

Factors Affecting Consumers' Cross-border E-Commerce

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1. Keywords

Psychic distance;
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Abstract

This paper aims to identify the most influential factors affecting consumers' psychic distance in the context of cross-border e-commerce. This article uses both in-depth interviews and a quantitative survey involving 333 participants. This study identifies and provides insights regarding the main influential factors of psychic distance in consumer markets and how psychic distance differs between consumer markets and business-to-business markets. The findings of this article help managers and online retailers to understand the barriers that hinder consumer cross-border e-commerce and hence what to focus on when it comes to attracting consumers in cross-border e-commerce.

Introduction

1.1. Background

This paper focuses on consumers' cross-border e-commerce behavior. Cross-border e-commerce refers to consumer purchasing from a retailer and both the retailer and the consumer are physically located in two different countries but the exchange is occurring on the Internet. Due to the importance of the Internet has given firms and consumers all around the world the opportunity to interact and engage in business transactions in a manner that was not possible a couple of decades ago (Wistedt, 2023; Nguyen et al., 2024; Yang et al., 2024). Today consumers can purchase products and services from all around the world just by entering a foreign website and ordering the desired product and services (Harrison-Walker, 2002; Safari, 2014; Zhang et al., 2024). Nevertheless, despite the vast

alternatives on the Internet, most consumers still hesitate to purchase from foreign online retailers (Cheng et al., 2008; Zhang et al., 2024). One of the major reasons for consumers' lack of foreign online purchasing activities is the psychic distance between the consumer and the foreign online retailer (Edwards et al., 2009; Safari et al., 2013). Psychic distance is a consumer's perception of a country that is affecting purchasing from retailers from that country (Safari et al., 2013; Safari, 2014; Akram et al., 2021); a negative country perception leads to hesitation in engaging in business transactions with foreign online retailers (Edwards et al., 2009), while low perceived psychic distance enhances a consumer's willingness to purchase from retailers from that specific country (Safari et al., 2013; Wistedt, 2023).

Psychic distance is one of the most used concepts in international marketing literature for explaining international marketing activities (Sousa and Bradley, 2006; Håkanson and Ambos, 2010; Safari and Chetty, 2019; Safari, 2024), and has been adopted to explain market selection (Johanson and Wiedersheim-Paul, 1975; Johanson and Vahlne, 1977), organizational performance (O'Grady and Lane, 1996; Evens et al., 2002), online internationalization (Yamin and Sinkovics), and consumer foreign online purchasing (Edwards et al., 2009; Safari et al., 2013; Safari, 2014); Safari and Yamin, 2016; Safari and Albaum, 2019; Safari and Chetty, 2019; Safari, 2024. Although the concept has been used in consumer foreign online purchasing, it is still unclear what psychic distance means in such context. In firm internationalization literature, psychic distance is explained as the sum of factors affecting firm international activities (Johanson and Vahlne, 1977); these factors are: culture, language, religion, infrastructure, political and legal system, norms and values. However, the importance of different factors in different contexts has been identified in the international business and marketing literature (Evans et al., 2002; Sousa and Bradley, 2006; Dow and Karunaratna, 2006; Nebus and Chai, 2014). Although the concept of psychic distance has been used in cross-border e-commerce (Edwards et al., 2009; Safari et al., 2013), few studies focus on identifying the most influential factors of psychic distance in affecting consumer cross-border e-commerce. This is important because identifying the most influential factors of psychic distance helps in understanding how the concept differs in consumer cross-border e-commerce in comparison to international business and marketing literature, along with having high practical implications in regard to marketers understanding what factors they should focus on when attracting global consumers online. Thus, the aim of this paper is to identify the most influential factors affecting consumers' psychic distance in the context of cross-border e-commerce. Although cross-border e-commerce is multidimensional and several factors at three different levels are affecting consumer purchasing, such as country/macro, website and firm level factors (Gefen et al., 2003; Connolly and Bannister, 2008; Beldad et al., 2010; Rose et al., 2011; Safari et al., 2024; Soopramanien, 2011; Safari, 2012; Kim and Martinez, 2013), the macro factors are the main reason for initial consumer purchasing decisions, (Safari et al., 2013) and therefore this paper only focuses on factors related to psychic distance in this study.

1.2. Problem Statement

Psychic distance as concept has not been investigated properly in consumer markets and hence it is important to study if and in which way psychic distance may differ from business-to-business context.

1.3. Research objectives

This paper aims to identify the most influential factors affecting consumers' psychic distance in the context of cross-border e-commerce. Although

1.3.1.1. The structure of the article

Next, a literature review on consumer cross-border e-commerce purchasing and psychic distance in the international business and marketing literature is provided, then the methods used in this study are discussed, followed by a presentation of the results and discussion of the results, and finally, conclusions are drawn.

2. Literature Review

In this chapter, a literature review on consumer cross-border e-commerce and psychic distance is provided and discussed.

2.1. Cross-border e-commerce

Research on consumer cross-border e-commerce is scarce, with few exceptions (for example, Harrison-Walker, 2002, Shiu and Dawson, 2004; Nantel and Glaser, 2008; Cheng et al., 2008; Edwards et al., 2009). These studies have identified some important factors that retailers need to consider in their cross-border strategies. Nantel and Glaser's (2008) study found that consumers' perception of website usability is negatively related to foreign language barriers, and website usability increases if the website is in the consumer's native language. Shiu and Dawson (2004) studied British, German, Japanese, and Taiwanese consumers' online usage; their findings indicated that online usage is affected by national cultures between, and within, countries, including differences between men and women. Edwards et al. (2009) investigated the role of physical location on consumers' online purchasing behavior, and connected this to psychological distance, suggesting that online retailers should focus on creating an illusion of closeness that positively affects consumers' perception of similarity and familiarity, both of which reduce psychological distance. Cheng et al.'s (2008) study integrated the country-of-origin concept in consumer cross-border e-commerce, their findings

suggests that online retailers' brand equity, country of origin, and guarantees of quality affect consumers' perception regarding the quality of service.

While cross-border e-commerce studies are increasing, the field needs more studies at the macro-level for explaining what is causing difficulties for consumers to engage in cross-border e-commerce. The underlying reason is that consumers are uncertain toward engaging in cross-border e-commerce (Zhang et al., 2024) due to the physical absence between consumer and retailer (Jarvenpaa et al., 2000; Grabner-Kräuter, 2002), which also affects the consumer's perceived psychic distance toward foreign online retailers (Edwards et al., 2009; Safari, 2014; 2024). This is confirmed in several cross-border e-commerce studies, at least at different units of analysis (Harrison-Walker, 2002; Shiu and Dawson, 2004; Nantel and Glaser, 2008; Cheng et al., 2008; Edwards et al., 2009; Akram et al., 2021; Zhang et al., 2024). However, the previously mentioned studies do not cover what affects consumer psychic distance in consumer markets, and consequentially the main influential factors affecting consumer psychic distance toward foreign online retailers. Harrison-Walker (2002) suggested that barriers to foreign online purchasing are based on demographics/sociocultural factors (language preferences, income, literacy levels, buying at distance, shopping experience, security, and privacy concerns, payment methods), financial issues (exchange-rate fluctuations, tariffs, and customs clearance), infrastructure issues (communications, delivery issues, Internet penetration), political barriers, and legal restrictions, but the paper is conceptual and there is no evidence to confirm such thoughts. Thus, it is important to investigate the most influential factors affecting consumer psychic distance in the context of consumer foreign online purchasing. But first, the next section of the literature review shall review the psychic distance concept in the international business and marketing literature.

2.2. Psychic distance

Psychic distance is one of the most explored concepts in the international business and marketing literature (Håkanson and Ambos, 2010; Safari, 2024). It is believed that it was first introduced in intra-European trade studies by Beckerman (1956), and researchers at Uppsala University (cf. Johanson and Wiedersheim-Paul, 1975; Johanson and Vahlne, 1977) developed the concept in international business literature and put it into a wider context (Sousa and Bradley, 2006). Johanson and Wiedersheim-Paul (1975) and Johanson and Vahlne (1977) state that firms explore nearby markets and continue to explore other psychic distance markets by gaining experience. They (Johanson and Wiedersheim-Paul, 1975; Johanson and Vahlne, 1977) further argue that firms' entry into foreign markets is associated with uncertainty. Firms decrease their perceived psychic distance associated with a certain market by acquiring information and experience. Johanson and Vahlne (1977, p. 24) defined psychic distance as "The sum of factors preventing the flow of information from

and to market.” These factors include language, education, business practices, culture, and industrial development.

Although the concept has been extensively explored in relation to internationalization, disagreement still exists about its definition, conceptualization, and operationalization (Brewer, 2007; Nebus and Chai, 2014). A major reason for the disagreement is that the concept of psychic distance has been applied interchangeably with *cultural distance* in several studies (Kogut and Singh, 1988; Klein and Roth, 1990). Nordström and Vahlne (1992) argued that cultural distance and psychic distance are not the same but overlap. Psychic distance differs from cultural distance and should involve both cultural and business factors (O’Grady and Lane, 1996; Evans et al., 2000; Håkansson and Ambos, 2010; Nebus and Chai, 2014). Thus, the definition of psychic distance in this paper follows the same line as O’Grady and Lane (1996), Yamin and Sinkovics (2006), and Safari (2014). It is defined as generally perceived differences of countries that increase the level of uncertainty toward purchasing from retailers from that country. Further, the uncertainty as a consequence of psychic distance is related to different factors that determine the overall psychic distance toward purchasing from foreign countries (Edwards et al., 2009; Safari et al., 2013; Safari, 2014), but few studies empirically explore the main factors affecting psychic distance in consumer markets. The current study’s effort is to explore these factors that determine consumer psychic distance.

In international business and marketing literature, different studies have identified different factors. For example, Johanson and Vahlne (1990) discussed the importance of language, culture, and political system. Stöttinger and Schlegelmilch (1998) identified and discussed language, culture, accepted business practices, economic development, legal system, infrastructure. Evans et al. (2000) explored factors such as legal and political environment, economic development, business practices, language, and industry/market structure. Dow and Karunaratna (2006) studied culture, language, education level, industrial development, political system, religion, time zones, and colonial links, and found that culture was the least important factor affecting psychic distance. Child et al. (2009) discussed factors such as geographical distance, culture, language, level of education, level of technical development, level of economic development, infrastructure, political system, legal system, regulations, accepted business practices, and business ethics. Prime et al. (2009) divided the factors into two dimensions: one related to culture, which includes patterns of thoughts, pattern of behaviors, and language, and the other dimension related to business practices and business environment, which includes personal relationships with businesspeople, local business practices, and macro environments. Safari and Chetty (2019) also discussed different factors at country and business levels. In the international business and marketing literature, different factors are important in different settings concerning psychic distance in the context of firm international market activities. Identifying the importance of

different factors in consumer studies help in further understanding psychic distance in a wider context, complements the literature on psychic distance, and broadens and deepens the understanding of the concept.

3. Research Methodology

In this paper, both qualitative and quantitative data have been gathered. Initially, in-depth interviews with Swedish consumers were conducted. Eight females and seven males participated in this study, and all interviews lasted for approximately one hour. In this first phase of data collection, the goal was to identify and achieve an understanding of factors that are affecting consumers' psychic distance in the context of consumer foreign online purchasing. In-depth interviews are a good starting point for understanding a general view of consumers' opinions about their behavior (Gummesson, 2000). In-depth interviews have the advantage that participants can develop their thoughts and provide insights regarding what is affecting his/her behavior and why (Hannabuss, 1996; Wright, 1996; Maxwell, 2005). However, in-depth interviews are not representative of the general population's opinion (Johnson et al., 2007; Hair et al., 2010). Therefore, the in-depth interviews in this study were used to achieve a pre-understanding of which factors affect psychic distance in the context of consumer cross-border e-commerce, and in which way similar or dissimilar factors appear to affect psychic distance in this context in comparison with international business and marketing literature (Johanson and Wiedersheim-Paul, 1975; Håkanson and Ambos, 2010). Questions were developed about the participants' online purchasing activities, retailers' origin, where they prefer to purchase from, and why, along with the most important factors affecting their purchasing decisions when they purchase from foreign online retailers.

Purposive sampling was used for selecting participants based on two criteria: 1) the participants had carried out at least three online purchasing activities, since if a participant is generally hesitant regarding domestic online purchasing, he or she is not proper for a study about consumer cross-border e-commerce, 2) the participants needed to have conducted the three online purchases no longer than six months before the interview was conducted. All participants were from Sweden; the reason for this is that Sweden is a developed country with advanced online business infrastructure, and Swedish consumers have conducted online business transactions for more than three decades; additionally, cross-border e-commerce activities have increased during the last couple of years, which together makes Swedish consumers suitable for understanding psychic distance in consumer markets. The interviews were conducted face-to-face.

The interviews were transcribed and resent to the participants for corrections. The findings were carefully analyzed by reading the material several times and comparing it with the literature; each participant's response was read carefully to identify each participant's answer regarding the factors affecting their perceived psychic distance. The in-depth interviews revealed that purchasing from foreign online retailers involved a high level of insecurity due to the psychic distance perceived toward foreign online retailers. The factors revealed in this study were combined with the factors found in the literature for conducting a quantitative study and generalizing the findings. One commonality in the in-depth interviews was that psychic distance affected consumer cross-border e-commerce activities. Questions were developed regarding retailers in different countries from which participants could have an opinion. The foreign countries were Germany, Poland, and the United States. These were selected based on psychic distance/closeness to Sweden.

Different factors of importance were identified in the in-depth interviews. Along with literature about psychic distance, these factors were included to measure the impact of different factors on overall psychic distance in consumer foreign online purchasing context. These factors were: culture, website language, country language, country Internet development, online purchasing development, political system, religion, norms and values, legal system, consumer rights, and human rights. Special care was taken to ensure that participants understood that the study was examining different factors' effects on their purchasing from foreign online retailers. A nine-point scale was used: 1 = not important and 9 = highly important. The quantitative study included 350 participants, with 333 complete questionnaires. The questionnaires included 67 questions, took approximately 15 minutes to complete and were distributed offline to students (the age category for Swedish foreign online purchasers) in a large university. To further achieve accurate ranking of the factors based on percentages, the scores for each factor were calculated according to the following:

$$(1/\text{highest score}) * \text{factor score} = \text{frequency}$$

The equation above was implemented to modify the scores to a 100 percent frequency, which makes it easier to follow. One (1) stands for 100 percent, and the highest score in this study was set to 9, since this study uses a 1–9 scale for ranking the factors, and factor scores are the overall scores for each factor. This also allows for a manageable and easy way to follow which factors receive the highest score among the factors identified in the literature and in the qualitative study, which provides insights that help advance the understanding of the most influential factors affecting consumers' perceived psychic distance in cross-border e-commerce.

4. Results and Findings

Two studies were conducted to identify key factors affecting psychic distance in consumer foreign online purchasing context: in-depth interviews and a quantitative study.

4.1. Study I

In the first study, 15 individual in-depth interviews with participants revealed several factors affecting psychic distance in consumer markets. To start with, the participants revealed their thoughts regarding cross-border e-commerce, and it was clear that psychic distance was hampering their cross-border e-commerce behavior. Two participants stated this clearly and this was the general opinion of all participants.

Quotes: Interview 2 provided the following statement. “I prefer to buy from countries similar to Sweden such as the Nordic countries and the USA, Canada, and other developed countries. The reasons are that I think about the legal system, language, ethics, culture, and values. If they are similar to Sweden then it feels more secure. I don’t prefer to buy from countries such as African countries, South America, or Middle Eastern countries.”

Quotes: Interview 8 provided the following statement. “I prefer to buy from developed countries as Western countries, those countries have a working legal system, working online payment systems, and they probably speak the English language, which is important with the seller if any problems occur. The websites must have a language that I understand, either English or Swedish, otherwise it would be hard to order from those websites because one could not understand the information they are providing. Further, even the people behind the websites should at least speak English. Lack of communication makes it impossible to buy it from them.”

From the above quotes, this study confirms the findings of Edwards et al. (2009), that perceived similarities with other countries are affecting consumer cross-border e-commerce, and similarly to firm internationalization, (Johanson and Wiedersheim-Paul, 1975) consumers prefer to invest/purchase from retailers in nearby countries due to the perceived psychic distance. However, it was also important to ask questions regarding the factors that are affecting psychic distance in consumer foreign online purchasing; Table 1 shows the different participants’ views on what factors are important when they encounter foreign online retailers. Table 1 that illustrates the factors mentioned by each participants during the interviews, shows the participants’ views regarding factors affecting their perceived psychic distance in the context of consumer cross-border e-commerce. Some

of the factors follow the same line as the international business and marketing literature. Factors such as legal system, language, culture, political system, religion, norms and values, are factors that affect psychic distance in managers' decisions to invest abroad (cf., Johanson and Vahlne, 1977; O'Grady and Lane, 1996; Dow and Karunaratna, 2006; Håkanson and Ambos, 2010). Nevertheless, it seems other factors are important in the context of cross-border e-commerce such as consumer rights, Internet development, online purchasing development, and interestingly, the two-dimensional language factor, that is, the language that is spoken in the country and the language that is used on the website. Safari et al. (2013) emphasized that different factors are important in different contexts, and therefore cross-border e-commerce studies need to identify the most influential factors affecting psychic distance in this context to understand how and in which way it compares to the international business and marketing literature. The first study in this paper (the in-depth interviews) identifies factors that are both relevant in other contexts and context-specific factors, indicating that psychic distance is in some respect similar to the international business and marketing literature, and that dissimilarities also exist.

Table 1: Factors identified by each individual participant as affecting their psychic distance

Participant	Factors affecting consumers' psychic distance
1	Consumer rights, Legal system, Culture, Language, Norms and values, and Religion.
2	Culture, Legal system, Developed industry, Language, and Internet development.
3	Consumer rights, Legal system, Language, Internet development, and Online purchasing development.
4	Language, Culture, Internet development, Online purchasing development, Norms and values, and Human rights.
5	Language, Culture, Norms and values, Internet development, and Online purchasing development.
6	Language, Legal system, Internet development, Online purchasing development, Culture, Norms and values, and political system.
7	Legal system, Internet development, Online purchasing development, Culture, Website language, and Country language.
8	Website language, Legal system, Language, Consumer rights, Culture, Internet development, and Online purchasing development.
9	Culture, Online purchasing development, Legal system, Political system, Religion, Norms and values.
10	Culture, Language, Internet development, Online purchasing development, Consumer rights, and Legal system.
11	Culture, Internet development, Online purchasing development, Consumer rights, Human rights, and Historical background.
12	Internet development, Online purchasing development, Political system, Language, Norms and values, and Human rights.
13	Culture, Norms and values, Legal system, Consumer rights, and Human rights, Language.
14	Culture, Website language, Country language, Internet development, Online purchasing development, and Legal system.
15	Culture, Political system, Norms and values, Human rights, Consumer rights, and Political system.

Although the qualitative study contributes with insights on how and why psychic distance is similar/dissimilar in cross-border e-commerce contexts compared to international business literature, and identifies several influential factors affecting psychic distance in a consumer foreign online purchasing context, the findings from in-depth interviews cannot be generalized. Thus, it was decided to conduct a quantitative study to identify the most influential factors of psychic distance affecting consumer foreign online purchasing.

4.2. Study II

One commonality in the in-depth interviews was that different factors affected psychic distance in a cross-border e-commerce context. However, since qualitative studies lacks generalization power, it was decided to conduct a quantitative study as well. Table 2 provides ratings of the factors affecting psychic distance in consumer markets. The participants' ranking of each factor concerning retailers from each country is provided, in addition to the overall mean of all three countries on the left.

Table 2: Scores of each factors' effect on consumers' psychic distance

Factor	All	Germany	Poland	USA
Website language	85.75	84.61	88.86	83.80
Consumer rights	77.45	77.51	77.58	77.27
Online purchasing development	69.30	69.72	68.93	69.25
Legal system	66.39	67.43	65.87	65.86
Internet development	62.53	64.12	59.64	63.81
Human rights	57.74	56.76	60.88	55.59
Norms and values	49.35	49.40	49.37	49.28
Political system	47.16	45.85	50.60	45.02
Country language	43.38	42.48	40.73	46.93
Culture	37.89	39.14	36.75	37.77
Religion	24.88	26.62	22.82	25.21

4.2.1. The most influential factors affecting consumers' psychic distance

The factors used for analyzing psychic distance in a consumer foreign online purchasing context is based on the literature, but more importantly on the findings from the in-depth interviews. This study does not claim that all factors are covered in the study; when discussing the most influential factors

affecting consumers' psychic distance, it does so based mostly on the findings of the in-depth interviews. Therefore, it seems that the most influential factor affecting psychic distance in cross-border e-commerce context is website language, which rates 85.75 percent in the overall (all) sample and ranges between 83.80 and 88.86 percent for specific countries. It is noteworthy both that a factor like website language is a new factor affecting psychic distance compared to the international business and marketing literature (cf., Dow and Karunaratna, 2006; Håkanson and Ambos, 2010; Safari and Chetty, 2019), and the distinction between website language and country language, as in cross-border e-commerce context Country language was among the least influential factor. This is a highly important finding because country language is an important factor and one of the most significant factors affecting psychic distance in international business literature (Johanson and Wiedersheim-Paul, 1975; Håkanson and Ambos, 2010; Safari, 2024). While firms need to manage the local language when they enter foreign markets, in a consumer cross-border e-commerce context the relevance of country language decreases, with the relevance of website language increasing as demonstrated by the highest score in affecting consumers' psychic distance. This also confirms Nantel and Glaser (2008) findings on the importance of website language affecting consumer cross-border e-commerce decisions.

The second most influential factor affecting consumer psychic distance in cross-border e-commerce is Consumer rights. Since the participants are all from Sweden, a country that has high demands on retailers to protect their citizens as consumers, it is logical that a factor like consumer rights scores highly in this study. This means that the way a consumer perceives a country regarding how laws protect consumer rights is important, and therefore highly affecting consumer psychic distance. As the findings of this study show, the consumer rights factor rates almost the same for all included countries and in the "all" sample, around 77 percent. Since psychic distance is traditionally used in studies of firm international activities and takes the view of the firm, a factor like consumer rights has not been under investigation nor has it been considered in many studies. This study not only adds the factor of consumer rights to the psychic distance literature (Edwards et al., 2009; Håkanson and Ambos, 2010; Safari et al., 2013; Safari, 2014; 2024), but also shows that consumer right is the second most influential factor in affecting consumer psychic distance.

Factors like Online purchasing development, Legal system and Internet development scored between 62.53 percent and 69.30 percent, putting Online purchasing development in third place, Legal system in fourth, and Internet development in fifth place as the most important influential factors affecting consumers' psychic distance. Results suggest that the consumer values online purchasing development, meaning that the foreign country needs to be perceived as a country capable of providing good infrastructure not only in Internet interaction, as the Internet development factor indicates, but also needs to be perceived as highly capable in providing infrastructure that allows consumers and online retailers to interact and engage in business exchange. Further, the factor of

Legal system scores high in this context, but not as high as Consumer rights; this indicates that while a country's legal system is important to consumers, they still care more about their interests in terms of their specific purchasing situation. This study confirms that the Legal system is also an important factor in affecting psychic distance in consumer markets, as it is in the international business literature (Johanson and Wiedersheim-Paul, 1975; Child et al., 2009; Prime et al., 2009; Wang et al., 2023). However, in the international business and marketing literature (Stöttinger and Schlegelmilch, 1998; Child et al., 2009) infrastructure usually relates to offline infrastructure (for example, roads and telephone lines), while in a consumer cross-border e-commerce context online aspects of infrastructure such as Internet development and Online purchasing development are also important and add to the psychic distance literature (Edwards et al., 2009; Safari, 2014). Human rights scored just above average, with a score of 57.74 percent in all subsamples together and not much variation in the three subsamples. This means that the consumer considers the way they perceive a country regarding their rules about human rights as affecting their perceived psychic distance, which affects their purchasing behavior. However, although this factor scored above average, it was the least important among the most influential factors, meaning that the human rights factor has some impact on consumer psychic distance but not as much as other factors such as website language and consumer rights.

4.2.2. The least important factors affecting consumers' psychic distance

In the international business and marketing literature, the factor of religion has some effect on international business activities (Dow and Karunaratna, 2006), because religion affects some business habits. However, religion in this study, as shown in Table 2, is the least important of all the factors affecting consumers' psychic distance, scoring only 24.88 percent. An explanation for this is that since the exchange between consumer and foreign online purchase takes place on the Internet, there is no physical interaction between the consumer and the retailer, reducing the impact of religion on psychic distance in consumer online purchasing. Another possible explanation is that Sweden is a secular country, and since the participants in this study are from Sweden, they did not consider religion as a big issue when engaging in exchange with foreign online retailers.

The second least important factor in affecting consumer cross-border e-commerce is culture, which only scored 37.89 percent in all three subsamples together. This is an important finding, as it adds to the international business and marketing literature on whether culture and psychic distance are the same (Kogut and Singh, 1988), or if they differ while overlapping (O'Grady and Lane, 1996). This study's findings show clearly that culture is one factor among others in affecting psychic distance, and that the impact of culture is small in comparison with other important factors like website language and consumer rights. Further, this finding also contradicts the findings of Kogut and Singh's (1988)

study and confirms Dow and Karunaratna's (2006) study that found that culture has a modest impact on psychic distance even in consumer markets. Country language as a factor affecting psychic distance in the international business and marketing literature is one of the most important factors (Johanson and Wiedersheim-Paul, 1975; Dow and Karunaratna, 2006; Håkanson and Ambos, 2010; Wang et al., 2023), but surprisingly in this context it is the third least important factor in affecting consumer psychic distance, scoring only 43.38 percent in all three subsamples together. Although language for communication is important in any business exchange, which is also shown in this study, the present study distinguishes between country language and website language, showing that consumers value website language before country language and rely on Internet communication and interaction through the retailer's website, rather than communicating via telephone and other means for interaction and communication regarding a specific exchange/purchase.

Political system scored just below average (47.16 percent); a highly important factor in the international business literature (Johanson and Vahlne, 1977; Dow and Karunaratna, 2006) due to its effects on business regulations that highly influence managers' decision on entering a specific markets. However in this context of consumer cross-border e-commerce it seems to have a modest effect on purchasing decisions. This is because while the same logic may be applied in consumer markets, with political systems affecting business practices in specific countries and having some effects on the consumer's online purchasing habits, the consumer may reason that it will not have a major impact on their exchange decisions. However, the political system is not the least important factor compare to the country language factor which has been argued for in the international business literature as one of the most influential factors in affecting decision making. Norms and values scored almost 50 percent, but are still below average. This is interesting, because even if norms and values are important in business interactions, it seems that the consumer is accepting that norms and values do not need to match their preferences in the context of consumer cross-border e-commerce.

5. Managerial Implications

This study has relevance for managers and companies who aspire to use the Internet as a tool for their internationalization journey. Managers are advised to think of the most influential factors when crafting their online internationalization strategies. Managers must use proper website language. Since website language was found to be the most influential factor in consumer cross-border e-commerce, it is highly recommended that managers consider this when targeting a certain market. If they do not integrate this in their online internationalization strategies, they risk failing in their online internationalization. Furthermore, it is also important to make sure the website provides information on how the company protects consumer rights since this was found as the second most influential factor in affecting consumer cross-border e-commerce. Consumers have more access to information than before and therefore, managers and companies do not afford to fail the consumer and not protect

their rights as consumers. In the age of information technology companies are under pressure to provide high value for consumers not only in terms of quality products but also in terms of services and caring for the consumer.

While this study found that some factors were more important than others, it is still important for managers to see the big picture and consider all factors in their marketing strategies. Managers should not only focus on short-term business transactions with consumers, but also include in their strategy the long-term strategies in term of not only retaining consumers but also making sure to build strong relationships with consumers. For that to happen, managers and companies are advised to use this study's findings as a starting point to attract consumers online internationally. However, for them to be able to build relationships with consumers, they need to consider other aspects than just psychic distance. Psychic distance is only important initially in this context. For a company to be able to build relationship with their international consumers they need to provide high level product quality, consumer support and services. In other words, psychic distance is affecting the initial phase of a relationship in cross-border e-commerce. This initial phase is important and managers and companies can affect this by using this study's findings but they also need to be aware that a relationship requires more than just overcoming the psychic distance between two parties.

6. Conclusions, Limitations and Future Research

This paper aimed to identify the most influential factors affecting consumers' psychic distance in the context of consumer foreign online purchasing. This study has shown that consumers' psychic distance is, in some respects, similar to the international business and marketing literature (Johanson and Wiedersheim-Paul, 1975; Dow and Karunaratna, 2006; Håkanson and Ambos, 2010; Safari, 2024), but also has dissimilarities. First, this study showed that the two most influential factors of psychic distance in consumer markets are website language and consumer rights; these two factors are not even considered in the traditional international business and marketing literature. Therefore, this study suggests that future studies in the international business and marketing literature, and especially the online international business literature, (Yamin and Sinkovics, 2006; Sinkovics et al., 2013; Yang et al., 2024) consider these two factors in their operationalization of psychic distance. Factors like Online purchasing development and Internet development were considered as highly influential, relating to the consumers' needs to perceive the foreign retailer as originating from a country seen as capable of providing proper online infrastructure for online exchange activities, along with the need for a legal system and consumer rights that protect these online business exchange activities.

This study also shows that important factors like country language, Political system, and Norms and values had a low score in affecting consumers' psychic distance, which is different from the firm psychic distance (Johanson and Wiedersheim-Paul, 1975; Prime et al., 2009; Child et al., 2009; Nebus

and Chai, 2014). This study also shows that the factor culture is not as important in consumer markets as it is sometimes assumed in the international business literature (cf. Kogut and Singh, 1988), which also confirms some of the recent findings in the literature (Håkanson and Ambos, 2010; Safari, 2024) who argues for that culture does not significantly affect psychic distance.

The contribution of this paper is highly relevant for future research. This paper contributes knowledge by identifying influential factors that affect psychic distance in consumer markets, especially in the context of consumer cross-border e-commerce, and shows in which ways psychic distance has similarities/dissimilarities with psychic distance in the international business and marketing literature. It provides insights and a good ground for future research in this field. However, the study is certainly not without limitations. The study is only using Swedish participants, the sample is small, and it did not conduct any advanced statistical analyses to explain relationship between factors. These limitations are acknowledged and it is also encouraged that future research considers these limitations and reduces these limitations in their research.

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