

An Analysis of Factors Influencing Online Shopping Behavior of Consumers



Management

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ABSTRACT

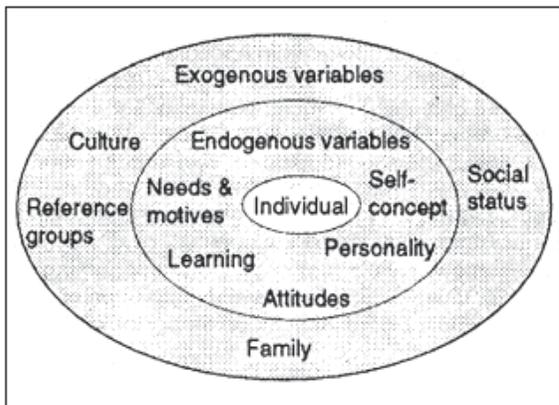
The purpose of this study is to analyze factors affecting on online shopping behavior of consumers that might be one of the most important issues of e-commerce and marketing field. However, there is very limited knowledge about online consumer behavior because it is a complicated socio-technical phenomenon and involves too many factors. The study identified that financial risks and non-delivery risk negatively affected attitude toward online shopping.

Introduction

Buyer behaviour may be defined as the activities and decision processes involved in choosing between alternatives, procuring and using products or services. It is sometimes suggested that buyer behaviour is only of interest to marketers because they wish to influence and change it. Such a statement invariably raises the question as to whether marketing is an ethical profession. Intuitively, it seems wrong that any organisation should seek to manipulate people's behaviour. The truth is that marketing may promote a given product, service or practice but unless the target audience perceives that product, service or practice to be relevant to their needs then they will never try it. Moreover, unless their first time trial of the product, service or practice is positive, they will not try it a second time. The purpose of studying buyer behaviour is to better meet the needs of customers.

The influences on buyer behaviour

The behaviour of buyers is the product of two broad categories of influence; these are endogenous factors (i.e. those internal to the individual) and exogenous factors (i.e. those external to the individual).



(Source: Cox and Rich,1964 Endogenous and exogenous factors impinging upon buyer behavior).

Whilst these are variables that are largely outside the direct control of marketing managers, an understanding of them can be harnessed to great effect.

Exogenous influences on buyer behaviour

Factors which are external to the individual but have a substantial impact upon his/her behaviour are social and cultural in nature. These include culture, social class or status, reference groups and family membership.

Culture

Culture is perhaps the most fundamental and most pervasive external influence on an individual's behaviour, including his/her buying behaviour. Culture has been defined as:

"...the complex of values, ideas, attitudes and other meaningful symbols created by people to shape human behaviour and the artifacts of that behaviour as they are transmitted from one generation to the next."

Three key aspects of culture are brought out by this definition. First, culture is created by people. The behavioural patterns, ideas, economic and social activities and artifacts of a people's forebears shapes the culture of today. Second, culture is enduring. It evolves over time but is stable in the short to medium term and is in fact passed, largely intact, from generation to generation. In particular, the values of the society tend to be enduring. Third, cultural influences have both tangible and intangible results. For instance, language and patterns of speech are products of culture and are observable. Basic beliefs and values are also the outcome of the cultural environment within which a person lives but these mental phenomena are intangible outcomes. Culture is the mechanism by which each society evolves its distinctive behavioural patterns and values and transmits these to subsequent generations.

Without a knowledge of the culture into which a product is being marketed mistakes can be made and opportunities missed. Nestlé's launch of Nescafé instant coffee, mentioned elsewhere in this chapter, is a case in point. The cultural norms of the day were rather different. The prevailing values dictated that good coffee took time to prepare and that shortcuts in the preparation of foods and beverages reflected laziness on the part of the user and carelessness with the household budget since convenience foods invariably cost more than 'natural' foods. With a better understanding of the culture of the day it is possible that Nestlé could have avoided the initial rejection of the product by a significant proportion of the target market.

Within any particular society the culture will comprise of a number of subcultures. That is, there will be various racial, ethnic and religious groups. Each, to some degree, will have distinct beliefs and values. Subcultures are of interest to marketers not least because it is a useful variable to be used in segmenting a market.

Social status

Social class or social status is a powerful tool for segmenting markets. Empirical research suggests that people from the same social group tend to have similar opportunities, live in similar types of housing, in the same areas, by similar products from the same types of outlets and generally conform to similar styles of living. At the same time, whilst people within the same social category exhibit close similarities to one another, there are usually considerable differences in consumption behaviour between social groups. The variables used to stratify a population into social classes or groups normally include income, occupation, education and lifestyle.

Thus, the behaviour of an individual, on a given occasion, will relate to the social role which he/she is acting out. For instance, rural peoples sometimes defer to the judgement of the biggest

landowner in the area and thereby ascribe a role of leadership to that person. This landowner will act and behave in accordance with the status of community leader when the occasion so requires. On other occasions the same individual will pursue his own interests and behave as a landowner. Moreover, each of the roles assumed by the landowner will be played in accordance with the norms established by the group which confers and sustains his leadership office. That is, the landowner will mould his behaviour to fit the expectations the local community (i.e. group) has of him as a community leader.

The marketer needs to know what role a person of a given status is playing and what is expected of that individual by the group which has conferred the status upon him/her. Such an understanding can significantly affect the marketing strategy employed with respect to that category of customer.

Reference groups

People are social animals who tend to live in groups. The group(s) to which a person belongs exerts an influence upon the behaviour, beliefs and attitudes of its members by communicating norms and expectations about the roles they are to assume. Thus, an individual will refer to others with respect to: 'correct' modes of dress and speech; the legitimacy of values, beliefs and attitudes; the appropriateness of certain forms of behaviour, and also on the social acceptability of the consumption of given products and services. These "others" constitute reference groups. Reference groups provide a standard of comparison against which an individual can judge his/her own attitudes, beliefs and behaviour.

Families as reference groups

The family is another group which influences the behaviour of individuals including buying behaviour. Two types of family may be distinguished from one another, the nuclear family and the extended family. The nuclear family is the basic family unit and describes the parents and immediate off-spring and/or their adopted children. The extended family includes all living relatives in addition to the parents and their children - grandparents, aunts, uncles, cousins, step-relatives and in-laws (i.e. relatives through marriage).

Endogenous influences on buyer behaviour

Endogenous influences are those which are internal to the individual. These are psychological in nature and include needs and motives, perceptions, learning processes, attitudes, personality type and self-image.

Needs and motives

The terms needs and motivations are often viewed to be interchangeable. However, there is a difference between them. When an individual recognises that he/she has a need, this acts to trigger a motivated state. Need recognition occurs when the individual becomes aware of a discrepancy between his/her actual state and some perceived desired state.

Perceptions

Perceptions are a product of three variables: the physical stimuli (e.g. the product), the relationship between the stimuli and the immediate environment (e.g. a gradually increasing disposable income) and the psychology of the individual (e.g. a desire to be seen as someone who had graduated from humble economic origins to a person of economic stature). Moreover, individuals can hold widely differing perceptions, or interpretations, of the same stimulus due to three perceptual processes, i.e. selective attention, selective distortion and selective retention.

Selective attention: All people are daily bombarded by stimuli, both commercial and non-commercial. People simply cannot pay attention to all these messages and therefore they develop

mechanisms to reduce the amount of information that they actually process.

Selective distortion: Incoming information is often distorted to fit existing beliefs, opinions and expectations. Thus a wine connoisseur finds it easy to believe that French growers can produce a high quality Chardonnay but find it difficult to believe that Tanzanian growers can supply a Chardonnay comparable in its characteristics. Such beliefs are based on perceptions rather than experiences.

Selective retention: People forget all too easily. The information retained is generally that which supports the decision maker's existing attitudes and beliefs. Thus a consumer who is strongly loyal to a particular brand of maize meal will easily recall the benefits claimed for that product in advertising campaigns but will forget the claims made for a competing product.

Learning

Much of human behaviour is learned. The evidence of learning is a change in a person's behaviour as a result of experience. Theory suggests that learning is the product of interactions between drives, stimuli, cues, responses and reinforcement..

Attitudes

Fishbein and Ajzen⁶ put forward a definition of attitudes which has become widely accepted. Their definition is:

"...a learned predisposition to respond in a consistently favourable or unfavourable manner with respect to a given object."

Marketers have to work hard at creating positive attitudes towards the organisation, its products or services and any intermediaries it may channel these products/services through. Changing negative attitudes requires even more effort.

Personality and self-concept

Individuals tend to perceive other human beings as 'types of persons'. There are, for example, people perceived to be nervous types, ambitious types, self-confident types, introverts, extroverts, the timid, the bold, the self-deprecating, and so on. These are personality traits. Like attitudes, personality traits serve to bring about a consistency in the behaviour of an individual with respect to his/her environment. Thus, for example, a personality characterised by a high degree of self-confidence will consistently be outspoken with respect to his/her views on new ideas, products, processes and practices. Moreover, where there is an element of risk in adopting an innovative product the self-confident personality will be more often among the risk-takers than the risk-averse.

Conclusion

Buyer behaviour is shaped by social and psychological influences some of which are exogenous whilst others are endogenous. Exogenous influences, i.e. those arising from social interactions, are external to the individual, and include; culture, social status, reference groups, family membership and peer groups. Endogenous influences, i.e. those arising from the individual's own psyche and therefore internal, include needs and motives, perceptions, learning processes, attitudes and beliefs, personality and self-concept. It is only by understanding these sociological and psychological phenomena that an enterprise can really hope to develop a marketing mix that meets the needs of its target customers.

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