Internet marketing: consumer behaviour online assignment

Abstract This paper is an article review of " Segmenting consumers by E-shopping behaviour and online purchase" by Ruiz Mafe Carla and Lassala Navsrre Carlos. This paper explores that the shopping on the Internet has grown tremendously during the past few years. It radically changes the way people live, work and consume. In this study we try to explore that the online shopping in the UK is becoming one of the hottest trends in retailing today. On the other hand, the exponential increases in online shopping and the fast rate of growth in the number of retailers selling online have created an extremely competitive marketplace.

In this already highly competitive market, it becomes essential for e-commerce managers to understand the different factors that affect people using the Internet as a new purchasing medium. There are many benefits that attract people to choose online shopping such as convenience, time saving, more available choices and possibly lower prices, however, many people are often hold back as fear of privacy, security and delivery issues in relation to Internet shopping. Table of Contents

Internet Marketing: Consumer Behaviour Online Introduction With the fast development of internet, E-commerce is receiving greater attention from various organizations and consumers. As part of e-commerce, the online shopping is becoming a trend in the UK as well as in other countries all over the world. There are advantages of online shopping, but also drawbacks.

How the consumers perceive the different benefits and risks of online shopping will to a large extent determine their purchasing behaviour. This aims of this paper is to review of all the relevant factors that are presented by Ruiz Mafe Carla and Lassala Navsrre Carlos in their article. t starts with an overview of definition of e-commerce, it then reviews some conventional marketing theories regarding consumer perception and behaviour. It then will summarize the main benefits and risks of online shopping.

The Internet gives consumers a much wider choice of products, services and prices from different suppliers and the means to select and purchase items more readily. For organizations, it gives the opportunity to develop new markets, to improve the competitiveness of the company, but it also gives rise to many threats to organizations (Siyal, Chowdhry, Rajput, 2006, 317-329). The Internet allows people to communicate with each other over vast distances, and across all kinds of boundaries that formerly made communication difficult or impossible.

Therefore it is able to commercially move business and people to a market in which every thing that is for sale is advertised and every thing that is wanted for purchase is requested somewhere, and buyers and sellers can contact each other with no cost or little cost (Carla & Carlos 2006) The development of electronic commerce (e-commerce) is often claimed to be reshaping almost all industries (Wigand, 1997). It might be somehow overstating the importance of e-commerce, but e-commerce does influence the operation of organizations and people's activities greatly. Definition of the E-Consumer

E-commerce has been used as a general term in context of Internet. Some researchers define it as both financial and informational electronically mediated transactions between an organization and any third party it deals with. Many other definitions have been focused on buying and selling using the Internet. (Siyal, Chowdhry & Rajput, (2006), describe it as the sale and purchase of products and services over the Internet. They further explain that the factors associated with e-commerce relate to the net value of both the benefits and costs of a product, and the processes of finding, ordering, and receiving it.

E-commerce is generally divided into two types: B2C and B2B. B2C is business to consumer, in other words, online transactions are made between business and individual consumers. B2B refers to business to business, that is business make online transactions with other businesses, such as when business purchase parts, fuel, or services online (Siyal, Chowdhry, Rajput, 2006, 317-329) Discussion Ruiz Mafe Carla and Lassala Navsrre Carlos review in their article that the electronic retailing, the business-to-consumer segment of e-commerce, is set to grow exponentially in the next few years (Carla & Carlos 2006).

It is said that online retailing will continue to grow at exceptional rates over the next few years. Total European online retail revenue is expected to reach approximately ? 45 billion in 2003, a thirteen-fold increased from 1999. The authors state that the Internet has become a necessary part of people's lives, and it also enables the fast development of E-commerce. E-commerce shows its importance in enhancing business performance and providing

better services to customers. E-commerce is also making steady progresses with more people are involving the online business environment.

This research is focused mainly on the B2C segment of E-commerce. Both of the authors state consumer perception is initiator of consumer behaviour, while consumer behaviour is the output of consumer perception. Consumer decision process model has been well accepted and it is useful to understand factors influencing consumer perception and purchasing behaviour(Carla & Carlos 2006). There are many different benefits and risks of online shopping related to factors influencing consumers purchase. The benefits are mainly convenience, time saving, large product choice, product customization and lower prices.

The common perceived risks of online shopping are mainly privacy risks, security risks, lack of inspection, delivery issues and inconvenience of returning. The authors reviews that the exponential increases in online shopping and the unprecedented rate of growth in the number of retailers selling online have created an extremely competitive marketplace where most e-retailers have yet to turn a profit. In the 21st century, most traditional retailers have experienced intense competitive threats from quick-to-market's pure play e-retailers that sell commodity.

Although in its early stage of growth, electronic retailing, the business-to-consumer segment of e-commerce, is set to grow exponentially in the next few years (Carla & Carlos 2006). However, the authors declares it should be noted that shopping via the Internet still remains as yet a minority pursuit with purchases concentrated in a comparatively narrow range of categories

such as books, computer software and hardware, holidays, groceries, CDs, travel booking and event ticket (Carla & Carlos 2006).

The authors say that the development of e-Commerce has transformed the way in which consumers purchase products as well as how organizations operate. The Internet provides the necessary tools; easy operation and exchange of information; and therefore affects all diverse industries and organizations. The Internet has become a useful tool for selling, buying and distributing goods and services globally in a rapidly growing supply chain (Carla & Carlos 2006).

The potential market that the Internet provides has little or no restrictions by either geography or time, and therefore poses a huge impact on any organization considering e-Commerce in its strategic marketing formulation. Opportunities in e-Commerce are enormous, as present growth and development have proved. They articulate that the internet provides a virtual marketplace, providing huge opportunities in the marketing strategies that an organization may wish to develop.

According to the Ruiz Mafe Carla and Lassala Navsrre Carlos the users trend related to the e-Commerce is extremely valuable information that the organizations must be aware of. By knowing how the advances of the Internet are being used, a marketing strategy can be focused keeping these ideals in mind (Carla & Carlos 2006). As e-Commerce provides different uses to varying companies or industries, user trends and their relative importance differ. For example business to business electronic communication would

represent different characteristic than communication relating directly to the end-consumer.

They state that the ideals such as customer tracking can be found as an integral advantage in the use of Internet based marketing. Information regarding " users" use of resources can be tracked reasonably easily on the Internet, and is a direct result of the information-based platform the Internet provides (Carla & Carlos 2006). About the consumer behaviour analysis Ruiz Mafe Carla and Lassala Navsrre Carlos states possibly the major factor in understanding the effects of e-Commerce towards marketing within an organization is the awareness of who in fact has access to such resources.

By having an understanding of users of the Internet and e-Commerce resources, the marketing strategy can be further advanced, and tailored in a favourable direction to the organization. According to them various factors compose the analysis of the consumer when addressing both e-commerce and the more traditional means of commerce (Carla & Carlos 2006). Ideals such as demographics and cultural influences must be identified when assessing the characteristic of any market. It is important that the users of Internet technology are identified, and the relevant consumer attributes understood.

In terms of e-Commerce, this aspect of the environment provides a basis for how an organization would structure their marketing strategies based on the attributes that make up the general Internet consumer. " It is important to get some idea of the degree to which the marketing approach will be accepted and trusted by potential customers" (Siyal, Chowdhry and Rajput,

2006, 317-329). Wenddy W. Moe's major concern in her article" Uncovering Patterns in Cybershopping" is about the privacy and the security risks.

The pointed out that online business constantly gather and use demographic information from users who are afraid that their personal data may be sold, used, or revealed in an inappropriate manner (Moe, 2001, 106-117). There are too many reports about hackers breaking into Web sites and viewing sensitive information, and about companies putting unwanted information on consumers' computers through cookies. Such fears keep many consumers from shopping online. She says prior studies show that fears and concerns of purchasing online inhibit online consumers purchasing decisions.

Wenddy W. Moe's finds that 41 per cent of online shoppers were very concerned over the use of personal information, up from 31 percent just two years prior (Moe, 2001, 106-117). In fact, both online shoppers and those have not purchased online worry about information privacy. These fears and concerns may be real or perceived; however, they are relevant to online consumers in their decision process (Moe, 2001, 106-117). Ruiz Mafe Carla and Lassala Navsrre Carlos state that the security risks are often closely related to privacy issues.

Security, especially payment security has been one of the main concerns for consumers in online shopping. Despite the fast developing of Internet and advanced technology, a high proportion of Internet users are still very cautious about making online purchase due to the concerns over credit and debit card security (Carla & Carlos 2006). They are afraid that Web server is not owned and operated by a legitimate company. They are not sure

whether the information will be distributed to the third party. Besides, the danger of hackers also exists. Among the 77 er cent of Internet users who have never purchased products online, 86 per cent say that they have been holding back out of fear that others might use their credit card number or other private information without their consent. Obviously, this is a significant hindrance to the growth of online service (Carla & Carlos 2006) The Theory of Planned Behaviour The article by Ruiz Mafe Carla and Lassala Navsrre Carlos used the theory of the Planned Behaviour. A central factor in the theory of planned behaviour is the individual's intent to perform a given behaviour.

Ajzen (1991) argues that intentions capture the motivational factors that influence behaviour and are indications of how much effort people are willing to expend to perform the given behaviour. In other words, actual behaviour depends on intentions (Ajzen, & Fishbein, 1980 p. 96). The theory of planned behaviour further postulates that intentions are influenced by both attitudes and perceived behavioural control. Attitudes may be either evaluative (e. g. , pros and cons of the behaviour) or affective (e. g. feelings toward the behaviour). Perceived behavioural control represents the notion that a behavioural intention can find expression in behaviour only if the person can decide whether to perform the behaviour. In other words, it is the person's perception about the ease or difficulty of performing a given behaviour. Perceived behavioural control, also referred to as ability, reflects demographic factors such as past experience as well as anticipated impediments and obstacles, such as time, money, or skills.

In addition to influencing intentions, perceived behavioural control also has a direct impact on actual behaviour (Ajzen, & Fishbein, 1980 p. 174). The theory of planned behaviour has been applied to a wide variety of behaviours. The authors are careful to point out that, as a theory of individual behaviour, it must be applied at a micro level. Intentions, attitudes, and perceived behavioural control must be measured consistently and in relation to the behaviour of interest.

Further, the relative importance of each factor in explaining behaviour may vary across different situations and actions. Implications Despite fast development, e-retailing is still in its infancy. A good understanding of consumers' attitude in the online environment is helpful and essential. The findings from this study should yield some implications for e-commerce managers. It is essential for them to understand the benefits and risks that affect people actively use the Internet as a purchasing medium.

E-commerce managers need to understand these and develop effective strategies to encourage consumers to access their Web sites to spend time and money and to overcome some of the barriers. Improving consumers' confidence towards the application of Internet shopping is the first task. Companies should be more active in promoting the value propositions including convenient information search, convenience in ordering products, and time saving benefits of Internet shopping. Such promotions can be both online and offline.

If consumers are attracted to buy online once, it is very likely that they will continue to do so. Conclusion The article of Ruiz Mafe Carla and Lassala

Navsrre Carlos only tests the perception of consumers towards online shopping. It does not go further on study of their purchasing behaviours. Further researches should try to get an insight on how Internet impact along the different stages of the consumer decision-making process and the true value-added of the Internet to consumers at very specific points in the purchase process.

In addition, it is also worthwhile to have deeper investigation on how these risks and benefits influence on customers satisfaction in the actual purchases on the Internet. Such efforts will result in a better understanding of consumer Internet behaviour to the benefit of both consumer theory and management practice. Future studies should test the model using larger samples of consumers; the sample size in this research has been relatively small. References Ajzen, Icek & Fishbein, Martin (1980) Understanding Attitudes and Predicting Social Behavior. Prentice Hall; Facsimile edition, pp. 3-245 Carla, Ruiz, Mafe, & Carlos, Lassala, Navsrre (2006). Segmenting consumers by E-shopping behaviour and online purchase. Retrieved on September 29, 2008 from http://jib. debii. curtin. edu. au/iss03_mafe. pdf Moe, Wendy and Peter Fader (2001), " Uncovering Patterns in Cybershopping," California Management Review, 43(4), 106-117. Siyal, M. Y. ; Chowdhry, B. S. ; Rajput, A. Q. (2006); Socio-Economic Factors and their Influence on the Adoption of e-Commerce by Consumers in Singapore; International Journal of Information Technology and Decision Making; Jun 2006, Vol. 5, Issue 2, 317-329.