of delivering services do you offer (e.g. tracking)?
Are there many customers who utilize home delivery?
What are the reasons for the time span of customers right of withdrawal?
Do you think that after-delivery satisfaction influence customers overall customer satisfaction?

Customer intended purchasing
Do you possess some kind of questionnaire or e-mail for customer inquiries?
Which of your services do you think affects the customer overall satisfaction the most?
Do you think that customers’ overall satisfaction with the e-tailer is positively related to their after-delivery satisfaction?
Do you think that customers overall satisfaction with e-tailers is positively related to their perceived shopping convenience and at-checkout satisfaction?
Customers excessive purchasing
In percentage, how many returns does the company have?
Have you noticed any differences regarding shopping and return behavior over time?
Do the returns create quality for the customer and does it make the company more competitive?
Do you think that customers excessive purchasing is positively related to the store’s fulfillment in reliability and their perceived after-delivery satisfaction?
Do you think that customers probability for excessive purchasing is positively related to their perceived shopping convenience and at-checkout satisfaction?
Appendix 2 - Focus group interview guide

Customer price perception
What do you think about free returns vs. return charges?
How do you perceive that free returns vs. return charges affect your shopping experience and purchase decisions?
Do you experience a risk when purchasing clothes online?
Is there any ways for companies to decrease your experienced risk?
How do you feel about purchasing clothes that you have not experienced physically?
Do you believe that your shopping behavior is affected by e-tailers offering invoice as a payment method?
Do you think that price perception influences your overall satisfaction in the shopping experience?
Do you think that price perception has a direct and positive effect on your intended or excessive purchasing?
Do you think that price perception influences your intention to return or retain products?

At check-out customer satisfaction
Is your shopping behavior affected dependent if you visit a physical store or online store?
Do you include purchase and return policies in your decision making?
Do you experience that your shopping convenience online is directly related to companies’ characteristics, website, selection of products, information about products, ease of ordering and handling/shipping etcetera?
When visiting an online store, do you utilize navigation tools?
Do you prefer being exposed to several alternatives to products?
Regarding delivery and handling, are you willing to wait for your purchased products to arrive or do you want them directly?
Are you willing to pay for shipping charges?
Are you willing to pay for shipping charges to receive your product faster?

After delivery customer satisfaction
When ordered a product, does companies delivering of the order influence your shopping/purchase satisfaction?
Do you usually track orders you have placed?
Do you utilize home delivery?
What are your comments regarding length of right of withdrawal?
How do you utilize right of withdrawal?
Does your after-delivery satisfaction influence your overall shopping/purchase satisfaction?

Customer intended purchasing
In what extent do you forecast and intend your purchases online?
Do you utilize companies offered customer service, e.g. chats, questionnaires or e-mail?
Do you read information online, about products, materials, fit etcetera?
Which service determinant online do you think affect your shopping/purchase satisfaction the most?
Is your overall satisfaction with the e-tailer positively related to the determinants used?

**Customers excessive purchasing**
Have you noticed any differences in your shopping and return behavior over time?
Do you frequently perform excessive purchases?
When performing excessive purchases, how do you think that is affected by companies’ service determinants?
Have you noticed if companies’ policies affect your purchases, if yes, in what way?