

# An Analysis of Consumer Behavior by Proposed E-Business Model

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## ABSTRACT

To explain the Internet shopping development and its impact on Indian consumer behavior, this paper is an attempt to gain a description of consumers' behavior towards Internet shopping portals. The behavior of the consumer is examined through various relevant literature reviews. Moreover, by comparing the consumer behavior between different demographic factors, the future of internet shopping development is measured. This paper is an initiative to incorporate the current trends and the various factors impacting the behavior of consumer and the limitations of internet shopping.

Result shows that purchase decision is affected by lack of trust and perceived risk of internet consumer. Security concern is one of the reasons for an individual's hesitation to purchase online. As a result trust, amount of perceived risk, privacy concerns are significant aspects of online shopping because it has a positive effect on consumer purchasing decisions. The findings and result will help the E-marketing companies to adopt appropriate marketing strategies to improve their business opportunity.

**Keywords:** E-Business, internet shopping, World Wide Web, consumer behavior, consumer trust and privacy and security.

## INTRODUCTION

The rapid development of internet during the last decades is accompanied with the digitalization of economy and information technology worldwide. With the development of internet and the rapid increase in the number of web users along with the speedy jump in the internet connection, the new growing technology and web have given a chance to the companies for promoting their products and services through their own websites. This technological up-gradation has revolutionized the whole scenario from traditional to modern mode i.e. online shopping with the quick and 24\*7 available product and service information. Furthermore, the companies have changed their marketing strategies with the transforming behavior of the consumers. Various researches have shown increased online shopping pattern due to the vital connectivity of internet to the consumers. It has played a key role in development of e-B2C model. Internet offers a lot many benefits to the consumers which increase the usage of online shopping. Convenience provided by internet is the main reason for the popularity of online shopping. Comparing these sites even provide the opportunity to avail the benefit of purchasing at cheapest price. Internet provides an effective and efficient use of products to consumers in fulfilling their requirement in respect to other channels. The consumers can get a good amount of consumption related information through various search engines which saves a lot of time. This information along with pictures, images and detailed text description of the product enhances consumer's learning in choosing the best product.

However, internet shopping has various pros and cons. Along with the above benefits; there are many potential risks for the consumers. Payment safety and after sale service are the main drawbacks of internet

shopping. Technological development has increased the use of internet payment for online shopping. Consumption efficiency has been increased with internet payment but at the same time, the internet security is reduced by its virtual nature.

### **Difference between online/offline Stores**

Particularly in consumer goods industries, there has been a high development of internet shopping; even then there exists a major difference between traditional and modern online shopping. In context of Indian consumer goods industries, the online sales experience a very low percentage rate. This difference could be because of lot many reasons, but what important is the benefits provided by the specific characteristics of both physical outlet and virtual market. Say for example, in traditional shopping the customers can avail the advantage of checking the product by touching it and personally getting all the information about the product from the salesman before purchasing it. Customers even have the convenience of after sale service directly. Nevertheless, these physical stores have limited stock and the cost of the goods is higher than the online market. When we compare the two, we find that the weakness of one is the strength of another and vice-versa. It becomes clear from previous studies on online shopping and internet that many corporations use e-business as a result of technological development and competitive advantages provided by web selling. Furthermore, the intensive usage of internet by individual is the prominent reason for enhanced online shopping. Comparatively few studies have focused on internet shopping and its impact on consumer behavior along with the establishment of online marketing channels rather than offline channels of marketing. Thus in combination with previous researches, this study will spotlight on internet shopping and its impact on consumer purchase behavior showing the necessary components of marketing and business satisfying consumer needs through an analytical framework, to develop the marketing strategies of e-business company by having an understanding of online consumer behavior.

### **LITERATURE REVIEW**

**Solomon (1998)** assumed consumer behavior as the process concerned at the time of purchase when a consumer selects uses or disposes a product or service to satisfy their wants and requirements. It is necessary to understand the consumers' attitude towards online purchase intention while considering Internet as a retail channel. It was anticipated by Donthu and Garcia (1999) that online shopping behavior is affected by perceived risk, brand and price awareness, innovativeness, convenience and attitude towards internet shopping or direct marketing.

**Schiffman, Scherman, & Long (2003)** has undergone the research that a person's behavior or intention is not influenced by personal attitudes only but is a result of various attitudes of consumer regarding many related issues as per the situation, as online purchase in this case. Now, with the advent of time, the perception for internet buyers as modernizer or early adopter has been altered. Although previously, professional young males having high level of income, status, education, risk tolerance and lower necessity to support traditional retail channels were considered prospect internet buyer (**Ernst & Young, 2001**).

**Sultan and Henrichs (2000)** has accomplished in his study that consumers' income, innovativeness, social status and size of family are positively related to their choice and preference for internet as shopping medium. It is disclosed by **Vijay, Sai. T. & Balaji, M. S. (2009)** that throughout the world, there is a shift among consumers from crowded traditional stores to one-click online shopping mode. But, the convenience provided does not make online shopping the most favorite shopping form in India. According to the study conducted by **Kim and Park (2005)**, consumer's preference and attitude in searching pre-purchase

information provides a strong possibility of online buying. Computer skills are a necessity of online shoppers to shop using internet. Thus, if not comfortable with computer, such people will buy from traditional outlets or discount stores which will be easy for them than internet shopping (**Monuwe, 2004**).

**According to Sheth (1983)**, while shopping, consumers carry two types of motives such as functional and non functional. The functional motives include place of shopping, time constraints and needs of consumer. These all motives can be satisfied by proper environment of shopping place like- convenient parking, low cost, wide variety of choice and in short we can say one stop shopping. The non functional motives are concerned with social/cultural values connected with the brand name of shopping store.

Consumers interested in online shopping are always in search of new products, new charisma and above all price compatibility with budget. Internet shopping provides the best means to save time and money by purchasing online from home or anywhere within their budget. There is no limit to online shopping for internet customers (**Bashir 2013**). It has now been verified by research that internet shopping is superior to conventional shopping because of the convenience and ease of use it provides (**Nazir et al., 2012**).

To build the relationship with customers, online trust is the key factor. A research by (**Cassell and Bickmore, 2000**), observed that face-to-face communication in the physical store is of higher level than online trust. The outcome from **Cheung and Lee (2006)** observes that the trust of consumers in Internet shopping is greatly affected by the Internet merchant's trustworthiness such as integrity, competence, security control and even third party acknowledgement and legal structure type external atmosphere. For example, a high technical competency can be one of the factors that have an impact on trustworthiness (**Singh and Sirdeshmukh, 2000**).

Previous research has established that perceived risk connected with online shopping is the main inhibitor of internet purchasing (**Suki, 2012; Egelin, Joseph, & Johnson, 2012**). Apart from product category, experience of online shopping is negatively associated to perceptions of product and financial risks related with it (**Dai, Forsythe, & Kwon, 2014**). Internet purchase intention and behavior is negatively influenced by the perceived risks linked with online shopping (**Dai et al., 2014**). It is concluded by **Adnan (2014)** in a study conducted on factors influencing online purchasing patterns of consumers that trust towards internet vendors and security issues play a very important role in deciding their buying behavior.

**Elms et al. (2016)** observed Internet role in e-commerce and explained how customers' buying behavior is affected by Internet shopping. Hence, it is apparent that trust successfully reduces uncertainty and risk (**Pavlou, 2003; Suh and Han, 2003**) and according to **Bilgihan (2016)** even a sense of security is created by trust.

The research conducted by **Geetu et al. (2016)** indicates the factors for lack of trust in consumers for online shopping. According to them, there are various antecedents like website design, previous online purchase experience, quality course, perceived risk, perceived security, perceived integrity, perceived competence, perceived privacy control, third-party integration and legal framework which affects trust and finally have an impact on intention to buy.

## **OBJECTIVE OF THE STUDY**

To explore the factors impacting consumer behavior towards E-business.

## RESEARCH METHODOLOGY

The present research paper is conceptual in nature. Total 30 national and international papers are reviewed. On the basis of literature review, the impact of independent variables such as internet influence, internet shopping, convenience, technology and trust are studied on dependent variable i.e. consumer behavior. Thereafter, a model is proposed showing the effect of above independent variables on consumer behavior in online shopping.

### Factors Affecting Consumer Behavior

#### 1. Internet Influence

The impact on consumer behavior is generally studied between internal and external factors. Factors that arise from within the consumer's mindset are internal whereas external factors originate from the surrounding environment. There are many elements that influence the behavior of consumers. According to Warner, there are various sub divisions of external factors such as demographics, economic, social, technology, culture, and marketing. The various psychological features included in internal influences are attitude, perception, motivation, learning and self-image (Malcolm).

In traditional shopping, the consumers mainly purchase to fulfill their needs. This purchase will be enhanced by the advertising and promotional activities of the company which attracts the customers to visit their shop and purchase the goods to take it home and use the product.

#### 2. Internet Shopping

Internet shopping and traditional shopping are same in many aspects but they are also different in some manner, such as the services of internet shopping is convenient and interactive, whereas the main benefit of traditional shopping is the contented shopping environment and the product quality provided by it. Both the concepts of shopping are trying to learn commutatively from one another to uplift their services. For example, the traditional shopping forward various extraordinary facilities such as adequate parking spaces, number of counters and establishments near to residential areas to offer convenience in services. Even the presentation of products is accelerated in internet shopping through virtual reality and development of 3D techniques.

In the upcoming sections, the study will deal with the features of internet shopping and then with the help of E-Business developed websites we will try to analyze the real meaning of internet shopping. Furthermore, we will discuss the trust, security and privacy in online shopping. From the above generalizations and discussions of internet shopping a framework for the study is developed and a base for further academic researches is built.

#### 3. Convenience

The convenience provided by internet is the major motivation for consumers to adopt online shopping as approved by many researchers and even customers. The most important quality of internet that attracts customers for shopping online is its 24\*7 service provided all time and everywhere, it can even be availed from any location which is convenient for most of the time-starved shoppers who saves time in going to physical outlets and search the product. There are various other features of Internet that saves time and money both in the form of transportation cost as the customers need not visit the physical store. The boring waiting line of traditional shopping can also be avoided on Internet, plus the force of sales person at physical shop is also not experienced, while shopping online is more entertaining and enjoyable aspect offered by Internet.

#### 4. Technology

The technological development is the main source of convenience provided by Internet which helps in the growth of Internet shopping. During the previous years, it has become clear to the companies that this advancement in technology have an impact on the online shopping and as a result to achieve the competitive advantage, companies are adopting various techniques such as virtual reality and 3D techniques. The product information quality and shopper's decision making have increased with the use of Information technology as a tool of Internet. It has been seen through various surveys about Internet that in the past decade, there is a high jump in the Internet growth and Internet usage growth rate. As per the GVV's WWW 9th User Surveys (1998) and the BMRB International (2004), in Great Britain the Internet user volume has grown to 22.7 million from which 48.4% adult population and 53% Internet users have reported that web is primarily used for online shopping. According to a statistical report from CNNIC (China Internet Network Information Centre) in July 2006, with regard to Internet shopping, nearly 1/4 Internet users have online shopping experience. It is clear from both the above surveys that majorly online payment is preferred by the Internet users and this makes the online payment security an extremely considerable aspect that influences Internet shopping.

#### 5. Trust

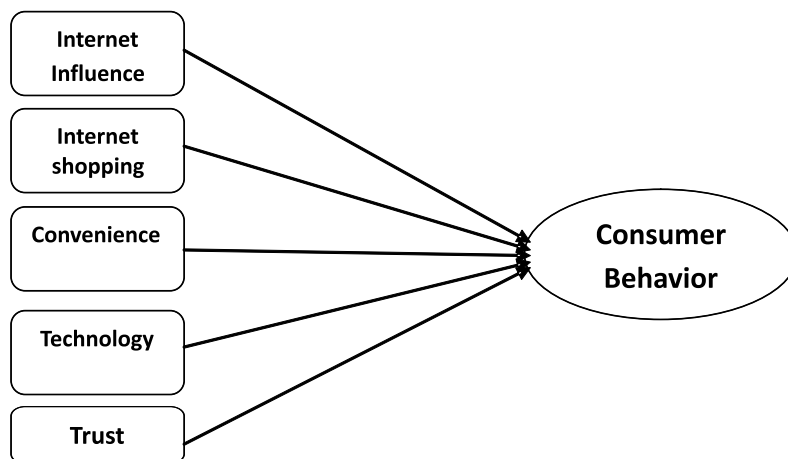
**Mayer, Davis, and Schoorman (1995)** defined trust as, "the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trust, irrespective of the ability to monitor or control that other party". This is the most renowned and accepted definition.

The levels of trust people have in product or services and even in the physical outlet sellers or online shops make them purchase the product. The trust factor of e-business websites depends on the privacy and security forwarded by them. As stated above, the third-party verification provided by web merchants to e-business websites and such privacy and security strategies used, make customers prefer these e-business transactions on internet to be more secure and reliable for them.

A consumer usually considers variety of risks linked with online shopping. The major matter of concern of internet consumers are: lack of physical assessment of product, credit card safety, problem in exchange/return of item, shipping charges and personal information privacy.

### FINDINGS AND RECOMMENDATIONS

The research study on the basis of literature review has recommended a model on consumer behavior towards Internet shopping. The factors that affect the consumer behavior are basically divided into following parts: internet influence, internet shopping, convenience, technology and trust. The proposed model for consumer behavior towards Internet shopping is as below:



Proposed E-Business Model for Consumer Behavior

## CONCLUSION

The focal point of this study is the different factors of Internet and to examine the effect of those factors on online shopping behavior of consumers. Primarily it discuss the present condition of Internet development, and then with marketing background representation, it mention the difference of online shopping with physical stores to show the development of Internet shopping with the increasing popularity of e-business. Literature review discusses various sections: traditional behavior of shopping, online shopping and consumer behaviors. The study spotlight on the Internet shopping which includes, its nature, E-business website and online privacy, safety, faith and trustworthiness whereas, online consumer behavior consist of surrounding, motivation to shop and decision making process. Following factors were viewed and analyzed to study the impact on online consumer behaviors. Beside this, the past researches were used to enhance understanding broadly. Additionally, the possible factors were recognized by examining the decision making process of consumers at the time of purchase. The information search plays a very important role in helping customers find the appropriate products or services as per their needs. Hence, the retailers doing business online must develop and advance the information support such as providing complete product information and enhancing the efficiency of information search by using internal search engine. At the estimation stage, customers think more about the reputation of the E-business website, and the payment security is focused on, for the purchase stage. After sale-services, are the factors mostly concentrated on, at the post-purchase stage? Generally, the online retailers should be concerned about the factors that enhanced or banned the online consumer behaviors. The suitable marketing communications can be utilized by the retailers to maintain customer's purchase decision making process and develop their presentation.

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