



# Online Consumer Purchase Behavior & the Affecting Factors

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## Abstract:

*Online shopping is a phenomena that is growing rapidly nowadays. A peep into the exponential growth of the main players in this industry indicates there is still a large reservoir of market potential for e-commerce. Customer behaviour study is based on consumer buying behaviour, with the customer playing the three distinct roles of user, payer and buyer. Research has shown that consumer behaviour is difficult to predict, even for experts in the field. "Customers" play a very critical role as these are the people who finally BUY the goods & services of the organisation, and the firm is always on the move to make them buy so as to earn revenue. It's crucial from both the points of view as given below. From the customers' point of view: Customers today are in a tough spot. Today, in the highly developed & technologically advanced society, the customers have a great deal of choices & options (and often very close & competing) to decide on.*

*How can they possibly decide where to spend their time and money? It's very important question for a trader. When consumer fully delights, then he decides to spend to their money. Therefore it's very important to know the Factors Affecting online purchase Consumer Behavior. Let's see it.*

**Keywords:** *Consumer, Behaviour, Online purchase, Product, 4P's*

## 1. Introduction

Consumer behavior refers to the selection, purchase and consumption of goods and services for the satisfaction of their wants. There are different processes involved in the consumer behavior. Initially the consumer tries to find what commodities he would like to consume, then he selects only those commodities that promise greater utility. After selecting the commodities, the consumer makes an estimate of the available money which he can spend. Since its transition into a global interconnection network for sharing and delivering information, internet has emerged as a useful marketing tool to serve as platforms for domestic and international transaction. According to A.T. Kearney (2015), retail e-commerce has grown nearly to US\$840 billions in 2014 surpassing the sales of US\$695 billions in year 2013 and it was estimated to increase to US\$1506 billions in 2018. The continuous sales increment indicated that e-commerce has enormous market potential. The operation and success of powerhouses such as Alibaba, Tenecent, Amazon and Groupon etc have set as a example for corporates to shift the model of their business from brick-and-mortar to brick-and-click. Regardless of the flourishing e-commerce on a global scale, Malaysia had dropped out from the 30th position in Top 30th Global Retail E-Commerce ranking in 2015 (A.T. Kearney, 2013). T Lastly, the consumer analyzes the prevailing prices of commodities and takes the decision about the commodities he should consume. Meanwhile, there are various other factors influencing the purchases of consumer such as social, cultural, personal and psychological.

## 2. Literature Review

### 2.1 Subjective Norm

Ajzen (1991) and Orapin (2009) advocated that external elements such as perceived social pressure may actually influence one's behavior. Previous studies on subjective norms focused on family Takaful scheme (Husin & Rahman, 2013), intention to work in older age (Lu, 2012), infused soft drinks (David, Tong, Yin, 2012), telepresence systems (Park, 2013), participation in online community (Zhou, 2011), online shopping (Al-Maghrabi, Dennis, & Halliday, 2011; Limayem et al., 2000; Jamil & Mat, 2011; Orapin, 2009; Tseng et al., 2011; Xie et al., 2011). The subjects of analysis of most researches focused on university students as respondents (David, Tong, Yin, 2012; Orapin, 2009; Zhou, 2011) and others on general public, including professional as the respondents (AlMaghrabi et al., 2011; Husin & Rahman, 2013; Limayem et al., 2000; Lu, 2012; Jamil & Mat, 2011; Park, 2013; Tseng et al., 2011; Xie et al., 2011). There is no direct significant relationship between subjective norm and consumer behavior and it has been proven by Ajzen(1991) that personal considerations tend to overshadow the influence of subjective norm. Most of the studies on subjective norm are mediated by purchase intentions before performing actual buying (Choo, Chung & Pysarchik, 2004; Limayem et al., 2000; Jamil & Mat, 2011; Zhou, 2011). A related finding by Jamil and Mat (2011) proposed that subjective norm does not significantly influence actual buying through the internet but have a profound significant effect on online purchase intention. The results implied that families, friends and the media only have a minor influence on the actual internet purchasing. Subjective norm was the second most influential factors after perceived behavioral control to influence the purchase intention to shop online (Orapin, 2009). He et al. (2008) hypothesized that the recommendations by third parties (subjective norm) significantly impacted the purchase intention of the consumers. Most of the findings indicated that subjective norm does has a direct significant influence on purchase intention towards online shopping (Leeraphong & Mardjo, 2013; Jamil & Mat, 2011; Siti, Mohammed & Nik Kamariah, 2012; Xie et al., 2011). The conclusion is applicable to Malaysian since Malaysian is culture-bounded and averse to changes (Harn et al., 2006;Jamil & Mat, 2011).

### 2.2 Perceived Usefulness

Perceived usefulness is defined as the extent to which consumers feel the online website could add value and efficacy to them when performing online shopping (Hu et al., 2009; Lai & Wang, 2012). Perceived usefulness could also be defined from an individual's point of view that by using a system would improve task performance (Davis, 1989; Zhu, Lee, O'Neal & Chen, 2009; Liao et al., 2013). The perceived usefulness of the website usually depends on the efficiency of technological characteristics such as advanced search engines and the personal service provided by the service provider to consumers (Kim & Song, 2010). Various information and high quality goods' descriptions must be provided to the customers to help customers in making an well-informed decision. (Chen, Gillenson & Sherrell, 2002). Previous studies on perceived usefulness were mostly conducted in developing countries such as China (He et al., 2008; Hu et al., 2009; Lai & Wang, 2012; Liu et al., 2010; Xie et al., 2011; Zhao & Cao, 2012), Malaysia (Letchumanan & Muniandy, 2013; Yulihastri et al., 2011) Vietnam (Nguyen & Barrett, 2006) and Iran (Aghdaie et al., 2011) while a minor percentage conducted in developed countries such as Taiwan (Liao et al., 2013), South Korea (Kim & Song, 2010; Seo, Kun & Dae, 2013) and Spain (Enrique, Carla, Joaquin & Silvia, 2008; Hernandez et al., 2011; Jose, Silvia, Carla & Joaquin, 2013). It is because developing countries are still at the infant stage of information technology compared to developed countries (Hana, Mike & Parvaneh, 2012). Previous studies on the correlation between perceived usefulness and consumer behaviors were conducted (Aghdaie et al., 2011; Hernandez et al., 2011; Ndubisi & Jantan, 2003). Hernandez et al. (2011) revealed that perceived usefulness has significant effect towards online shopping behavior in Spain but Aghdaie et al. (2011) suggested that perceived usefulness do not have significant effect on internet purchasing behavior in Iran. It could be due to different

standpoints of respondent from developed and developing country regarding the perceived usefulness influence on their internet shopping behavior. Concerns of price, quality, durability and other product-related aspects are the main drivers of buying decision in developed countries but the considerations could be vary from the developing countries (Ahmed, 2012). Previous study in Malaysia found that perceived usefulness of a specific system will have a direct significant impact on its information system usage (Ndubisi & Jantan, 2003). According to Enrique et al. (2008), Kim & Song (2010) and Xie et al. (2011), perceived usefulness was proven to have significant impact on the intention to purchase via internet. A supported study by Kim & Song (2010) advocated that consumers expected to 404 Yi Jin Lim et al. / Procedia Economics and Finance 35 ( 2016 ) 401 – 410 receive useful information and to browse through merchandise conveniently for purchase. Otherwise, the online shoppers will shift to their competitors since there are many similar products on sale in other online store (Kim & Song, 2010). In short, perceived usefulness will influence consumers' intention to purchase in high risk condition (Xie et al., 2011).

### **3. Cultural Factors**

Consumer behavior is deeply influenced by cultural factors such as: buyer culture, subculture, and social class.

#### **3.1 Culture**

Basically, culture is the part of every society and is the important cause of person wants and behavior. The influence of culture on buying behavior varies from country to country therefore marketers have to be very careful in analyzing the culture of different groups, regions or even countries.

#### **3.2 Subculture**

Each culture contains different subcultures such as religions, nationalities, geographic regions, racial groups etc. Marketers can use these groups by segmenting the market into various small portions. For example marketers can design products according to the needs of a particular geographic group.

#### **3.3 Social Class**

Every society possesses some form of social class which is important to the marketers because the buying behavior of people in a given social class is similar. In this way marketing activities could be tailored according to different social classes. Here we should note that social class is not only determined by income but there are various other factors as well such as: wealth, education, occupation etc.

### **4. Social Factors**

Social factors also impact the buying behavior of consumers. The important social factors are: reference groups, family, role and status.

#### **4.1 Reference Groups**

Reference groups have potential in forming a person attitude or behavior. The impact of reference groups varies across products and brands. For example if the product is visible such as dress, shoes, car etc then the influence of reference groups will be high. Reference groups also include opinion leader (a person who influences other because of his special skill, knowledge or other characteristics).

#### **4.2 Family**

Buyer behavior is strongly influenced by the member of a family. Therefore marketers are trying to find the roles and influence of the husband, wife and children. If the buying decision of a particular product is influenced by wife then the marketers will try to target the women in their advertisement. Here we should note that buying roles change with change in consumer lifestyles.

### ***4.3 Roles and Status***

Each person possesses different roles and status in the society depending upon the groups, clubs, family, organization etc. to which he belongs. For example a woman is working in an organization as finance manager. Now she is playing two roles, one of finance manager and other of mother. Therefore her buying decisions will be influenced by her role and status.

## **5. Personal Factors**

Personal factors can also affect the consumer behavior. Some of the important personal factors that influence the buying behavior are: lifestyle, economic situation, occupation, age, personality and self concept.

### ***5.1 Age***

Age and life-cycle have potential impact on the consumer buying behavior. It is obvious that the consumers change the purchase of goods and services with the passage of time. Family life-cycle consists of different stages such young singles, married couples, unmarried couples etc which help marketers to develop appropriate products for each stage.

### ***5.2 Occupation***

The occupation of a person has significant impact on his buying behavior. For example a marketing manager of an organization will try to purchase business suits, whereas a low level worker in the same organization will purchase rugged work clothes.

### ***5.3 Economic Situation***

Consumer economic situation has great influence on his buying behavior. If the income and savings of a customer is high then he will purchase more expensive products. On the other hand, a person with low income and savings will purchase inexpensive products.

### ***5.4 Lifestyle***

Lifestyle of customers is another import factor affecting the consumer buying behavior. Lifestyle refers to the way a person lives in a society and is expressed by the things in his/her surroundings. It is determined by customer interests, opinions, activities etc and shapes his whole pattern of acting and interacting in the world.

### ***5.5 Personality***

Personality changes from person to person, time to time and place to place. Therefore it can greatly influence the buying behavior of customers. Actually, Personality is not what one wears; rather it is the totality of behavior of a man in different circumstances. It has different characteristics such as: dominance, aggressiveness, self-confidence etc which can be useful to determine the consumer behavior for particular product or service.

### ***5.6 Online habit***

Most important factor is how much time spends behind Internet by the consumer to purchase the product. It's also important that the computer practical knowledge and its use to purchase online product via credit card, debit card, VISA card, Pay TM ETC.

## **6. Psychological Factors**

There are four important psychological factors affecting the consumer buying behavior. These are: perception, motivation, learning, beliefs and attitudes.

### **6.1 Motivation**

The level of motivation also affects the buying behavior of customers. Every person has different needs such as physiological needs, biological needs, social needs etc. The nature of the needs is that, some of them are most pressing while others are least pressing. Therefore a need becomes a motive when it is more pressing to direct the person to seek satisfaction.

### **6.2 Perception**

Selecting, organizing and interpreting information in a way to produce a meaningful experience of the world is called perception. There are three different perceptual processes which are selective attention, selective distortion and selective retention. In case of selective attention, marketers try to attract the customer attention. Whereas, in case of selective distortion, customers try to interpret the information in a way that will support what the customers already believe. Similarly, in case of selective retention, marketers try to retain information that supports their beliefs.

### **6.3 Beliefs and Attitudes**

Customer possesses specific belief and attitude towards various products. Since such beliefs and attitudes make up brand image and affect consumer buying behavior therefore marketers are interested in them. Marketers can change the beliefs and attitudes of customers by launching special campaigns in this regard.

## **7. Social Factors**

Social Factors influencing consumer buying decision can be classified as under.

### **7.1 Reference Groups**

Every individual has some people around who influence him/her in any way. Reference groups comprise of people that individuals compare themselves with. Every individual knows some people in the society who become their idols in due course of time.

Reference groups are generally of two types:

A. Primary Group - consists of individuals one interacts with on a regular basis.

Primary groups include:

- Friends
- Family Members
- Relatives
- Co Workers

All the above influence the buying decisions of consumers due to following reasons.

They have used the product or brand earlier. They know what the product is all about. They have complete knowledge about the features and specifications of the product. Tim wanted to purchase a laptop for himself. He went to the nearby store and purchased a Dell Laptop. The reason why he purchased a Dell Laptop was because all his friends were using the same model and were quite satisfied with the product. We tend to pick up products our friends recommend. A married individual would show strong inclination towards buying products which would benefit not only him but also his family members as compared to a bachelor. Family plays an important role in influencing the buying decisions of individuals. A consumer who has a wife and child at home would buy for them rather than spending on himself. An individual entering into marriage would be more interested in buying a house, car, household items, and furniture and so on. When an individual gets married and starts a family, most of his buying decisions are taken by the entire family. Every individual goes through the following stages and shows a different buying need in each stage:

- Bachelorhood: Purchases Alcohol, Beer, Bike, Mobile Handsets (Spends Lavishly)
- Newly Married: Tend to purchase a new house, car, household furnishings. (Spends sensibly)
- Family with Children: Purchases products to secure his as well as his family's future.
- Empty nest (Children getting married)/Retirement/Old Age: Medicines, Health Products, and Necessary Items.

A Ford Car in the neighbourhood would prompt three more families to buy the same model.

B. Secondary Groups - Secondary groups share indirect relationship with the consumer. These groups are more formal and individuals do not interact with them on a regular basis, Example - Religious Associations, Political Parties and Clubs etc.

### **7.2 Role in the Society**

Each individual plays a dual role in the society depending on the group he belongs to. An individual working as Chief Executive Officer with a reputed firm is also someone's husband and father at home. The buying tendency of individuals depends on the role he plays in the society.

### **7.2 Social Status**

An individual from an upper middle class would spend on luxurious items whereas an individual from middle to lower income group would buy items required for his/her survival.

## **8. Conclusion**

The study of Consumer online purchase Behaviour is quite complex, because of many variables involved and their tendency to interact with & influence each other. These variables are divided into three major sections that have been identified as the most important general influences on Consumer Behaviour. Imagine three concentric circles, one at the outer most, one in the middle & one at the inner most, and they represent the following.

- External Environmental Variables Influencing Behaviour : These are the factors controlled by external environments like the following form the basis of external influences over the mind of a customer (outer circle).
- Culture, and Sub-culture,
- Social Class, and Social Group,
- Family, and Inter-Personal Influences,
- Other Influences (which are not categorised by any of the above six, like geographical, political, economical, religious environment, etc.).

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