

ONLINE CONSUMER BEHAVIOUR

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ABSTRACT

E-Business probably began with electronic data interchange in the 1960s (Zwass, 1996). However, (Melao, 2008) suggests that it was only in the 1990s, primarily via the Internet, that e-Business has emerged as a core feature of many organizations. In his opinion, the hope was that e-Business would revolutionize the ways in which organizations interact with customers, employees, suppliers and partners. Some saw e- Business as part of a recipe to stay competitive in the global economy.

Electronic commerce has become one of the essential characteristics in the internet era. Clearly dependant on available technology, it has also been found that the level of education is an especially powerful predictor of internet purchases (Burns et al., 2001). If the future of e-commerce lies with those who are tech-savvy and about to enter the job market, then it is highly relevant to the marketer to know how these people interact with the current technology and how they view the internet as a marketplace.

This paper highlights the meaning of online consumer behaviour. This paper focuses factors affecting the online consumer. This paper also discusses the types of online buyers. The author surveys the consumers to understand their behavior. The author finally attempts to suggest innovative practices for online marketers.

KEYWORDS: Online Consumer behavior, factors affecting online consumer, types of online buyers, buyers preference, online marketers.

A. OBJECTIVE:

This research attempts:

1. To study the impact of trust on online buying.
2. To study the impact of security on online buying.
3. To study the factors influencing online buying.
4. To study the customer's level of satisfaction with regard to online shopping.
5. To examine whether customers prefer online shopping to physical stores.

B. INTRODUCTION:

Internet has changed the way consumers search and buy product. Many companies have started using the internet platform with an aim of reducing marketing cost, the benefit of which is transferred to the consumers by reducing the price of their products in order to stay ahead in highly competitive market. Companies also use internet in marketing communication to the consumers. Digital marketing has emerged as a new and effective method of selling products, taking feedback and also to conduct customer satisfaction surveys.

Buyers use the internet not only to buy the product online, but also to compare, product features, price and after sales service facilities they will receive if they purchase the product from any particular online store. The prospect of online business looks promising as ever.

C. ONLINE CONSUMER BEHAVIOUR:

Consumer behavior involves the psychological processes that consumers go through in recognizing needs, finding ways to solve these needs, making purchase decisions (e.g., whether or not to purchase a product and, if so, which brand and where), interpret information, make plans, and implement these plans (e.g., by engaging in comparison shopping or actually purchasing a product).

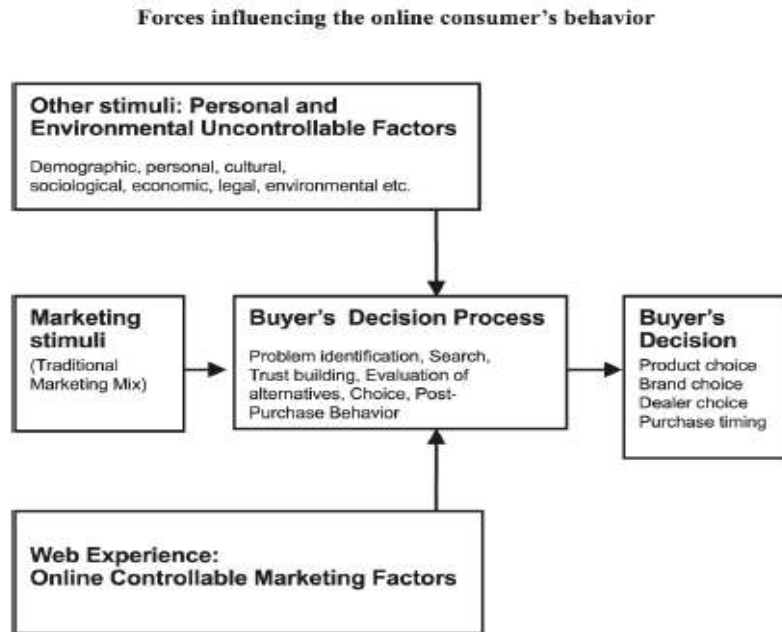
Online buying behaviour explains the psychological framework of an individual when he/ she buy any product using internet. Most of the online retailers use shopping carts software to allow consumers to accumulate multiple items of different quantities, similar to an actual shopping cart in real world store. Once the customer has completed his product search, payment and delivery information are provided to complete the transaction. The Internet has developed into a "new" distribution channel (Hollensen, 2004) and the evolution of this channel, e-commerce, has been identified by Smith and Rupp (2003) to be the most significant contribution of the information revolution. Using the Internet to shop online has become one of the primary reasons to use the Internet, combined with searching for products and finding information about them (Joines *et al.*, 2003). Smith and Rupp (2003) also state that the consumers have never had access to so many suppliers and product/service opinions. Therefore, the Internet has developed to a highly competitive market, where the competition over the consumer is fierce. In order to have an impact on and retain consumers, in a competitive market, Constantinides (2004) stated that the first step is to identify certain influencing aspects when purchasing online, these can be regarded as critical factors in online buying.

Online consumer behavior has become an emerging research area with an increasing number of publications per year. The research articles appear in a variety of journals and conference proceedings in the fields of information systems, marketing, management, and psychology.

Factors affecting the Online Consumer Behaviour:

The consumer faces numerous sources of influence as below:

Figure 1 Factors affecting the online consumer's behavior



Source: Based on the P. Kotler's framework (2003)

World Wide Web can change human behaviour and human interactions to a very large extent. Web based shopping behaviour is one major example to point out the trends in this direction.

The Internet is an open worldwide communication network, linking countless number of computer networks throughout the world, through an intensive network of telephone lines. The increased availability of Internet is influencing the growth of Internet users around the world. The popularity of e-marketing has been increased tremendously in last 15 years. Companies are investing heavily in promotion of their products & services via internet based marketing. But its growth rate is relatively slower as compared to other emerging technologies.

The prominent reason of slower growth than expected may be due a large proportion of population in India as well as other developing & under developed countries that people are still not aware of computers & internet technology also security concern regarding personal information on websites. Companies need to create buying behavior of the consumers.

Studying buying behaviour, motives and intention along with the attitude of the online buyers is within the theoretical constructs of the Theory of Reasoned Action. The Theory of Reasoned Action (Fishbein, 1980) examines the relationship between attitudes and future intention to participate in these buying behaviors. The behaviors include: when they click on banner ads (with which site and age group), response to e-mail advertisements, way in which product information is searched using search engines and within the site, use of comparison engines, attention and time to customer review and reaction toward them, product basket, online support services, use of e-mail service, feedback form, checkout.

Online shopping continues to gain popularity. Every day more and more people make the leap to buy online. Many businesses wish to capitalize on the momentum in the online retail sector. Thanks to new technology that measures the way consumers behave when they are engaging in commerce activities, retailers are now beginning to understand the various ways that people shop. These consumer insights can provide targeted incentives to those customers, in an attempt to gain their business.

Different Types of Online Buyers:

There are many different online shopper personality types, or behavioral characteristics of shoppers. Each has certain traits, and skillful marketing professionals stress the importance of learning each type in order to design shopping services that are attractive to members of each type or customer segment. Because of the large number of online retailers, online shoppers need to be wooed with an online shopping experience that is tailored to their specific online shopping personality type, so they do not look elsewhere for their purchases. The following is a list of some of the most common Online Shopping Personality Types, based on consumer research of online shoppers, in no particular order:

Recreational Shoppers:

Recreational shoppers are all over the place. They flit from one website to another very quickly, and only stop when a truly significant deal catches their eye. You have to really come up with something eye-catching if you hope to catch these customers. These are customers that like to click on 'similar product' links, and that are likely to spend a great deal of time at your online retail store if your present enough engaging content to keep them there.

Deal Hunters:

Deal hunters are in search of the holy grail of deals. They purchase items used or refurbished if it will get them a better deal. These are customers who might buy an item they don't actually need if you present them with a good enough deal for it. Deal hunters are also often on the lookout for free shipping deals. Many deal hunters refuse to make purchases at online stores that do not offer free shipping if they can find a competing online store that offers the same product with free shipping.

The Flitter:

These shoppers can be 'the fish that got away' if you are not careful. One way to keep them shopping is to ensure that the shopping cart on your website remains active for a long time, so that if they are in another window and forget that they are in the middle of a transaction, they can simply return and finish it. If the shopping cart at your online retail store times out and the items are no longer there, the customer is less likely to re-add the items to the cart and purchase them.

The Researcher:

Researchers love to learn everything they can about a product before purchasing it online. They may watch a product for a while on various websites, to see what the average price is, so that they can know for sure when they are presented with a price whether or not it is a good deal. Researchers also enjoy reading reviews from other customers, and regularly rely on ratings and reviews when deciding what to purchase online.

Impatient Shoppers:

Impatient shoppers will not stick around if your checkout process is lengthy and complicated. They do not want to waste time signing up for an account, they want to buy their items immediately, and if you cannot provide them with immediate checkout, they will go to another website that will. To capture this type of online shopper, make sure that your website loads quickly, and that your checkout process is as streamlined as possible.

Rewards Shoppers:

Many online shoppers like to patronize the same online retail stores repeatedly. These brand loyalists enjoy customer loyalty programs that give rewards or points for purchases, and love to take part in deals and promotions that make them feel like they are working towards a goal with their purchases. Rewards shoppers enjoy taking part in SMS Text Message Marketing campaigns, where they can receive messages about sales and specials they qualify for send directly to their personal mobile devices.

Hipsters:

Some online shoppers only purchase high end retail brands. These customers will purchase these brands from various sellers, but only buy the very best and premium brand names, and also generally wish to purchase the latest and newest models of items. You will find that these customers are willing to spend a great deal of money in order to get top of the line items that are hot, fresh, and in style.

Day Dreamers:

Some people really love to make wish lists. This type of shopper will typically have wish lists at several online retail stores, and enjoys dreaming about their ideal purchases, but needs a push in order to actualize the transaction. You can convince them to purchase by lowering the price of items on their wish list, so that they can't help but take advantage of the savings you are offering.

Intrepid Explorers:

Some online shoppers are after one thing, and only one thing. Those shoppers will not purchase anything else and will not deviate from their quest for the specific item until they find it. Once they find the product they are looking for, they may reward you by purchasing additional items from your online store because they are so happy that they found what they are looking for. This type of shopper typically enjoys websites that have search functionality, or site maps that can make it easy to pinpoint the item they are seeking.

A consumer insight is only of benefit to marketers – if they use it. If you are the owner or operator of an online retail entity, you should definitely take into account the variety of online shopping personality types. Shoppers will reward marketers by making more purchases, and their profit margins will most definitely rise. If marketers are looking to increase the amount of customers who purchase items from their online store, they should definitely use this information to their advantage.

RESEARCH METHODOLOGY**Research Methodology:**

1. The research was conducted in Pune city.
2. 250 consumers have been surveyed using simple random sampling technique.

Data Collection:

Besides secondary data, the primary data was collected using a structured questionnaire and the questions were close ended which were coded and cross-tabulated, keeping in view the context and objectives of the study.

Contribution:

It will add value to the strategies to be adopted for online marketing by the marketers.

Data Analysis and Findings:**Question No. 1: Do you use Internet?**

Sr. No.	Age	Yes	No	Total
1	18 -28	189	1	190
2	29-40	30	2	32
3	41 – 51	25	3	28
	Total	244	6	250

As per the above table, 189 surveyed respondents are between age group of 18 – 28 use internet. 30 respondents of the age group 29-40 use internet and 25 respondents of the age group 41 – 51 are using internet.

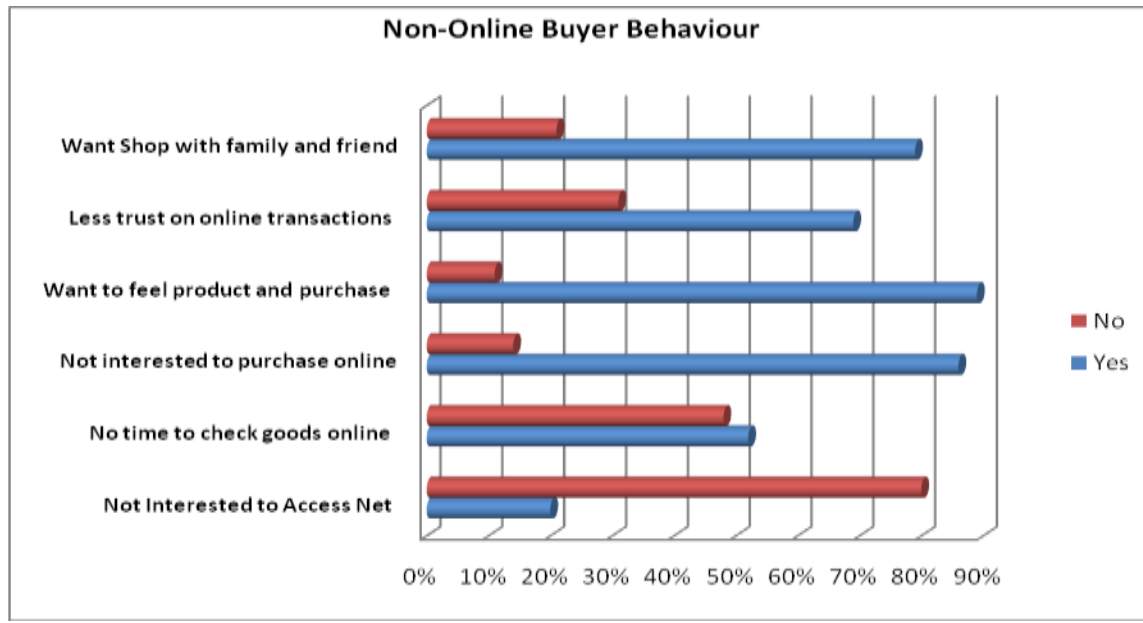
Question 2: Have you ever purchase any product / services through online?

Sr. No.	Income Groups	Yes	No.	Total
1.	Up to Rs. 20,000	2	10	12
2.	Rs. 20,000 to 40,000	80	99	179
3.	Rs. 40,000 – 60,000	21	19	40
4.	Rs. 60,000 and above	10	9	19
	Total	113	137	250

Only two respondents of up to Rs. 20,000 income group purchase only products / services. 80 out of 179 respondents of the income group Rs. 20,000 to Rs. 40,000 purchase online product / services. 21 respondents out of 40 of the income group Rs.40, 000 – Rs. 60,000 purchase online product / services. 10 out of 19 respondents on income group Rs. 60,000 and above purchase online product / services. S

Question 3: Behaviour of Buyers not using internet for online purchase

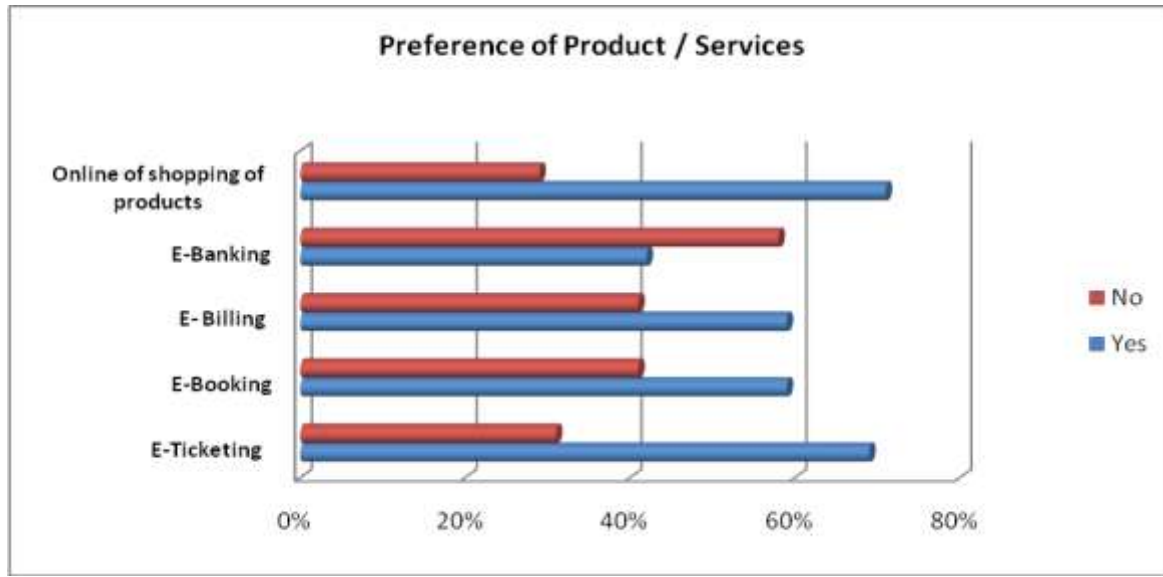
Sr. No.	Statement	Yes	No
1	Not Interested to Access Net	10 %	80 %
2	No time to check goods online	52 %	48 %
3	Not interested to purchase online	86 %	14 %
4	Want to feel product and purchase	89 %	11 %
5	Less trust on online transactions	69 %	31 %
6.	Want Shop with family and friend	79 %	21 %



Respondents who are **not** online buyers mention that they want to shop with family and friend, have less trust on online transactions, want to feel the product and not interested in online purchase. They access internet but do not buy online.

Question 4: Preference of products / services - For only Online Buyers

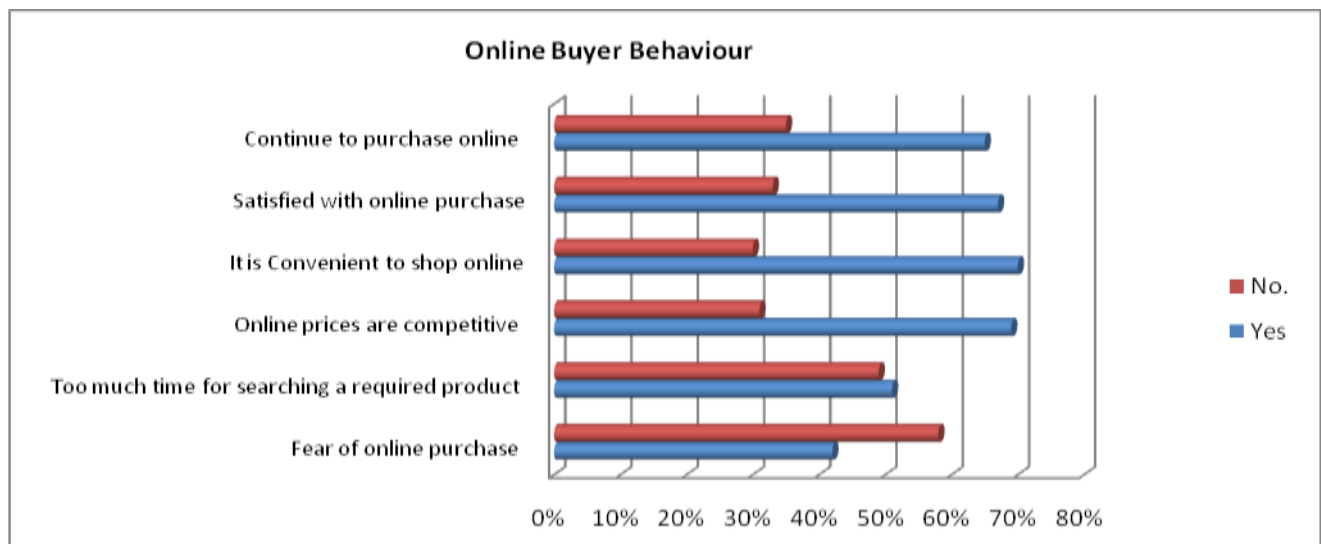
Sr. No.	Preference Rating of Product / Services	Yes	No
1	E-Ticketing	69 %	31 %
2	E-Booking	59 %	41 %
3	E- Billing	59 %	41 %
4	E-Banking	42 %	58 %
5	Online of shopping of products	71 %	29 %



Online buyers mention that they are interested in online shopping of products, E-billing, E-booking and E-Ticketing.

Question 5: Online Buyer Behaviour

Sl. No.	Statement	Yes	No.
1	Fear of online purchase	42 %	58 %
2	Too much time for searching a required product	51 %	49 %
3	Online prices are competitive	69 %	31 %
4	It is convenient to shop online	70 %	30 %
4	Satisfied with online purchase	67 %	33 %
6	Continue to purchase online	65 %	35 %



Respondents who purchase online are satisfied with the online purchase and want to continue, they also mention that online prices are competitive. The mention the concern about fear of online purchase and too much time consumed for searching a required product online.

D. RESULTS AND DISCUSSION:

Consumers have started purchasing online. The consumers who do not purchase online mention that they want to shop with family and friends, have less trust on online transactions, want to feel the product and not interested in online purchase. They access internet but do not shop online.

The researcher has the following suggestions to the marketers with reference to the online consumer behavior:

- Marketers should do more advertising and convey the simplest and safe procedures of online purchase.
- Create the easy of online shopping process.
- Errors during the online shopping and money transaction on the website should be avoided as that creates fear in the consumers mind.
- There should be more option for one product and all the minute details should be provided to consumers.

CONCLUSION:

The study concludes that consumers have started online purchase of products and services. Consumers with higher income tend to buy online and consumers are satisfied with online buying. Online shopping is gaining popularity among people, especially the younger generation but its future lies in the fact that it has to become equally popular among all ages. People have hesitation in using internet for online buying due to security concerns, lack of physical approach towards products offered and quality concerns.

Advertising of web-products & services is one of the major issues where companies fail to attract potential consumer's attention. The Companies should focus on offering informative advertisements which would contain product information along with additional products & services offering which best suits needs of people. Such advertisements frequency should be high so as to position the products & brands in the consumer's mindset.

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