

Factors Affecting Online Shopping Behavior of Consumers

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Abstract

The aim of this research is to find out what factors affect consumers in the context of electronic commerce, also to see the relationship between e-satisfaction and e-loyalty. As Internet has become a channel where online transactions have been done, and this created need for companies to understand how consumers perceive online buying. First thing done in this study was integrating relevant literature, and then testing which variables are affecting consumers' decisions to buy online. Seven hypotheses were formulated regarding to consumers previous experiences with e-commerce. Data gathering was carried out by the survey which was sent online to 200 randomly selected citizens, from which 104 responded. Through the survey, the results of this study pointed out the relation between satisfaction with online service and consumers' intention to buy in the future which generates customer loyalty. So, the main point of the study was achieved successfully.

Keywords

e-commerce, e-satisfaction, e-loyalty, purchase decision process

Introduction

The paper has been divided into 5 sections, named as; *Introduction* which will provide all information regarding the background of the study, purpose, research objectives and hypotheses. *Literature review* which provides information of what other think and write about the online shopping behavior of consumers. *Methodology* section in which is explained the method used for collecting the data. *Results and discussion* section will represent and interpret the data that was achieved from survey, and the last section is *Conclusion*.

Heng and SH (2003) said that e-commerce (online shopping) dates for over 40 years, and it is constantly growing with new innovations and technologies, and many businesses are entering to online markets. Online shopping can be determined as activity that deals with selling of goods and services through Internet, and for businesses is important to be aware of how consumers perceive online purchases. Nowadays, researchers are predicting that in a soon period e-commerce could easily take place instead of traditional business.

Literature Review

Online shopping/E-commerce

There are lots of definitions of e-commerce, and they all are not very far from each other. *Electronic commerce is the sharing of business information, maintaining business relationships, and conducting business transactions by means of telecommunications networks.* □ (Mostaghel, 2006)

Same as that, according to Tian and Stewart (2007) electronic commerce represents not only the business of goods and services, but also keeping buyers, creating relationships with customers and other companies and making businesses with them.

E-commerce dates for over 40 years, and has two main types: business-to-business (B2B) and business-to-consumer (B2C).

Khiabani (2006) states that Sinha (2010) in his study identified that in this type of ecommerce, consumers may use Internet for different purposes like penetrating the product characteristics, over viewing the price charges, choosing the product or service, selecting the way of paying, deciding upon delivery options and at the end sale of product or service is done. +

E-satisfaction

Mostaghel (2006) argues that Heskett et al. (1994) highlights consumer satisfaction as essential to gain better financial performance of services in company, which is the second most important thing for them, after gaining a profit. Companies saw the fast development of technology as a chance to achieve customer satisfaction and loyalty much easier and with lower costs. Many research studies showed that e-commerce has, significantly, changed the way in which business operates.

Trust and online risk

Trust, as stated by Gommans et al. (2001) is another important thing is consumers online buying behavior, and in their e-loyalty. Trust is connected with security. Consumer cannot see product in person while he is ordering it, and cannot look into salesperson's eyes while doing that, so it is important for companies to build trust among their consumers in order to avoid uncertainties. Loyalty and brand trust in general can assist in overcoming and beating some Internet disadvantages.

E-loyalty

Litfi and Gharbi (2012) argue that loyalty represents strong relation between brand and customer. That strong relation is manifested through emotional link that join consumers continuity of purchasing and consumption.

Anderson and Srinivasan (2003) argue that customer service is an additional important thing for companies doing e-businesses. To avoid some difficulties in designing websites, they need to have attentive customer service system.

Online service

As stated by Cheung and Lee (2005) in their study, instrument that is used for measuring consumers' expectations and awareness of services is called SERVQUAL, which contain five dimensions: tangibles, reliability, responsiveness, assurance and empathy. Tangibles and reliability relates with information and services quality offered to customer. Responsiveness relates to responses from stores, when costumers have problems or questions regarding to product. Assurance relates to enabling trust and confidence to customers, and shows that every operation within company is done by people who are specialists in that field, and empathy relates to making care, and giving particular individual attention

to customers.

As said by Chung and Shin (2008) for what differentiate the Internet from traditional stores is that prices are expected to be much lower on the Internet.

Research Objectives and Hypotheses

Objectives of this research paper are: to find the history of e-commerce, to examine main factors affecting the online consumer when considering and making a purchase over the Internet, to determine the relation between e-satisfaction and e-loyalty of consumers in online shopping, to examine how trust and satisfaction contribute to loyalty.

Hypotheses:

- H₁: Consumers are generally satisfied with online purchasing;
- H₂: Prices of products positively affects the consumers' online purchasing behavior;
- H₃: There is a positive influence of trust on consumers' online purchasing behavior;

Methodology

In this study, the target population includes Bosnian online shoppers who have or have not purchased consumer electronics products on the Internet, and goal is to assess their opinions about e-commerce. The primary data was collected through survey. To efficiently reach target group survey was distributed online to 200 randomly selected citizens, number of respondents was 104. Survey consisted of 24 questions, which were developed from reading relevant literature, and was designed by using Google Drive.

It contain several background information about respondents; e-service quality, satisfaction, it investigate consumers buying behavior, e-loyalty in terms of re-purchase intentions, demographic information; gender, education, age group, monthly income level. Respondents were asked to read questions carefully and to be honest. Results of survey that were collected were also interpreted in PASW Statistics 18th edition. Secondary data was collected from journals.

Results And Discussion

This section will represent collected data. Analyses have been done by using descriptive statistics and regression. Results are based on responses from 104 respondents.

Following page will represent gender, age, education and total income structure of respondents;

Table 4. 1: Gender of respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	59	56.7	56.7	56.7
Female	45	43.3	43.3	100.0
Male	104	100.0	100.0	
Total				

Table 4. 2: Age of respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Under 20	18	17.3	17.3	17.3
21-30	74	71.2	71.2	88.5
31-40	9	8.7	8.7	97.1
Over 41	3	2.9	2.9	100.0
Total	104	100.0	100.0	

Table 4. 3: Educational level of respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid High School	9	8.7	8.7	8.7
Undergraduate	59	56.7	56.7	65.4
Student	8	7.7	7.7	73.1
Graduate Student	28	26.9	26.9	100.0
Master Degree	104	100.0	100.0	
Total				

As we can see from table 4.1 sample consists of 104 respondents, both males and females. There were 59 female respondents (56,7%) and 45 male respondents (43,3%) used in the sample.

Table 4.2 analyze the age of our respondents, so as we can see, 18 of respondents were aged under 20, 74 of them were from 21 to 30, 9 of them were from 31 to 40, and 3 of them were over 41 years old. The 71,2% of respondents were from 21 to 30 years old.

Table 4.3 represents respondent's educational level, so as we can see 9 respondents were high school, 59 undergraduate students, 8 graduate students, and 28 master degrees. So, majority of respondents (56,7%) were undergraduate students.

After this descriptive study, hypotheses will be examined;

H1: Consumers are generally satisfied with online purchasing

Table 4. 4: Satisfaction of consumers

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	78	75.0	80.4	80.4
	No	19	18.3	19.6	100.0
	Total	97	93.3	100.0	
Missing	Total System	7	6.7		
		104	100.0		
Total					

To analyze this hypothesis, frequency was used. So, as we can see from table, 75,0% of respondents are satisfied with online purchasing, 18,3% are not satisfied and the rest of respondents didn't answer this question. And according to results we can accept H₀, and say, Consumers are generally satisfied with online purchasing.

H2: Prices of products does not positively affect the consumers' online purchasing behavior

Table 4.5: Prices of products affecting consumers

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	20.426 ^a	3	.000
Likelihood Ratio	22.966	3	.000
Linear-by-Linear Association	18.459	1	.000
N of Valid Cases	96		

To test this hypothesis we used chi square test. Our p-value is 0.000 which is smaller than 0.05, so we can reject this hypothesis, too. Because prices of products positively affect the consumers online purchasing behavior.

H3: There is positive influence of trust (safety) on consumers

Table 4. 6: Influence of trust on consumers

EcommerceSafeWay

		Fre- quency	Per- cent	Valid Percent	Cumulative Percent
Valid Miss- ing	Disagree	7	6.7	7.2	7.2
	Slightly Disagree	24	23.1	24.7	32.0
	Slightly Agree	43	41.3	44.3	76.3
	Agree	23	22.1	23.7	100.0
	Agree	97	93.3		
Total System	7	6.7			
Total		104	100.0		

In order to see if trust (safety) has influence on consumers while doing online shopping, frequency is used. From table 4.7 we can see that 63,4% of respondents agreed that trust has influence, and 29,8% disagreed. So, in this case, hypothesis is accepted because majority of respondents think it has influence. „There is positive influence of trust (safety) on consumers. □

Conclusion

In summary, the study’s findings have attained its objectives. For factors that affect consumers while shopping online, and that affect satisfaction, they consider that convenience, and trust are the most important variables, the next which are important for them are prices and quality of products. Those variables are the most essential ones for consumers when they decide to shop online. According to collected answers, they are very suspicious. And the cause of this may be raised cheating and fraud on the Internet. If the price on the Internet and in some local store is approximately identical, the consumers will give more attention and interest on selection of goods rather than to price. Also, according to results, if there is a good consumers previous experience, if consumer is satisfied with products and services, and if there is risk at minimum level than he will buy more in the future, which means he will be loyal. Web design and delivery time are not important for consumers while doing online shopping purchases.

So, upon all this we can conclude that there is a positive and significant relation between esatisfaction and e-loyalty. And that the results of study might confidently improve the general knowledge and awareness about e-commerce and might become an orientation for some future studies.

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