

My Baby Don't Tolerate: A Descriptive Study of Shipping and Handling Costs for the Online Purchase of One Lyle Lovett CD

Description of the Study

Many consumers shop online because they can compare prices among merchants and save money. Online shopping is thought by many, however, to lend itself to deceptive business practices on the part of the e-merchants. In the online version of *USA Today*, Sam Meddis warns consumers to look before they buy and not to purchase any item without an “up-front notice about all hidden costs such as shipping, handling and restocking fees, as well as possible state taxes.” Similarly, the *E-Commerce Times* reports that almost two-thirds of consumers have been deterred from completing online purchases because of shipping and handling charges.

How much do internet prices for the same item vary? How varied are the shipping and handling costs for the same item? Are e-merchants consistently raising the price of shipping and handling in order to increase their profits? Is an advantageous “sale” price on an item consistently offset by an elevated shipping and handling fee?

This descriptive study will evaluate the differences in item cost and also shipping and handling charged by e-businesses for the internet purchase of one CD. It will then correlate cost with shipping and handling to see if there is a consistent attempt to dupe the customer. The CD requested at each website was Lyle Lovett's *My Baby Don't Tolerate*.

Statement of the Research Questions

1: Is there a considerable variation in the price of the same CD, *My Baby Don't Tolerate*, at the 30 Google-generated internet sites that provided our data?

2: Is there a considerable variation in the shipping and handling costs for *My Baby Don't Tolerate* at the 30 Google-generated websites?

3: Is there a significant negative relationship between the cost of one CD and its shipping and handling charges in the Google-generated sample? Do merchants who offer low prices for the CD make their profit by charging higher shipping and handling fees?

Data Collection

The data for the study was collected by a consumer on the internet at a workstation in metropolitan Atlanta, Georgia. A *Google* search with parameters “purchase + Lyle Lovett + ‘My Baby Don't Tolerate’” produced approximately 4,880 responses. To exclude unusual shipping costs, the first 30 online merchants from the continental United States were selected for this study. The name of the merchant, the cost of *My Baby Don't Tolerate*, and the shipping and handling charges for the transaction were the variables about which information was collected (see Appendix A): in this study, the variables are called Online_Merchant, One_CD_Cost, and Standard_Shipping_and_Handling.

Analytical Methodology and Descriptive Statistics

SPSS software was used to generate statistics about the data. Histograms of both CD cost and shipping and handling charges were created. Finally, the same analytical software was used to produce a scatterplot of the correlation between the cost of the single CD and its standard shipping and handling.

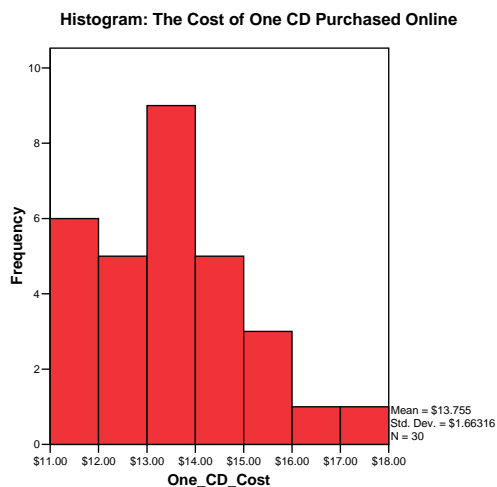
Results for Question 1

Research Question 1 asks if there is a considerable variation in the price of the same CD at the 30 internet sites that provided our data. Indeed, although the data is distributed normally with average prices at the center, it is very spread out with a range of \$6.87 in price between the lowest and the highest price and a standard deviation of \$1.66 separating the intervals.

n=30 Statistics for the Cost of One CD

Mean	Median	Mode	Standard Deviation	Range	Minimum	Maximum
\$13.7550	\$13.9800	\$13.98	\$1.66316	\$6.87	\$11.03	\$17.90

The histogram confirms the variety of internet prices for the same CD:



The answer to Research Question 1 is therefore positive.

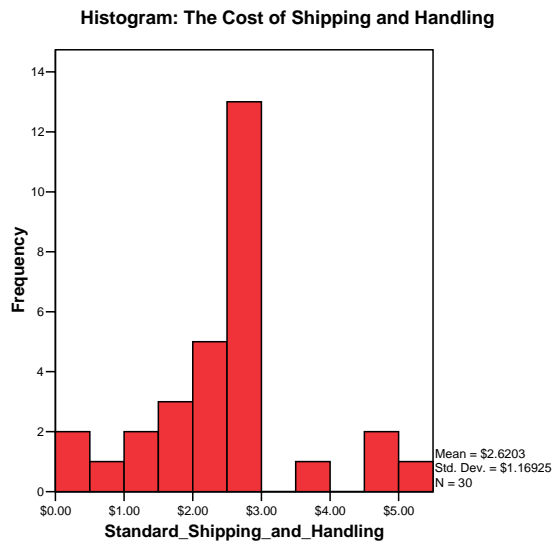
Results for Question 2

Research Question 2 postulated that there is a considerable variation in the shipping and handling costs for the CD at the 30 websites.

n=30 Shipping and Handling for One CD

Mean	Median	Mode	Standard Deviation	Range	Minimum	Maximum
\$2.6203	\$2.9500	\$2.98	\$1.16	\$5.25	\$0.00	\$5.25

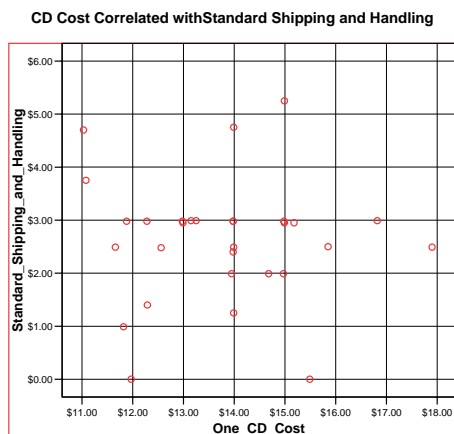
Again, the data is slightly less than normally distributed with a wide range in price for standard shipping and handling as is shown in the histogram below.



Question 2 can also be answered affirmatively.

Results for Question 3 (My Data Don't Correlate)

Research Question 3 asks whether there is a significant negative correlation between the cost of *My Baby Don't Tolerate* and its shipping and handling charges. The answer to this question is no. With a Pearson correlation of $-.029$, there is no significant correlation between *One_CD_Cost* and *Standard_Shipping_and_Handling*. The scatterplot graph of the correlation confirms the lack of correlation.



We must therefore conclude that the CD Cost and the Standard Shipping and Handling do not have a significant negative correlation. They are not related.

Discussion

It is apparent from the Google-generated sample that, although there is great variability in the price charged online for the Lyle Lovett CD as well as in the standard shipping and handling cost charged by each e-vendor, there is not a consistent effort on the part of merchants to deceive or to cheat the consumer public. Would this small sample allow us to make inferences to the entire population of CD merchants online? Not necessarily. In the first place, our sample is not truly random because the Google search engine is easily manipulated by knowledgeable website masters who take advantage of Google's sorting mechanism to make their own sites come up among the first selections. We might also question the timing of the inquiry: would the non-correlation (Question 3) hold true at times when the economy is at a low point and profits are not as easily made as they are right now? Would it hold true if an international sample included merchants from other countries? If the sample was an international one, would there be different tendencies in different countries? These are questions that cannot be answered in such a small study.

Conclusion

When buying a CD online, it is important to compare prices at several websites. The websites listed in Appendix A represent a small sample whose randomness could be questioned. If the website does not give complete shipping and handling information and taxes (if any) on the CD purchase, the consumer should verify them on the final price of the transaction before finalizing the purchase. It is apparent from this small study that there are merchants who overcharge as well as those who seek to counterbalance attractive "sale" prices with high shipping and handling costs; but it is also apparent that this is not a consistent tendency on the part of online merchants. If the consumer is careful, it can be profitable as well as easy to shop for a CD online.

Appendix A			
Data for Computer Project I			
<i>My Baby Don't Tolerate</i>			
Online Merchant	CD Cost	Standard Shipping and Handling	Online Only
Amazon.com	\$13.98	\$2.98	yes
BarnesandNoble.com	\$12.98	\$2.98	no
CDUniverse.com	\$13.15	\$2.99	yes
TowerRecords.com	\$14.99	\$2.95	no
Spun.com	\$14.98	\$2.98	yes
Walmart.com	\$11.88	\$2.98	no
Sears.com	\$14.99	\$5.25	no
GoHastings.com	\$12.56	\$2.48	no
BigCD.com	\$13.99	\$2.49	yes
MusicBoleh.com	\$11.03	\$4.70	yes
Overstock.com	\$12.29	\$1.40	yes
Buy.com	\$13.98	\$2.40	yes
HonkeyTonkinMusic.com	\$15.85	\$2.50	yes
MilleneumMusic.com	\$14.97	\$1.99	no
Bestbuy.com	\$13.99	\$1.25	no
BestPrices.com	\$12.28	\$2.98	yes
ShowWow.com	\$15.49	\$0.00	yes
WaterlooRecords.com	\$13.99	\$4.75	no
SongSearch.com	\$16.82	\$2.99	yes
DeepDiscountCD.com	\$11.97	\$0.00	yes
AlphaCrazeShopping.com	\$11.08	\$3.75	yes
Target.com	\$13.98	\$2.98	no
J&RMusic.com	\$12.99	\$2.95	yes
Alibris.com	\$17.90	\$2.49	yes
Djangos.com	\$13.95	\$1.99	yes
Insound.com	\$13.25	\$2.99	yes
Playcentric.com	\$14.68	\$1.99	yes
FetchaMovie.com	\$11.66	2.49	yes
CheapCDs.com	\$11.82	\$0.99	yes
Wherehouse.com	\$15.18	\$2.95	no