

CONSUMERS' ATTITUDE TOWARDS ONLINE SHOPPING

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Abstract

E-commerce offers many online marketing opportunities to companies worldwide and along with high rapid growth of online shopping; it has impressed many retailers to sell products and services through online channel to expand their market. Online shopping or marketing is the use of technology (i.e., computer, internet) for better marketing performance. And retailers are mixing strategies to meet the demand of online shoppers; they are busy in studying consumer in the field of online shopping, to see the consumer attitudes towards online shopping and specifically studying the factors influencing consumers to shop online. e- retailers should keep in mind that consumer behavior might change in time to time especially in online market so the e-retailer should investigate the consumer behavior in time to time and adapt the products and services to serve as the customer requirements.

Keywords: Online shopping, Consumer attitudes, E-retailer, services.

1. Introduction

1.1 Definition of online shopping

Online shopping is defined as the process a customer takes to purchase a service or product over the internet. In other words, a consumer may at his or her leisure buy from the comfort of their own home products from an online store. This concept was first demonstrated before the World Wide Web (WWW) was in use with real time transaction processed from a domestic television. The technology used was called Videotext and was first demonstrated in 1979 by M. Aldrick who designed and installed systems in the United Kingdom.

1.2 The benefits of online shopping

From the buyer's perspective also e-commerce offers a lot of tangible advantages. For example, reduction in buyer's sorting out time, better buyer decisions; less time is spent in resolving invoice and order discrepancies and finally increased opportunities for buying alternative products. Moreover, consumers can enjoy online shopping for 24 hour per day. This is because e-commerce is open for 365 days and never close even for a minute. E-Commerce also expanded geographic reach because consumers can purchase any goods and services anytime at everywhere. Hence, online shopping is more environmental friendly compare to purchase in store because consumers can just fulfill his desires just with a click of mouse without going out from house by taking any transportation.

1.3 Electronic Commerce

E-Commerce (electronic commerce or EC) is the buying and selling of goods and services on the internet, especially the World Wild Web (Tech target, 2007-2012). Online shopping is a form of E-commerce whereby consumers directly buy goods or services from a

seller over the internet. Online shopping is done through an online shop, e-shop, e-store, Internet shop or online store. All the products in online stores are described through text, with photos and with multimedia files. Many online stores will provide links for extra information about their products. They often make available, safety procedures, instructions, manufacture specification and demonstrations (Tech target, 2007-2012). Benefits of E-commerce have been grown very fast because of many advantages associated with buying on internet as the lower transaction and search cost as compared to other types of shopping. Online shopping allows consumers to buy faster, more alternatives and can order products and services with comparative lowest price (Cuneyt & Gautam, 2004). Consumer's attitude towards online shopping refers to their psychological state on terms of making purchases. The process of buying behavior process consists of five steps. For instance, customers first identify a need or want and then define the requirements necessary to satisfy that need. Secondly, gather information and evaluate the options that are available. Once they know their options, they will look to make a purchase which will include shopping for or negotiating the best price they can achieve. Lastly, consumers will go through several factors which limits or influence final decision and they will evaluate whether or not they made a good decision.

2. Literature Review

2.1 The Factors of Consumer Purchasing Decision

There are many factors influences and affect customers in related to how consumers make purchasing decision. The purchasing decision process starts long before actual purchase and continues long after. Usually in more routine purchases, consumers often reserve or skip some of purchase decision process (Kotler & Armstrong, 2004).

2.1.1 Search Engines

Internet users basically used search engines to find out needed information. Since search engines mainly help users' judgment to rank Websites, electronic retailers should make sure Website quality can satisfy and serve the particular search engine's demands (Haig, 2001).

2.2.2 Auction Websites

Lui, Wang and Fei (2003) stated that auction websites persuade and attract the interested shoppers together to evaluate product value. Online shoppers bid on the products with the compared and evaluated price and auctioneers sell the products to bidders who offer the highest price.

2.2.3 Online Shopping Malls

Many e-retailers joined with online shopping malls in order to have more customers visit their websites. The online shopping malls and Websites were sponsors by many e-retailers that utilized information generated in order to explore more marketing opportunities (Dignum, 2002).

2.2.4 Conveniences

Convenience and saved time were offered by online shopping which were two motivating factors for online purchases (Lee, 2002). The main reason that motivated consumers to shop online was conveniences (Swaminathan et al., 1999).

2.2.5 Price

Price was a critical factor for customer on online shopping (Heim and Sinha, 2001). However, Li et al. (1999) argued that often online shoppers were not price-sensitive, cause of these consumers' price comparisons among different e-retailers on each product was time-consuming and the price difference was very small.

2.2.6 Brand

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 (Haig, 2001). Brands and features increases as more information is obtained, knowledge of the available and consumer awareness (Kotler & Armstrong, 1997).

2.2.7 Refund

Online consumers demanded that e-retailers should provide an unconditional refund policy if the online costumer were not satisfied with the product (Lee, 2002). 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 (Bishop, 1998).

2.2.8 Promotion

E-retailers might use promotions with time limits to encourage consumers to shop on Website (Haig, 2001). However, promotional activates for online products or services were not successful for e-retailers because there was not effective ways to inform consumers of promotional activities (Lohse & Spiller, 1999).

2.2.9 Security

Security was a critical successful factor for e-commerce. Retail e-commerce would fail if Internet users feel on lacking a great degree of confidence (Kesh et al., 2002). The primary reason indicated of the most buyers who didn't shop online cause of afraid to reveal personal credit card information to retailers or over the internet (Rao, 2000).

3. A Taxonomy of Consumer Online Shopping Attitudes and Behavior

A total of 35 empirical studies are analyzed in this study. Each of these studies addresses some aspect of online shopping attitudes and behavior. Our goal is to develop a taxonomy representing factors/aspects related to online shopping attitudes and behavior covered in the existing empirical IS literature.

After examining the 35 empirical studies, we identify a total of ten interrelated factors for which the empirical evidences show significant relationships. These ten factors are external environment, demographics, personal characteristics, vender/service/ product characteristics, attitude towards online shopping, intention to shop online, online shopping decision making, online purchasing, and consumer satisfaction. Five (external environment, demographics, personal characteristics, vendor/service/product characteristics, and website quality) are found to be ordinarily independent and five (attitude toward online shopping, intention to shop online, decision making, online purchasing, and consumer satisfaction) are ordinarily dependent variables in the empirical literature.

Few of the 35 studies examined cover all ten factors, and there is some inconsistency in the empirical results of those that include similar factors. Nevertheless, for the sake of discussion, we integrate these ten factors in a model (Figure 1) in which the expected relationships among them are depicted. The five factors identified as antecedents are normally independent variables, although some studies have treated Website Quality as a dependent variable. These five factors directly determine attitude towards online shopping. Attitude and intention to shop online have been clearly identified and relatively widely studied in the existing empirical literature. Decision-making is the stage before consumers commit to online transaction or purchasing, and is sometimes considered to be a behavioral stage. The depicted relationships among attitude, intention, decision-making, and online

purchasing are based on the theory of reasoned action (Fishbein and Ajzen 1975), which attempts to explain the relationship between beliefs, attitudes, intentions, and actual behavior. Consumer satisfaction is considered to be a separate factor in this study. It can occur at all possible stages depending on consumers involvement during the online shopping process. The relationships between satisfaction, attitude, intention, decision making and online purchasing are proposed to be two-way relationships due to the reciprocal influences of each on the other. In addition, two of the antecedents, vendor/service/product characteristics and Website quality, have been found to have direct impact on consumer satisfaction.

External Environment

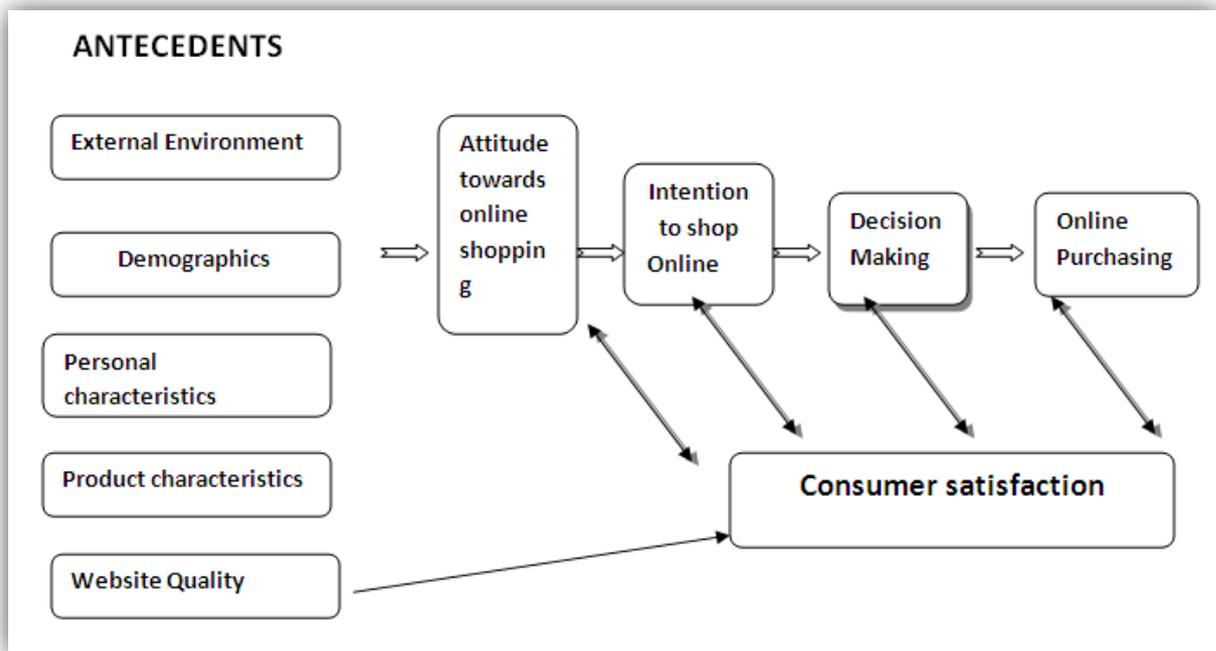


Figure 1. Research Model of Consumers Online Shopping Attitudes and Behavior

Table 1 summarizes the distribution of factors among the studies indicating which factors have been the foci of attention in the empirical literature. Each of the factors and the empirical literature bearing on it is discussed in detail below.

3.1 External Environment

Only two out of 35 studies discuss the influence of external environment on online shopping. External environment refers to those contextual factors that impact consumers online shopping attitudes and behavior. It includes three dimensions. The first is the existing legal framework that protects the consumers from any kind of loss in online transactions. The second is the system of the Third Party Recognition in which many third party certification bodies are working to ensure the trustworthiness of online vendors (Borchers 2001). These two factors are positively associated with consumers trust attitude to the online stores. The third factor is the numbers of competitors, which can be defined as the number of Internet stores that provide the same service and products (Lee et al. 2000, p.307). Lee and colleagues (2000) argue that the fewer the competing vendors, the greater the possibility of opportunistic

behavior on the part of existing vendors so as to maximize profits. This increases transaction costs for the consumer, decreasing intention to revisit a specific online store.

3.2 Demographics

Eight of 35 studies examine the impact of demographics on online shopping attitudes and behavior. Demographics include such variables as age, gender, level of education, income, and time online. Bellman and colleagues (1999, p. 33) report that Internet surveys agree that the online population is relatively younger, more educated, wealthier, although the gaps are gradually closing. They argue that demographics appear to play an important role in determining whether people use the Internet, however once people are online, demographics do not seem to be key factors affecting purchase decisions or shopping behavior.

3.3 Personal Characteristics

Personal characteristics have drawn the attention of fourteen studies. It can be defined as a group of specific customer features that may influence their online shopping attitudes and behavior, such as their Internet knowledge, need specificity, and cultural environment.

3.4 Vender/Service/Product Characteristics

Sixteen out of the 35 studies examine the relationship between vender/service/product characteristics and other factors. Vender/service/product characteristics refer to features of the Internet stores, the products they sell, and the service they provide to support the transactions.

3.5 Website Quality

Twenty studies investigate the relationship between website quality and consumers online shopping attitudes and behavior from different points of view. For example, Gefen and Straub (2000) investigate the impact of perceived ease of use (PEOU) and perceived usefulness (PU) on e-commerce adoption using 202 MBA students as subjects. They report that while PU affects intended use when a Web site is used for a purchasing task, PEOU only has an indirect influence on online shopping behavior by directly influencing PU.

3.6 Attitudes towards Online Shopping

Consumer's attitudes toward online shopping have gained a great deal of attention in the empirical literature, with 22 out of 35 papers focusing on it. Consistent with the literature and models of attitude change and behavior (e.g., Fishbein and Ajzen 1975), it is believed that consumer attitudes will affect intention to shop online and eventually whether a transaction is made. This is a multidimensional construct that has been conceptualized in several different ways in the existing literature.

3.7 Intention to Shop Online

As is indicated in Figure 1, consumers' intention to shop online is positively associated with attitude towards Internet buying, and influences their decision-making and purchasing behavior. In addition, there is evidence of reciprocal influence between intention to shop online and customer satisfaction.

3.8 Online Shopping Decision Making

Online shopping decision-making includes information seeking, comparison of alternatives, and choice making. The results bearing on this factor directly influence consumers purchasing behavior. In addition, there appears to be an impact on users' satisfaction.

3.9 Online Purchasing

Fourteen studies discuss online purchasing, which refers to consumers actions of placing orders and paying. This is the most substantial step in online shopping activities, with most empirical research using measures of frequency (or number) of purchases and value of online purchases as measures of online purchasing; other less commonly used measures are unplanned purchases (Koufaris et al. 2002) and Internet store sales (Lohse and Spiller 1998). For example, in Lee and colleagues (2001) examination of the relationship between online purchasing behavior, perceived ease of use, perceived usefulness, perceived risk of the product/service, and perceived risk in the context of the transaction, the measures used are total amount spent and frequency in last 6 months.

3.10 Consumer Satisfaction

Consumer satisfaction is the focus of the investigation in only three articles. It can be defined as the extent to which consumers perceptions of the online shopping experience confirm their expectations. Most consumers form expectations of the product, vendor, service, and quality of the website that they patronize before engaging in online shopping activities. These expectations influence their attitudes and intentions to shop at a certain Internet store, and consequently their decision-making processes and purchasing behavior. If expectations are met, customers achieve a high degree of satisfaction, which influences their online shopping attitudes, intentions, decisions, and purchasing activity positively. In contrast, dissatisfaction is negatively associated with these four variables (Ho and Wu 1999; Jahng et al. 2001; Kim et al. 2001).

4. Implications and recommendations for future research

The role of the external environment, demographics, online shopping decision making, and consumer satisfaction are less well represented in the IS literature. As is shown in Figure 1, consumers' satisfaction is a key factor in online shopping, yet only three studies investigate it. Any number of factors, including vender/service/product characteristics, website quality, attitude towards online shopping, intention to online shopping, online shopping decision making, and online purchasing, may influence consumers' satisfaction. More importantly, the extent to which customers are satisfied is directly related to attitudes toward online shopping or toward specific Internet stores. The relative importance of this factor in determining such consumer behavior as repeat purchases suggests that further research on consumer satisfaction with online shopping needs to be conducted.

One of the limitations of this study is the selection of the existing studies. Owing to time limitation, we only searched a number of IS journals and conference proceedings. This may leave some other prominent IS empirical studies out. In addition, owing to the multidisciplinary nature of online shopping, it would be very interesting to compare IS literature to other disciplines that study online shopping attitudes and behavior. These limitations will be addressed in our future studies.

By summarizing the current studies based on IS literature review and analysis, this paper identifies ten factors in the area of online shopping and proposes a model describing

and predicting the relationships among these factors. It provides a comprehensive picture of the status of this area. This model needs to be validated either theoretically or empirically in future studies.

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