

Why Do People Make Online Group Purchases? Risk Avoidance, Sociability, Conformity, and Perceived Playfulness

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ABSTRACT: *Group buying websites have drawn considerable attention in the business world. By improving buyers' bargaining power, these sites help consumers obtain more of the surplus created by network externality. This paper studied what makes online group buying (OGB) attractive to customers and how to strategically identify what customers need to effectively OGB. A modified Unified Theory of Acceptance and Use of Technology (UTAUT) and online group buying data from Taiwan were employed. Tests for content validity, reliability, convergent validity, discriminant validity, and model fitness show that our model, survey, and data are all valid. The author identified five reasons why people want to engage in online group buying: perceived risk avoidance, sociability, performance expectancy, effort expectancy, and social influence. The relationship between behavioral intention and use behavior, although in the positive direction, was not significant. Two moderators, gender and conformity, were tested. Females reported that they were influenced more than males in their intention to use OGB services by perceived risk avoidance, sociability, and perceived playfulness. The impact of the intention to use OGB on actual usage was stronger among those who evidenced conformity than those who did not. This study is the first instance of academic empirical research on OGB. The relationship between network externality and OGB is revealed. The moderating effect of conformity shows the importance to identify bridging persons in buying groups. The importance of role of gender is revealed.*

KEYWORDS: *Group Purchase, Sociability, Unified Theory of Acceptance and Use of Technology (UTAUT), Group Buying, Risk Avoidance, Social Network Services.*

1. Introduction

Group purchase organizations (GPOs) came into being before the advent of the Internet or Web 2.0. For example, hospitals in the US form GPOs to aggregate their buying power and negotiate with vendors for discounts. Friends can have an important effect on group purchases by creating such benefits as enhanced shopping enjoyment and information acquisition (Mangleburg, Doney & Bristol, 2004). Other benefits of GPOs for customers include increased bargaining power, feelings of empowerment and security, the opportunity to experience social interactions, and enhanced feasibility of the group purchasing process (Ramus & Nielsen, 2005).