Factors Influencing Consumer Buying Behavior: A Review (with reference to Online Shopping)

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Abstract: Online shopping is the very common buying process in today’s world. Most of the people are internet savvy. Number of marketers offers the online purchasing facility. Consumer can easily choose and select the products as per their requirement. At the same time consumer buying behavior is affected due to certain factors. These factors come into consumers mind when they are going to purchase the products online. Research studied the various factors and out of many factors some common elements is discussed in the said paper. The elements such as the Website Quality, Familiar with Website Language, Delivery, Customer service, Privacy & Security, Conveniences, Price, Brand, Refund, Promotion, Time, Trust Factor are affects the consumer buying behavior when they are purchasing the goods online. If marketer will concentrate on the said issues they will positively increases their business.

Keywords: Online shopping, B2C, Consumer behavior, Consumer buying behavior, e-commerce.

1. Introduction

Internet is changing the way consumers shop and buy goods and services, and has rapidly evolved into a global phenomenon. Many companies have started using the Internet with the aim of cutting marketing costs, thereby reducing the price of their products and services in order to stay ahead in highly competitive markets. Many products and their varieties are easily available on these websites. Consumer behavior has changed dramatically in the past decade. Today consumer can order online many products [1]. The consumers have more options to choose and buy the required product. Understanding consumer purchasing behavior allows a company to more easily provides for consumers’ needs and more easily promote the company’s products and services. [2]

1.1 Consumer behavior

Consumer behavior plays a crucial role in the design of promotional campaigns. With science of the behavior of the audience can choose appropriate media and message. In addition, study consumer behavior can help to understand concept of social sciences that affect human behavior. Accordingly, the analysis of consumer behavior in areas such as design, marketing mix, market segmentation and product positioning and differentiate the necessary and vital.

1.2 Consumer buying behavior

Consumer buying decision making means a consumer make a choice between more than one option of goods or services. The field of consumer behavior covers a lot of ground: it is the study of the processes involved when individuals or groups select, purchase, use or dispose of products, services, ideas or experiences to satisfy needs and desires. The consumer behavior is based on decision-making of individuals when spending their own resources (i.e. time, money and efforts) in order to obtain items associated with consumption. This form of behavior involves reasons why, when, where, how and what people buy, how they use the purchased items, how they evaluate them are the purchase and in which way these factors influence their future purchases.

Our economy gets stronger depending upon the wealth of goods and services produced within the country. A huge number of alternative suppliers are present for almost all the products today: substitute products are available to consumers, who make decision to buy products. Therefore the main objective of the seller is please the consumer at all times. In order to be successful, a seller needs to identify the customer, what they buy, when they buy, why they buy and how they buy.

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1.3 Online shopping

Online shopping is an important business model in e-commerce. The revolution of electronic commerce (e-commerce) has started in the 90s in the developed world. e-Commerce refers to the process of buying, selling, transferring, or exchanging products, services, or information via computer networks [3]. Many commercial organizations around the world have introduced e-commerce models in their businesses, seeking the many benefits that the online channel can provide. Basically, e-commerce is commerce enabled by Internet technologies, including pre-sale and post-sale activities and online retailing is a model of business to customer (B2C) e-commerce which is online version of traditional retail.

Business to Consumer (B2C) is one of the natures of transactions or interactions in e-commerce. According to Turban, et.al, B2C refers to e-commerce model in which businesses sell to individual shoppers. A customer’s online
buying experience consists of everything from information search, product evaluation, decision making, making the transaction, delivery, returns and customer service. Web-based factors influence online purchasing behavior either positively or negatively [4]. The said study is concentrating on the factors which influence the consumer buying behavior while purchasing the product online.

2. Objectives

To study the various factors those influence the consumer buying behavior during online shopping.

3. Findings and Discussion

Compared to physical stores, online stores have many advantages: They are convenient and time saving and no more travelling and waiting in lines is needed. They are open in all time and they are accessible anytime and anywhere. These stores provide consumers with free and rich information about products and services. They also have some online tools to help consumers compare and make purchase decisions among various products and services. Hoffman and Novak (1996) indicated that interactivity is the key distinguishing feature between marketing communication on the Internet and traditional mass media. Today online consumers have more control and bargaining power than consumers of physical stores because the Internet offers more interactivities between consumers and product/service providers as well as greater availability of information about products and services.

Geissler and Zinkhan (1998) claimed that the Internet shifted the balance of power in favour of consumers as it became very easy for them to make shopping comparisons and evaluate alternatives without being pressured by salespeople. Online stores reduce transaction costs and have advantage for both consumers and vendors. Before purchasing a product, a consumer considers the various risks associated with the purchase. The different types of risks are referred to as perceived or anticipated risks. According to various researchers following factors were found which have greater effect on the purchase intent of buyers.

3.1 Website Quality [5]

With reference to website quality, Ruchi et al. suggested that navigation and content are the most sought after factors consumers are looking for when dealing with a web-site. Categorization of information, colour usage, layout/space usage, graphics usage, establishing website’s identity and presentation of information are also the important factors. The web site design describes the appeal of the user interface design that will increase the willingness of customers to visit a website more often and to stay longer with the site.

3.2 Familiar with Website Language [9]

Every one prefers the website for online shopping which is familiar with the language that a person knows so that he or she can easily understand the particulars about the product to shop online but if a consumers does not know the language he / she would not be able to purchase anything from that particular website.

3.3 Delivery [5]

Vijayasaraththy and Jones stated that reliability is a measure of customers’ perceptions on delivery of online purchased order as promised by e-retailers and it is closely associated with risk. According to Na Li and Ping Zhang, online consumers apparently want to receive the right quality and right quantity of items that they have ordered within the time frame promised by the retailers, and they expect to be billed accurately.

3.4 Customer Service [5]

Customer service’s dimension of responsiveness, courtesy and understanding/knowing the customer are included in the original conceptualization of service quality. In internet or web-based transaction, compare to the voice interaction, the response on email inquiries are more important. This is why most companies used online customer service as a way to provide help and service to their online customers.

3.5 Privacy & Security [5]

Privacy refers to the degree to which the online shopping web site is safe and protects the customers' information. Security refers to consumers’ perceptions about the security of the online transactions, the protection of financial information from unauthorized access in an online retailing context, [6] network privacy, prices of products, and service quality affect online purchasing significantly, while genders of consumers, design of online stores, and education of consumers affect online consumers’ purchasing behaviors slightly. Based on Ahuja et al., [7] security and privacy were the biggest barriers to online shopping and online buyers’ purchasing behavior was significantly affected by these factors. Security was a critical successful factor for e-commerce.

3.6 Convenience [8]-[9]

Through online shopping we can get the product easily by just typing the keywords of the product rather than physically finding the product in the market. Online shopping has facilitated the customers to get their required product from internet according to their needs and demands by just entering the details and needs about the product. Convenience and saved time were offered by online shopping which were two motivating factors for online purchase. The main reason that motivated consumers to shop online was conveniences. Convenient access to product information could facilitate and help shoppers’ making an online purchases decision.

3.7 Price [8]

Price was a critical factor for customer on online shopping. Price factor involves checking the respondent’s attitude to save money when shopping online. The consumer felt that
they are saving money when they are shopping online as compare to physical shopping.[9]

3.8 Brand [8]

Brand was defined as the quality related to the products or services. Often, brand was referred to the seller’s reputation and consumer loyalty in associated with the seller. Brands and features increases as more information is obtained, knowledge of the available and consumer awareness. E-retailers should strengthen shopper trust and believe by buying famous Website such as google.com to promote the online purchase rate.

3.9 Refund [8]

Online consumers demanded that e-retailers should provide an unconditional refund policy if the online costumer were not satisfied with the product. E-retailers should have refund policies to convince online consumers that they easily return products and get refunds if they are not satisfied, or exchange products for free within a reasonable timeframe.

3.10 Sales Promotion [8]

E-retailers might use sales promotions with time limits to encourage consumers to shop on Website. Such as Product Discounts Deals, [9] through online shopping different companies have found opportunities to market their products in the whole world due to which they can easily increase the sale of their product. Sometimes different companies introduce different discounted deals for its customers but dealers do not sometimes let their consumers to enjoy those benefits but through online shopping consumers can get discounts directly from the company.

3.11 Time [9]

Most of the people positively believe that much time is saved while shopping online because it is the fact that when shopping online from home or office does not involve to leave that place, that could be consider as a time saving.

3.12 Trust [9]

Trust is the main factor that hinders people from purchasing online. This will investigate overall respondent attitude towards trust and security when shopping online. It has been asked from the respondent how much they felt secure when shopping online. The use of credit and debit cards and other account details while shopping online creates a risk of disclose of personal details due to which it could be misuse of personal and account information of the customer.

4. Industrial Implication

In the above study, we discussed about the various factors which affects the consumer buying behavior while purchases online. By improving these factors marketer can gain more business. For upcoming online business, concentrating on these factors is important. With these factors new business can attract more consumer than the exiting marketers.

5. Conclusion and suggestions

Addresses to the fundamental issues of e-marketing, it is important to attract and win over the consumer in the highly competitive Internet market space. After studying and analyzing the various factors it can be conclude that mostly Website Quality, Familiar with Website Language, Delivery, Customer service, Privacy & Security, Conveniences, Price, Brand, Refund, Promotion, Time, Trust Factor are affects the consumer buying behavior when they are purchasing the goods online. The marketer should concentrate on the given factors which make the consumer satisfy with the marketer and at the same time it helps them to increase their business. A satisfied consumer brings more business for the marketer. Also marketer can think on the various versions of the web site so it can be run even on slow internet connection which motivates the consumer to purchase online.

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Author Profile

Satish Rewatkar received the MBA. degree in Finance and Marketing from RTM Nagpur University in 2008. During 2008 - 2011, he worked in Software Marketing. His research area includes marketing. Now working in School of Business, BIT, Ballarpur from 2011.