

The Effect of Perceived Benefits and Obstacles on the Continuous Internet Adoption Intention in Fashion Companies⁺

Lee, Eun-Jin

MOE-KRF Research Professor, Dept. of Clothing & Textiles,
Institute of Human Ecology, Chung-Ang University

Abstract

The purpose of this study is to analyze how the perceived benefits and obstacles of fashion companies, which utilizes the internet as a marketing or commercial transaction tool, have effect on the continuous internet adoption intention, and to analyze the differences between the companies that have introduced the internet commercial transaction and those that have not. A survey was conducted from January 15th to February 20th in 2009, among the employees of fashion companies carrying out internet business. A total of 314 respondents used in the data analysis, the statistical analysis methods were frequency analysis, factor analysis, reliability analysis, t-test and multiple regression analysis.

The results show that the elevation of the business results, improvement in customer relationship and raise in market reactivity of the perceived benefits has effect on the continuous internet adoption intention of fashion companies. There are differences in the elevation of the business results, improvement in consumer relationship, miscellaneous expenses and the continuous internet adoption intention between companies that introduced a internet commercial transaction system and those that have not.

Key Words : Fashion companies, Perceived benefits, Perceived obstacles, Internet adoption intention

I. Introduction

Recently, the business scale of fashion products sold through internet commercial transaction has increased, and the number of fashion companies that adopt internet as a part

of their marketing and distribution channel is increasing due to large number of off-line fashion customers converting to the internet. However, because the entry of the low cost oriented internet could result in problems such as the damage in brand image and the reduction

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Corresponding author: Lee, Eun-Jin, Tel: +82-2-815-0911, Fax: +82-2-815-0911
E-mail: nefa12@hanmail.net

in sales of the selling agency, fashion companies utilizing the internet as a tool of promotion and relationship marketing with the customers. Like this, there still underlies unclear aspects and limitations in the entry of fashion companies to the internet, however, considering the increase in turnovers of fashion products through internet shopping, the introduction and utilization of the internet channel by fashion companies is seen to be necessary at this point in time.

The reason a fashion companies utilize the internet as a marketing or commercial transaction tool is their perceptions of the profits according to the introduction of the internet. The studies¹⁾²⁾ refer to examples of perceived benefits according to the introduction of the internet such as the elevation of the business results, improvement in customer relationship, raise in market reactivity and expense reductions. Fashion companies utilizing the internet as a marketing or commercial transaction tool can not only expect the increase in market share, improvement in profit, enhancement in financing and increase in sales but also perceive improvement in their relationship with customers, more prompt responses to the market alterations, reduction in inventory control, advertisement and sales promotion expense.

Nevertheless, some fashion companies hesitate to invest even though they realize the necessity of utilizing the internet. According to the studies³⁾⁴⁾, the perceived obstacles when utilizing the internet are the miscellaneous expenses or convertible expenses, secession of the customer and interior opposition of organizations. Fashion companies utilizing the internet as a marketing or commercial transaction tool can perceive miscellaneous expenses such as initial investment expenses, initial system and distribution system

expenses, and the expenses in converting the marketing or commercial transaction activities online, as well as secession of the customer or internal opposition in the organization.

The perceived benefits and obstacles mentioned above are discussed as positive and negative factors that give effects to the continuous internet adoption intention. However, since most of the studies related to internet adoption intention are not focused in fashion industry but are giving verifying analysis on other industrial areas, a verifying study is needed focusing on fashion companies as its object.

Therefore, this study focuses on factors of the perceived benefits and obstacles when a fashion companies utilize the internet as a marketing or commercial transaction tool, and figure out the effect these factors have on the continuous internet adoption intention. Moreover, fashion companies are classified into two groups that have introduced the internet commercial transaction and those that have not, and then provide the introduction implications regarding the internet usage of the fashion companies through analyzing the differences in the perceived benefits and obstacles as well as continuous internet adoption intention.

II. Literature Review

1. The Present Status of Internet Usage in Fashion Companies

The annual increasing rate of Korea's internet shopping market is 15.2% and the given weight of the internet shopping market in the total retail sale distribution market is expected to increase from 5% in year 2003 to 8% in year 2010. By categorization of items, travel/reservations, child/baby goods, sports/leisure goods and clothes/

fashion items are rapidly growing category. And the weight of clothes and fashion related products in the whole industry increased from 8.3% in 2002 to 17.2% in year 2007, categorizing it as most sold product category in the internet. Moreover, due to the inexpensive price, abundant product information and variety of items, customers' conversion to the internet channel is being done along with their high loyalty to the internet shopping market, drawing expectations of continuous conversion to the internet shopping channel.⁵⁾⁶⁾

When looking at the internet's current utilization status of the fashion companies, the items that target young customers such as casual wear, sportswear and fashion accessories tends to develop the internet distribution actively, while women's wear of high price and dependent on department store sales by its distribution channel structure, were relatively inactive. The part where sales of women's wear most activated is the department stores' internet shopping malls and despite of the existence of the independent online shopping malls or extended sales section in their web sites, they tend to rely upon other systems for web site management or product delivery.⁷⁾

The studies on the internet utilization of the fashion companies analyzed web sites, customer relationship management(CRM) and electric supply chain management(eSCM) of the fashion brands. Chang et al.⁸⁾ indicated that 62.5% of fashion brands with homepages provide online communities such as catalogues, coordinating information, new and event bulletin boards. By view of the customer relationship management, Hong and Kim⁹⁾ explained that while most fashion brands focused on the spreading of knowledge over the brand through online communities, the marketing activities associated

with the providing of fashion information or rewards of communities activities were low. Shin and Cho¹⁰⁾ asserted that partnership factor and information orientation factor of the electric supply chain management in internet shopping malls had an effect on the utility, while the organizational factor and partnership factor had an effect on the effectiveness.

2. Perceived Benefits and Obstacles According to Internet Utilization

Fashion companies can perceive many factors of benefits and obstacles according to introduction of the internet. Pitt et al.¹¹⁾ indicated that the companies introducing the internet can achieve amicable relationship through promotion of the communication with targeted customers. Lynch and Ariely¹²⁾ mentioned effective mutual interaction with individual customer and improvement of customers' loyalty caused by strengthening of the relationship marketing. According to study of Suh et al.¹³⁾, companies introduced internet could perceive benefits such as not only the increase in market share, but also the increase in profit, capital flow and sales, and the competitive advantage in the market.

Ji and Lim¹⁴⁾ explained that a company could promptly seize the new market chances and rapidly respond to the market alterations through the internet. In the view of expenses and advantages, Robinson and Kalakota¹⁵⁾ asserted that the reduction in transaction expense, distribution expense as well as circulation expense would contributed to the augmentation in the company's channel effectiveness.

Dawson¹⁶⁾ indicated that companies introducing the internet can be perceived expenses such as the initial investment expenses, continuous investment expenses, the expense of building

the system and expense of managing and maintaining the web sites. Mols et al.¹⁷⁾ referred that interior opposition of organizations by introduction of the internet included the conflicts and opposition among many directorships in the company, the conflicts between the current channel members regarding their roles and oppositions of the original members.

Ji¹⁸⁾ mentioned the convertible expenses such as the expenses of searching new related companies and changing current related companies, consumer's loss expense due to the change in related companies, and the expense of marketing and sales. Lee¹⁹⁾ referred that the perceived obstacles in the miscellaneous expenses, secession of the customer, internal opposition of the organization and convertible expenses of the fashion companies were deciding factors of the introduction intention of the internet.

3. The Relationship between Perceived Benefits or Obstacles and the Adoption Intention of the Internet

Ketting and Hackbarth²⁰⁾ conducted a research over seventeen small companies that participated in the electronic transaction network that connects small sized suppliers with the government or large private sector supply tenders, and found out that the perceived benefits had an effect on introduction of electronic transaction technology. Teo and Tan²¹⁾ mentioned that the companies set up web sites in the internet to provide information to the customer and advertise or sell the products and services. Chappell and Feindt²²⁾ indicated that as a company perceives the expenses as distribution expense, commercial transaction expense, inventory management expense, advertisement and promotion expense, customer management expense, the internet adoption intention increases.

Ahn and Kim²³⁾ indicated that the organization's readiness as the perceived benefits and the support by the CEO were deciding factors of introducing the B2C electronic commercial transaction. Lee²⁴⁾ explained that the size of the company, the CEO's innovation, perceived benefit and obstacles had an effect on electronic commercial transaction adoption intention. Kim et al.²⁵⁾ verified that the company's assets, perceived benefits and the convertible expense were effective factors to the adoption intention of the B2B e-marketplace. However, it is asserted that due to possible alterations of the preceding factors according to the respective characteristics of the industry, an individual analysis according to each industry is needed to be conducted.

Ji and Lim²⁶⁾ categorized the perceived relative advantages with the elevation of the business results, expense reduction, improvement in market reactivity, peculiar advantages of the channel, increase in the channel's power and the consumer relationship management, while they categorized the perceived obstacles as the initial investment expenses, maintenance expenses, consumer secession expense, convertible expense and the organization's internal opposition. As a result of the study it had been verified that all variables excluding the expense of consumer relationship management, maintenance and re-investment expense, initial investment expense and consumer secession expense, were the effective factors of the intention of adopting internet shopping malls.

Based on these previous studies, this study examined the effect of the perceived benefits and obstacles on the continuous internet adoption intention in fashion companies.

III. Research Methods

1. Research Questions

This study analyzed the perceived benefit and obstacle as well as continuous internet adoption intention of fashion companies that utilize the internet as a marketing or a commercial transaction tool. The research questions were as follows:

1. Find out the composite factors of the perceived benefits and obstacles in fashion companies.
2. Investigate the effect of the perceived benefits and obstacles on continuous internet adoption intention in fashion companies.
3. Examine the difference in the perceived benefits and obstacles as well as continuous internet adoption intention between the fashion companies that have introduced the internet commercial transaction and those that have not.

2. Measurements

The questions on the level of internet usage were based on the study of Ji²⁷⁾, and measured with the nominal scale of two criterions: the case of utilizing the electronic commercial transaction, and the case of not utilizing the electronic commercial transaction. The perceived benefits were based on the studies of Ahn and Kim²⁸⁾, Teo and Too²⁹⁾, Suh et al.³⁰⁾, and were measured by the 5-point Likert scales of 16 questions on the elevation of the business results, improvement of customer relationship, raise of market reactivity, and expense reductions. The perceived obstacles were based on the studies of Lee³¹⁾, Ji and Lim³²⁾, Mols³³⁾, and were measured by the 5-point Likert scales of 16 questions on the miscellaneous expense, the convertible expense, the occurrence of

customer secession, and organization's internal opposition.

The continuous internet adoption intention was based on the studies of Ji³⁴⁾, Lee³⁵⁾, and was measured by the 5-point Likert scale of 4 questions on the continuous internet adoption and level of financial and human capital investments. Regarding the demographic characteristics, the nominal scale measured six questions including gender, age, marital state, academic background, career record, and occupation.

3. Data Collection and Analysis

A survey was conducted from January 15th to February 20th in 2009 through directly visits and e-mail contacts, among employees of 68 fashion companies in the Seoul capital area that are utilizing the internet as a marketing or commercial transaction. The number of respondents was limited up to five per company, and merchandisers, designers, planning and sales divisions responded to questions in the case of companies that did not have internet divisions. A total of 314 respondents used in the data analysis, and the statistical analysis methods were frequency analysis, factor analysis, reliability analysis, t-test, and multiple regression analysis.

Respondents were an employees of the fashion company dealing with casual wear (39.2%), men's wear(21.2%), women's wear (20.4%), and sportswear(19.2%). Among these, 62.1% were introduced in internet commercial transaction, while the divisions in charge were online divisions(21.2%), marketing divisions(20.8%), sales divisions(19.8%), designing divisions(19.6%), and planning divisions(18.6%). Among respondents 198 were women(63.1%) and 116 were men (36.9%), a total of 98.1% were twenties(45.2%) and thirties(52.9%). Likewise, 198 were unmarried

(63.1%) and 116 married(36.9%), and 94.8% had academic degrees over college and 86.2% had career records for working experience over three years.

IV. Results and Discussion

1. Analysis of the Composite Factors of Perceived Benefits and Obstacles

1) Perceived Benefits

As a result of analyzing the factors of 16 questions regarding the perceived benefits, the four factors with Eigenvalue over 1.0 were extracted

as shown in Table 1. Factor 1 was named "elevation of the business results" in relation to the level of perception not only increases profit and capital flow and improve the competitive status but also increase the market share according to introduction of the internet. Factor 2 was named "improvement in consumer relationship" in relation to the level of perception that introduction of the internet would be possible providing consumers services of good qualities, facilitation of supporting consumer management activities and improvement in relationship with consumers.

Factor 3 was named "raise in market reactivity" in relation to the level of perception of promptly knowing the new market chances, rapid

<Table 1> The composite factors of perceived benefits

Factors	Measured Items	Factor Loadings	Eigen value	Cumulated % of Var.	Cronbach's α
Elevation of the Business Results	Level of perceiving the raise in profit	.864	4.255	30.392	.843
	Level of perceiving the raise in capital flow	.820			
	Level of perceiving about strengthening in competitive advantage according to increase in sales	.819			
	Level of perceiving the increase in market share	.735			
Improvement in Consumer Relationship	Level of perceiving the possible providing of quality service	.881	2.381	47.403	.818
	Level of perceiving the facility of supporting consumer management activities	.873			
	Level of perceiving improvement of consumer relationship	.733			
	Level of perceiving facility of providing information on products and services to consumers	.610			
Raise in Market Reactivity	Level of perceiving the prompt grasp of new market chances	.854	1.586	58.733	.774
	Level of perceiving the fast responses to market changes	.798			
	Level of perceiving the facility of tracing sales promotion and market reactivity	.719			
Expense Reduction	Level of perceiving the reduction in consumer management expense	.822	1.424	68.904	.729
	Level of perceiving the reduction in inventory management expense	.768			
	Level of perceiving the reduction in advertisement and sales promotion expenses	.758			

reaction to the market changes, and tracing facilitation of the sales promotion and market reactivity. Factor 4 was named the "expense reduction" in relation to the possibility of reducing the expenses as consumer management expenses, inventory management expenses, and advertisement and sales promotions expenses according to introduction of the internet.

The total variate of these four factors was 68.9%, and the factor that showed highest degree

of verification was "elevation of the business results". In the process of factor analysis, the two questions(one item from raise in market reactivity and one item from expense reduction) that had a factor values of less than 0.5 were excluded. As a result of the reliability analysis, the cronbach's α coefficient resulted in over 0.7 and showed a high reliability in the questions.

<Table 2> The composite factors of perceived obstacles

Factors	Measured Items	Factor Loadings	Eigen value	Cumulated % of Var.	Cronbach's α
Secession of the Customer	Level of consumer movement to online shopping malls of other competing companies	.903	4.629	28.929	.914
	Level of consumer secession by possibility of exposure of private costumer information	.883			
	Level of seriousness of consumer secession	.870			
	Level of consumer movement to the offline shopping malls of competing companies	.831			
Internal Opposition of Organizations	Level of perceiving the occurrence of conflicts between divisions in the company	.847	2.760	46.179	.821
	Level of perceiving the opposition of the current related companies as the sales agencies	.827			
	Level of perceiving the occurrence of company's inner opposition by its divisions	.751			
	Level of perceiving the opposition by current salesmen	.724			
Miscellaneous Expenses	Level of perceiving the occurrence of maintenance expense(web-site managing expense, personnel expense etc.)	.845	1.831	57.624	.771
	Level of perceiving the occurrence of expense for constructing physical distribution system	.785			
	Level of perceiving the occurrence of expense for building systems(server expense, network building expense, etc.)	.742			
	Level of perceiving the occurrence of investment expenses(assigning new division, augmentation of system, upgrading, etc.)	.645			
Convertible Expenses	Level of perceiving the occurrence of expense for marketing and sales due to converting of related companies	.778	1.534	67.210	.704
	Level of perceiving the occurrence of expense for searching for new a related companies	.752			
	Level of perceiving the occurrence of expense for customer's loss due to converting of related companies	.624			
	Level of perceiving the occurrence of expense for converting the current related companies to a new one	.599			

2) Perceived Obstacles

As a result of analyzing the factors of 16 questions regarding the perceived obstacles, the four factors with an Eigenvalue over 1.0 were extracted as shown in Table 2. Factor 1 was named "secession of the consumer" in relation to the level of occurrence of consumers moving to internet shopping malls of other competing companies and secession due to exposure of consumers' personal information, and the seriousness of the secession. Factor 2 was named "internal opposition of organizations" in relation to the level of perceiving the conflicts between the company's inner divisions, opposition by the current related companies and sales agencies, and the opposition of the current salesmen.

Factor 3 was named "miscellaneous expenses" in relation to the level of perceiving the occurrence of expenses such as maintenance expense, expense of constructing physical distribution and other systems, and the investment expenses. Factor 4 was named "convertible expenses" in relation to the level of perceiving the expense of marketing and sales, searching of new related companies and consumer losses. The total variate of these four factors was 67.2%,

and the factor that showed highest verification was "secession of the consumer", with no excluded questions in the process of factor analysis due to an over 0.5 in the factor value. Moreover, as a result of the reliability analysis, the cronbach's α coefficient resulted in over 0.7 and showed a high reliability.

2. Analysis of the Effect Relationship between Perceived Benefits or Obstacles of Fashion Companies and Continuous Internet Adoption Intention

The multiple regression analysis was conducted to analyze the effect of the perceived benefits and obstacles of fashion companies on continuous internet adoption intention. The continuous internet adoption intention was used as dependent variables, and the perceived benefits and obstacles were used as independent variables.

As shown in Table 4, regarding the effect relationship between perceived benefits and continuous internet adoption intention, elevation of the business results($\beta=0.497$), improvement in consumer relationship($\beta=0.324$), and raise in market reactivity($\beta=0.312$) had an effect on the continuous adoption of the internet, excluding

<Table 3> Results of the multiple regression analysis between the perceived benefits or obstacles and continuous internet adoption intention

Dependent Variable	Independent Variable	β	t	F	R ²
Continuous Internet Adoption Intention	Elevation of the business results	0.497	11.795***	63.375***	0.444
	Improvement in consumer relationship	0.324	7.692***		
	Raise in market reactivity	0.312	7.391***		
	Expense reduction	0.032	0.764		
Continuous Internet Adoption Intention	Secession of the Customer	0.082	1.453	1.456	0.006
	Internal opposition of Organizations	-0.013	-0.228		
	Miscellaneous expenses	-0.053	-0.946		
	Convertible expenses	0.094	1.663		

*** $p < .001$.

the expense reduction factor. Among these the elevation of the business results showed the highest power of influence, and 44.4% of the concept was explained. In other words, as the fashion companies perceive that profit will increase, competitiveness will strengthen, relationship with consumers improve and relatively promptly react upon the market changes, the continuous internet adoption intention tend to increase.

The results were similar to the study of Ji and Lim³⁶⁾ in that the elevation of the business results and raise in market reactivity influence the adoption of the internet shopping malls of the companies, as well as that of Kim et al.³⁷⁾ in that the expected advantages influence the intention to participate in the B2B e-marketplace.

On the other hand, regarding the effect relationship between perceived obstacles and continuous internet adoption intention, the perceived obstacles factors hadn't an effect on the continuous adoption of the internet. The reason this result is because fashion companies have continuously adoption of the internet even

though they perceive obstacles according to introduction of internet.

3. Analysis of Difference of the Perceived Benefits/Obstacles and Continuous Internet Adopting Intention According to Introduction or Non-Introduction of Internet Commercial Transaction

Fashion companies were classified into those that have introduced the internet commercial transaction and those that have not, to analyze the differences in the perceived benefits and obstacles as well as continuous internet adoption intention according to introduction or non-introduction of internet commercial transaction. Among the groups, the fashion companies that did not introduce the internet commercial transaction included companies that did utilize the internet as an advertising and marketing tool. As shown in Table 5, there were differences in the elevation of the business results($t=5.376$, $p<.001$), improvement in consumer relationship($t=3.351$, $p<.01$), miscellaneous expenses($t=-3.371$, $p<.01$)

<Table 4> Differences of the perceived benefits/obstacles and continuous internet adoption intention according to introduction or non-introduction of internet commercial transaction (n=314)

Classification		Introduction (n=195)		Non-Introduction (n=119)		t
		M	SD	M	SD	
Perceived Benefits	Elevation of the business results	3.64	0.59	3.27	0.57	5.376***
	Improvement in consumer relationship	3.38	0.58	3.14	0.66	3.351**
	Raise in market reactivity	3.74	0.57	3.63	0.65	1.467
	Expense reduction	3.21	0.75	3.14	0.74	0.780
Perceived Obstacles	Secession of the Customer	2.83	0.90	2.74	0.83	0.943
	Internal opposition of Organizations	3.08	0.76	3.15	0.67	-0.896
	Miscellaneous expenses	3.70	0.58	3.92	0.52	-3.371**
	Convertible expenses	3.24	0.59	3.18	0.45	0.849
Continuous Internet Adoption Intention		3.64	0.73	2.94	0.85	7.751***

** $p < .01$, *** $p < .001$.

and continuous internet adoption intention($t=7.751$, $p<.001$), according to introduction or non-introduction of the internet commercial transaction.

The fashion companies that have introduced the internet commercial transaction perceived that the business results and relationship with consumers would be improve relative to the companies that did not introduce the internet, and intention to continuously adopt the internet was higher. This results were similar of the study of Ahn and Kim³⁶⁾ that indicated a difference in perceived benefits and adoption intention between companies that have introduced the internet commercial transaction and those that have not.

But the fashion companies that did not introduce the internet as a commercial transaction tool tend to think that expenses due to introducing the internet such as maintenance expense, expense of building the physical distribution and other systems as well as investment expense, which are thought to be relatively larger for the companies that introduces the systems. The reason this result is because fashion companies that did not introduce the internet as a commercial transaction perceive as technology on internet, and think that the expenses according to introduction of technology is very heavy.

V. Conclusions and Implications

This study analyzed the effect of the perceived benefits and obstacles on the continuous adoption intention of the internet in fashion companies utilizing internet as a marketing or commercial transaction tool, and analyzed the differences in the perceived benefits and obstacles as well as continuous adoption intention of the internet in accordance with the introduction or non-introduction of the

internet commercial transaction. The results were as follows.

First, the perceived benefits were classified into elevation of the business results, improvement in consumer relationship, raise in market reactivity and expense reduction, while the perceived obstacles were classified into secession of the consumer, internal opposition in organizations, miscellaneous expenses and convertible expenses. Second, elevation of the business results, improvement in customer relationship and raise in market reactivity of the perceived benefits had an effect on the continuous internet adoption intention of fashion companies. The perceived obstacles analyzed were not an effective factor of the continuous internet adoption intentions. Third, differences were found in the elevation of the business results, improvement in consumer relationship, miscellaneous expenses and the continuous internet adoption intention between the fashion companies that have introduced the internet commercial transaction and those that have not.

The implications based on these results are as follows.

First, this study proved composite factors of the perceived benefits and obstacles when fashion companies that sell products and services through various distribution channels utilize the internet as a marketing or commercial transaction tool. Specifically, this study suggested the scale applicable to the future studies on the internet utilization by verifying the perceived benefits as the elevation of the business results, improvement in consumer relationship, raise in market reactivity and expense reduction, and the perceived obstacles as secession of the consumer, internal opposition in organizations, miscellaneous expenses and convertible expenses.

Second, fashion companies may adopt the internet taking account of offsetting relations between the improvement in business results or consumer relationship and the miscellaneous expenses for maintenance of the internet system. However, the perceived obstacles have no influence on the continuous adoption intention of the internet and therefore it implies there are continuous adoption intention of the internet despite perception of obstacles.

Third, the efforts to improve business results, consumer relationship and market reactivity in order that fashion companies adopt the internet continuously is demanded. However, the perceived obstacles appeared to have no influence on the continuous adoption of the internet and therefore it implies there are continuous intention to adopt the internet despite perception of obstacles according to introduction of internet in fashion companies.

Fourth, at this point when the purchasing power of fashion products through the internet shopping malls is becoming larger and the number of companies that utilizes the internet as their distribution channel is increasing, the number of fashion companies that introduce the internet will increase as time goes by. Nevertheless, it is necessary that fashion companies plan on specific strategies prior to introducing the internet, considering the many problems intrinsic in the system such as the conflicts with the offline distribution channels. For example, fashion companies may establish strategies of selling carried over or inventory products on the internet and new products off-line, or making amends to the sales agencies in case the sales through the internet exceeds a specific amount.

Fifth, it has been concluded that the reason the continuous adoption intention of the internet

appeared to be higher for the fashion companies that have introduced internet commercial transaction system relatively to those that have not, is their higher perception of the benefits according to the utilization of the internet distribution channel. Therefore, the fashion companies that have not yet introduced the internet commercial transaction should give consideration on ways to utilize the internet transaction system in their distribution channels.

This study verifies factors of the perceived benefits and obstacles that affect the continuous internet adoption intention of fashion companies. However, this study has limitations that a survey conducted without classifying the main products of the fashion companies. Therefore, further studies may classify the fashion companies by main products and carry on a comparative research.

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