

**Term Project On**  
**Customer perception and associated behaviour**  
**for online shopping**

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## **DECLARATION**

The views expressed in this project are personal and not of the organisation and this project is done as a detailed study under the course from strategy perspective only.

## **CERTIFICATE**

This is to certify that the project entitled “**Consumer Behaviour in Online Shopping**” has been successfully completed by Sandeep Bhardwaj – 2K16/EMBA/529.

This is further certified that this project work is a record of bonafide work done by him under my guidance. The matter embodied in this report has not been submitted for award of any degree.

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## ABSTRACT

**Introduction:** The Internet has developed into a new distribution channel and online transactions are rapidly increasing. This has created a need to understand how the consumer perceives online purchases.

**Method:** The purpose of this dissertation was to examine if there are any particular factors that influence the online consumer. Primary data was collected through a survey that was conducted on students and Employees from different part of India.

**Conclusion:** Price, Trust and Convenience were identified as important factors. Price was considered to be the most important factor for a majority of the Customers.

Furthermore, three segments were identified, High Spenders, Price Easers and Bargain Seekers. Through these segments I found a variation of the different factors importance and established implications for online stores.

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# 1 Introduction

The introduction chapter will be explaining the purpose of my research. There search questions, limitations and a background will be presented.

## 1.1 Background

The invention of the Internet has created paradigm shift of the traditional way people shop. A consumer is no longer bound to opening times or specific locations; he can become active at virtually any time and place and purchase products or services. The Internet is a relatively new medium for communication and information exchange that has become present in our everyday life. The number of Internet users is constantly increasing which also signifies that online purchasing is increasing (Joineset, Scherer & Scheufele,2003). The rapid increase is explained by the growth in the use of broadband technology combined with a change in consumer behaviour (Oppenheim&Ward,2006).

The Internet is considered a mass medium that provides the consumer with purchase characteristics as no other medium. Certain characteristics are making it more convenient for the consumer, compared to the traditional way of shopping, such as the ability to at anytime view and purchase products, visualise their needs with products, and discuss products with other consumers (Joinetal.2003).Oppenheim and Ward (2006) explain that the current primary reason people shop over the Internet is the convenience. They also recognize that the previous primary reason for shopping online was price, which has now changed to convenience.

Online shopping is the process consumers go through when they decide to shop on the Internet. The Internet has developed into a “new” distribution channel (Hollensen,2004) and the evolution of this channel ,e-commerce ,has been identified by Smith and Rupp(2003) to be the most significant contribution of the information revolution. Using the Internet to shop online has become one of the primary reasons to use the Internet, combined with searching for products and finding information about them (Joinesetal.,2003).Smith and Rupp(2003) also state that the consumers have never had access to so many suppliers and product/service opinions. Therefore, the Internet has developed to a highly competitive market, where the competition over the consumer is fierce. In order to have an impact on and retain consumers, in a competitive market, Constantinides (2004) stated that the first step is to identify certain influencing aspects when purchasing online, these can be regarded as factors.

## 1.2 Problem

At any given time there are millions of people online and each of them is a potential customer for a company providing online sales. Due to the rapid development of the technologies surrounding the Internet, accompany that is interested in selling products from its website will constantly have to search for an edge in the fierce competition. Since there are so many potential consumers, it is of the out most importance to be able to understand what the consumer wants and needs.



The importance of analysing and identifying factors that influence the consumer when he or she decides to purchase on the Internet is vital. Since the Internet is a new medium for there have been new demands set by the consumer. That is why it is crucial for the online retailers to know what influences the online consumer.

Analysing consumer behaviour is not a new phenomenon. The renowned marketing expert Philip Kotler has published several works on the topic of consumer behaviour theories. These theories have been used for many years not only to understand the consumer, but also create a marketing strategy that will attract the consumer efficiently. Hence, understanding and identifying the consumer is closely related to the directions a company will take with their marketing strategy. These theories can also be applied to identify the online consumer and to create certain consumer segments. However, some distinctions must still be made when considering traditional consumer behaviour and online consumer behaviour.

Since online retailing is a new retailing medium and online consumer behaviour is diverse from traditional consumer behaviour, one must identify what influences the online consumer. Analysing the process that the online consumer goes through when deciding and making a purchase over the Internet , shows some factors that consumers consider. These factors need to be identified and taken into account by online retailers in order to satisfy consumer demands and compete in the online market. To further understand how these factors influence different types of consumers, I must identify segments which will enable us to make comparisons.

### **1.3 Research Purpose**

The purpose of this research is primarily to identify and get insight in to what main factors the online consumer takes into consideration when purchasing online. Further, I will investigate if any segments can be established by identifying the consumers and how these segments relate to the identified factors. The findings of this research will be outlined a simplifications for online retailers in order to enhance their consumer knowledge and increase their online marketing strategy effectiveness.

### **1.4 Research Questions**

- What main factors affect the online consumer when considering and making a purchase over the Internet?
- How do these factors influence the consumer when purchasing online?
- What kind of segments can be found within the identified consumers when purchasing online?
- What is the connection with the identified factors and consumer segment groups?

### **1.5 Limitations**

There are a number of factors influencing the online consumer. However, this research will try to identify the main factors influencing the online consumer and will, therefore, try to limit these to a few in order to be able to investigate the effect on the online consumer. Within the field of consumer behaviour there are many theories and models that identify the consumer. This research will limit itself to identifying the consumer through his/her consumer characteristics and the consumer buying process. Consumer behaviour differs depending on what product or service is

bought. Hence, different factors are of different importance to consumers depending on the product or service. Therefore this research will limit itself to since this is the product that is most widely bought on the Internet. This seemed to be the most appropriate choice considering the limitations in both time and resources.

## **1.6 Summary**

Since the rapid development of the Internet online shopping has become a new and widely used medium for retailing. In order to understand the consumer the retailers need to know what influences the consumer. That is what I want to accomplish with my research.

## 2 Method

### 2.1 Choice of Methodology

I will attempt to find the main factors that influence the online consumer when making an online purchase. In order to broaden my own understanding of the subject I conducted my initial research in literature on consumer behaviour and e-commerce. I reviewed studies that had similar aims and paid particular attention to their results.

For my own research I decided that the most appropriate approach would be a questionnaire that would be filled out by students and employees.

This study started out as an exploratory study but developed into an explanatory study since I started out with first gaining knowledge about consumer behaviour to further being able to gain knowledge about online consumer behaviour. Having this knowledge I continue to identify specific factors that are of importance when the online consumer is making online purchases. This information is then used in order to find relationships and correlations between these variables.

### 2.2 Research Approach

There are two most commonly used research approaches, the inductive and the deductive method. The inductive research method attempts to setup a theory by using collected data, while the deductive research approach attempts to find the theory first and then test it to the observed data. I chose a deductive research approach for my study as I would move from the more general to the specific. I will present the theoretical findings on consumer behaviour in the next chapter, after which I will present my questionnaire in chapter four where I present my collected primary data.

### 2.3 Research Philosophy

When starting a study there must be an understanding of in which way the study will be approached. The established research philosophy explains this approach when collecting and analysing data. The research process has three main focuses: positivism, realism, and interpretive (Saunders, Lewis & Thornhill, 2007).

Positivism is the approach where the researcher does not want to be affected by nor affect the subject of the research. The researcher believes that the collected and analysed data can be simplified to allow like generalization using existing theories to develop hypotheses from these. In the realistic approach, there is a reality existing independent of the mind. Like the positivistic approach it assumes a scientific approach to the development of knowledge. The interpretive way of approaching the subject of the research does not agree with the fact that law-like generalizations can be made. Instead it stresses that the human mind and the social world are too complex in order to be generalized (Saunders et al., 2007)

My research will be conducted with a positivistic approach, since I will try to affect and interfere with the collected data as little as possible.

## 2.4 Research Strategy

When collecting data to approach the purpose of a research there are two ways in which the data can be collected. In order to acquire a general knowledge about the topic, secondary data is primarily used and is one of the ways by which data can be collected. These Conway to collect data is the primary data collection. Usually when a study is conducted, secondary data is not sufficient enough and needs to be completed with primary data which is collected by the researcher (Christensen,2001).

### 2.4.1 Secondary Data

Secondary data can be classified into three different subgroups: documentary, multiple source, and survey. Documentary second and data comes in both written and non-written form. It is the data that can be collected from sources such as journals, databases, transcripts etc. This form of data is dependent on the access the researcher has to it. Survey based secondary data is the data that is collected through the survey and is available as data table forms. Multiple source secondary data is data that has been compiled into documentary or survey form; the main characteristics of this type of data is that it has been changed into a different form before there searcher is assessing the data (Saundersetal.,2007).

I have mainly used documentary secondary data combined with multiple source data. Documentary secondary data has been the data collected through different types of research conducted within the topic, articles, and that are written on consumer behaviour and e-commerce. This type of data has been the fundamental source for gaining knowledge within the topic in order for us to be able approach the research problem. The secondary data that I used for our research his data that has also lead to the conclusion of which factors that will be examined. The multiple source data that I have used has been in order to choose which product I would use for our research in order to be able to find the product that is most widely bought over the Internet.

### 2.4.2 Primary Data

Primary data for our research was collected through questionnaires. When collecting primary data one can choose to do interviews, observations, experiments, and questionnaires. Due to the purpose of our research, only the questionnaire method would be able to approach the topic and be able to collect the answers in a satisfactory manner. In our research the primary data is mainly concerned with analysing the respondent in order to later on classify the respondent. Further on, the primary data will be used to analyse the factors and how these are related to the respondent. The primary data is conducted in a manner to be able to approach our research and solve our research questions. The questionnaire will be explained in more detail in chapter5, the Empirical methodology.

## 2.5 Summary

In order to find the factors that influence the online consumer, as I have set out to do, this study will go from an exploratory to explanatory study. This also explains the deductive approach that I chose, as I first turn to the literature in order to gain knowledge. I do not want to affect the respondents' answers and I, therefore, perform a positivistic approach to the study. By using secondary data I attempt to find the influencing consumer factors and then continue with primary data in order investigate the influence of the factors

## 3 Theory

### 3.1 Introduction

This dissertation aims at finding factors that affect the online consumer's buying behaviour. By reading literature concerning consumer characteristics and online consumer characteristics I believe to find implications for certain factors that are of importance for the online consumer.

The Internet is a worldwide accessible series of computer networks that transmit data by packet switching using the standard Internet Protocol. It is a "network of networks" that consists of millions of smaller domestic, academic, business, and government networks, which together carry various information and services, such as e-mail, file transfer, the interlinked WebPages and other documents of the World Wide Web. Originally the Internet was mainly used by academics, research scientists and students; however that scenario has changed as commercial organizations have moved to incorporate the World Wide Web into their promotional campaigns, and by offering the facility of online purchasing (Jobber&Fahy,2003). The Internet has evolved into a worldwide accessible marketplace for information exchange and e-commerce. The strategic importance to be available for consumers on the World Wide Web, with information and services has become particularly relevant to firms.

According to Vesterby and Chabert (2001) the Internet can make it easier for companies to have information about their products or services available to their customers or potential customers. A company can satisfy the consumers' individual need of information at a low cost in comparison to sending out product brochures for example. As the user can choose information from websites, which implies that the information provider can achieve better understanding of the user's needs and wants by collecting data. On the other hand, the Internet is a place with hardly any structure or rules: therefore, large efforts are needed in order to show the consumer where a specific site is located, and what services are available on that site. Vesterby and Chabert (2001) claim that companies with no physical presence must market themselves considerably, both online and offline, for the consumer to remember their name.

Whether it is the traditional market or the online market, the marketer must understand the consumer and how he makes his decisions and purchasing choices(Hollensen,2004), because the consumer is under a constant flow of stimuli from the marketers advertisements. The marketer has the possibility to decide and to control the output that will be forwarded to the consumers, but when the advertisement reaches the consumer that control ends. The consumer then interprets the information that has been sent out in his own way based on specific factors for every consumer. Therefore marketers have developed different theories that can explain why consumers interpret information in a certain way, and thereby understand certain behaviours (Kotler&Armstrong,2007). Several articles have set out to identify the characteristics of the online consumer. Allred, Smith and Swinyard (2006) identify the online consumer to have the following characteristics: younger, wealthier, better educated, having a higher "computer literacy" and are bigger retail spenders.

Donathou and Garcia (1999) identify the online consumer as: older, make more money, convenience seeker, innovative, impulsive, variety seeker, less risk aware, less brand and price conscious, and with a more positive attitude towards advertising and direct marketing. Some of these characteristics are similar, while others are the opposite.

Trying to identify the online consumer is difficult since the rapid development of e-commerce has also led to an increase of both technologies and different types of consumers. It is also known that the type of product has a significant influence on the online consumer behaviour which makes it more difficult to identify consumer characteristics (Christopher&Huang,2003). There are still some characteristics that can be identified to specify the online consumer and the following text will try to do so.

## 3.2 Customer Behaviour

Donal Rogan (2007) explains the relationship between consumer behaviour and marketing strategy. He states that “strategy is about increasing the probability and frequency of buyer behaviour. Requirements for succeeding in doing this are to know the customer and understand the consumer’s needs and wants.”

Chisnall (1995) points out that human needs and motives are inextricably linked and that the relationship between them is so very close that it becomes difficult to identify the precise difference which may characterize them. People may buy new coats because it protects them against the weather, but the irreal underlying dominant need may be to follow the latest fashion trend. Buyers’ characteristics are important theories from Kotler and Armstrong (2007) and it explains the way that the consumer interprets and receives stimuli from advertisements. The decisions of consumers are influenced by a number of individual characteristics that are linked to the consumer’s specific needs (Kotler & Armstrong, 2007).

### 3.2.1 Consumer Characteristics

Consumer characteristics are explained by: Cultural characteristics, Social characteristics, Personal characteristics, and Psychological Characteristics. These characteristics are identified, by the marketer, in order to identify the consumer and to be able to decide on the strategy to what kind of consumer to target. Hence, these characteristics are used in order to segment the market and target specific consumer groups.

#### *Cultural Characteristics*

The *Cultural Characteristics* are recognized as the main influencer of consumer behaviour. These characteristics are developed by three features under pinning consumer behaviour: Culture, Subculture, and Social Class.

*Culture* is mentioned as the most basic cause of a person’s wants and needs. Kotler and Armstrong (2007) argues that human behaviour is mostly learned and that I are exposed to different sets of values and beliefs from a young age, and that these values influence our behaviour and decision making. Hence, these characteristics are interesting for marketers and important indicators of certain consumer behaviour and taste.

*Subcultures* are small group formations with a certain number of people that share values and beliefs such as nationalities, religions or geographic regions. An identified subculture can serve as an important and effective market segment which can be targeted.

*Social class* is recognized by Kotler and Armstrong (2007) as a class structure, consisting of a combination of factors which gather different types of members. Some identified factors are income, age, education, and wealth

### *Social Characteristics*

The Social Characteristics are divided into three different categories, namely Reference Groups, Family and Social Role and Status.

**Reference Groups**—According to Kotler and Armstrong (2007) the effects of the Reference Groups is mainly based on the belief that a person's behaviour is influenced by many small groups. When a group has a direct influence it is called a Membership Group, for example: family, neighbours and co-workers. Reference Groups are the groups to which the person often wants to be long to and to be apart of but is not. These groups indirectly and directly form a person's behaviour and attitudes. There are three different ways by which these groups influence a person's behaviour; they may expose a person to new behaviours and lifestyles, influence a person's attitudes and self-concepts and also create a pressure of confirmation by Reference Groups. Another influence of importance is the opinion leader . An opinion leader is a person that influences others to follow his believes and attitudes towards certain issues, products or areas (Kotler & Armstrong,2007).

**Family**—Family members have a great influence on the buying behaviour. The involvement and influence by different family members varies, both to which degree but also in what way. Therefore, it is important for marketers to understand which role is played by whom in the family and direct the advertisement towards the main influencing part of the family.

**Roles and Status**—Each person belongs to different types of groups and also plays different roles whilst having different positions in the various groups. Roles are identified by Kotler and Armstrong (2007) as what activities people are expected to perform from other members of the group.

### *Personal characteristics*

These personal characteristics are categorized into: Age and Life-CycleStage, Occupation, Economic Situation, Lifestyle, Personality and Self-Concept.

**The Age and Life-Cycle Stage** These stages explain different periods in life that the consumer experiences as he goes through life. These different stages also represent different changes that the consumer may experience when reaching a new stage. According to Kotler and Armstrong (2007) marketers, therefore, define their target markets in terms of the different stages in order to develop appropriate marketing plans.

**Occupation**—The occupation tends to have an effect on the products and services bought by the consumers. This leads to the possibility of developing different types of products or services that suits interests identified to be above average within an occupation.

**The Economic Situation**—Wealth will affect a consumer's product choice. A consumer may be price- sensitive or not depending on the level of income, level of savings, level of interest rates, and also the product or service itself.

Lifestyle—This is identified to be a person's way of living which is recognized by the activities, interest, or opinion she or she has and it also explains the way a consumer interacts in the world.

Personality—This is mainly explained by the terms self-confidence, dominance, sociability, autonomy, defensiveness, adaptability and aggressiveness. These psychological factors are a result of one's environment. Personality can be defined as a dynamic and organized set of characteristics possessed by a person that uniquely influences his or her motivations, and behaviours in various situations (Ryckman,2004).

Self-concept or Self Image—Is the conceptual understanding that people's possessions reflect their personalities. This concept does bring some conflicts in case people may have an image that satisfies who they are but does not agree with who they want to be (the ideal self-concept),the question then arises which one I would want to satisfy.

### *Psychological Characteristics*

The psychological characteristics are divided into the following concepts: Motivation, Perception, Learning, and Beliefs and Attitudes.

Motivation—Motivation refers to a person needs that must be satisfied. These needs are of different kind; some are biological, such as hunger, thirst and discomfort ,and some are psychological such as the need for recognition, esteem and belonging. Needs are not satisfied until they reach a certain point of intensity and become a motive for the consumer to satisfy them. Kotler and Armstrong (2007) discuss several motivation theories, among them are Freud's and Maslow's theories of motivation. Freud argued that a person does not really and fully understand his or her motivations. Maslow on the other hand wanted to understand why some people set out to satisfy some needs before others.

He then came to the conclusion that human needs are arranged in a hierarchy from the most pressing to the least pressing, as Kotler and Armstrong (2007) explains it. These needs are listed as psychological needs, safety needs, social needs, esteem needs, and self-actualization needs. When one need has been satisfied, a person moves on to satisfy the next.

Perception-This characteristic is based on the understanding of how differently I perceive the same situation or the same stimuli. Kotler and Armstrong (2007) explains perception as the process by which people select, organize, and interpret information. There are three different processes that decide how I interpret certain information. These are Selective Attention, Selective Distortion, and Selective Retention.

Learning—Learning is, according to Kotler and Armstrong (2007), an act that changes people's behaviour because of their experience. It occurs through drives: strong internal wants that call for action, stimuli: object that drives for certain action, cues: small stimuli that determinate when, where and how the person will respond and reinforcement: when the response and stimuli towards an object is experienced more than once.

Beliefs and Attitudes—These are acquired by people through learning and experiencing. They influence the buying behaviour by making up brands and product images in the consumer's heads. A belief is explained by Kotler and Armstrong (2007) as a descriptive thought about something and is



based on real knowledge, opinions or faith. Beliefs can also be emotionally charged. Attitudes are described as a person's evaluations, feelings, and tendencies towards something, but also determinations of people such as like and dislikes.

### 3.2.2 Online Consumer Characteristics

More specific identifications of the online consumer need to be made in order to understand the online purchase behaviour. The identified characteristics are some key characteristics in regard to the online consumer. These key characteristics were made in order to identify online consumers and to be able to segment them.

#### *Cultural Online Characteristics*

Smith and Rupp (2003) identify that the difference in social class creates a difference in purchasing Online Behaviour. Consumers from a higher social class generally purchase more and have a higher intention to purchase online because there is a higher probability that they possess a computer and also have greater access to the Internet. Consumers from lower social classes would not have the same properties. The authors also point out that consumers with lower social class, and there by not having the same properties, would not have the needed computer literacy to be able to leverage a computer.

#### *Social Online characteristics*

The social influence on the online consumer comes from new Reference Groups compared to the tradition always. For the online consumer new Reference Groups were identified as virtual communities, consisting of discussion groups on a website. The consumer can read about other people's experiences and opinions which have shown to have the effect of Reference Groups (Christopher & Huarng, 2003). Other Reference Groups, which are identified by Christopher and Huarng (2003), are links to product related websites, which encourages product selection and contact information.

#### *Personal Online characteristics*

Monsuwé, Dellaert and Ruyter (2004) explored the personal online consumer characteristics and concluded that income has a vital role for online purchasing behaviour. The authors discussed Lohse et al. (2000) who pointed out that consumers with higher house hold income would have a more positive attitude towards online shopping. This conclusion was explained by the fact that house holds with higher income would have a positive correlation with the possession of a computer, Internet access, and higher education.

Smith and Rupp (2003) also identified the age factor as a determinant for online purchase intentions. They argued that older people who had no frequent interactions with the Internet and the computer would not use the Internet as a medium for purchases, while young adults would. This was concluded by that the young adults used the Internet and computers more frequently. Younger people were also identified to have more technical knowledge. Monsuwé et al. (2004) also supported this judgement by concluding that younger adults usually

have greater interest in using new technologies to browse for information and evaluate alternatives.

### *Psychological Online Characteristics*

Smith and Rupp (2003) identified the psychological characteristics of consumer behaviour as questions the online consumer would ask himself before making a purchase online.

**Motivation**—The consumer is reasoning for incentives to engage in a particular behaviour. He may ask himself questions like: should I look around for better price? If online shopping saves me time, should I shop online more often? How much do I really need this product?

**Perception**- The consumer is interpreting acquired information by classing it. Questions such as the following may come about: I feel that this site seems pretty secure. It seems that this site has a good product but how can I be sure?

**Personality**- The consumer is adapting to influences of his cognitions. He may ask himself, what types of Web sites are best suited for his personal buying preferences.

**Attitude**- The consumer is working out what his likes and dislikes are in respect to a particular situation. He may ask himself: I am pretty unsure about extra costs, should I really be buying items from the Internet? If I do not buy the item online, how else can I get it?

**Emotions**-The consumer is without conscious effort detecting how he is being affected by his cognitive choice. He may ask himself: The last time I ordered from the Internet I had a really bad experience .Should I try buying online again? What is the future of buying online? If Websites get better should I invest more time in buying online?

### **3.3 Specific Consumer Traits and Online**

**Behaviour** The online consumer's characteristics that I have identified to be the most important ones to have an effect on the online consumer, will be referred to as specific Consumer Traits and how the consumer uses the Internet will be referred to as Online Behaviour.

The online consumer characteristics such as personal, social, and psychological characteristics need to be identified in order to understand what is important for the online consumer. These characteristics reveal the consumers' lifestyle and identify who the consumer is and what attitudes he has towards online shopping.

Therefore, I will be using the following characteristics to segment the online consumer, by analysing:

- The consumer's demographics, as Bergmanetal.(2005).
- Life patterns concerning Online Behaviour, such as how much the consumer uses the Internet, Webographics, as Bergmanetal.(2005).
- For what purposes, Internet Usage, also as Bergmanetal.(2005).

- How much the online consumer shops online, Online Shopping Patterns, can be used in order to find out what impact certain factors have on different type of consumers (Bergmanetal.2004).
- Prior experiences have also been identified to be relevant for what Beliefs and Attitudes the consumer has towards online shopping and are therefore also important for there search(Monsuwéetal.2004).
- Social influences have an effect on the consumer in the early decision making stage and these were referred to as Reference Groups (Christopher&Huarng2003).

These are the consumer characteristics that are relevant for this research and need to be identified in order to find out who the online consumer is and what affects him when shopping online. These I will be referred to as Consumer Traits and Online Behaviour.

To summarise the prior text and to answer the question what identifies an Online Consumer, one can draw the conclusion that for this research the important consumer characteristics that need to be identified are:

- ConsumerTraits
  - Demographics
  - AttitudeandBeliefs
  - ImpactofReferenceGroups
- OnlineBehaviour
  - Webographics
  - OnlineShoppingPatterns
  - InternetUsage

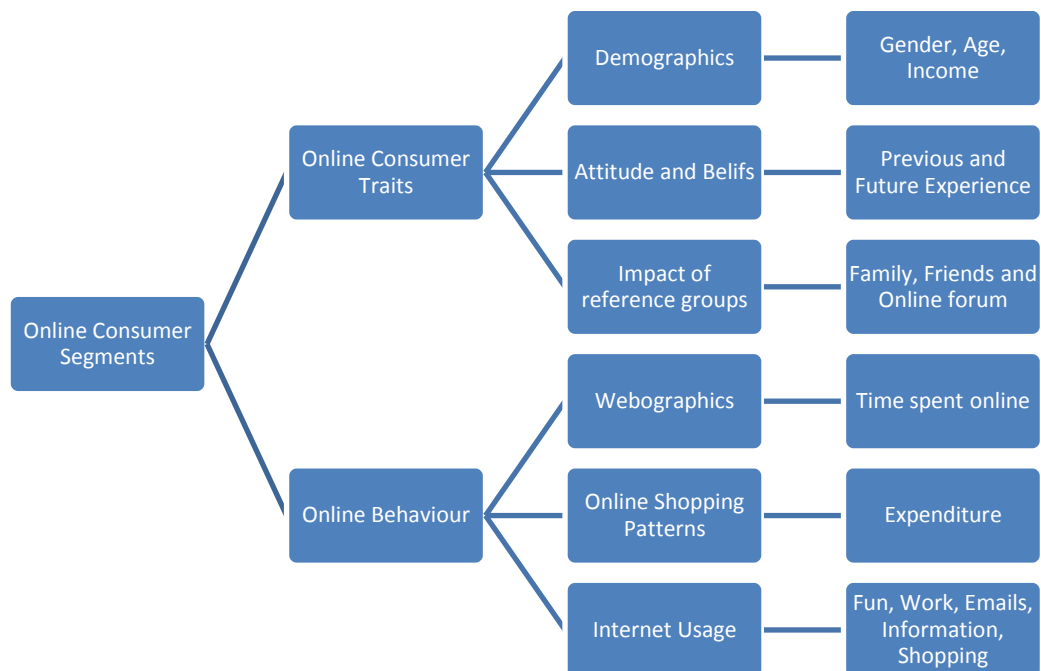


Figure3-1TheOnlineConsumerSegmentSubdivisions

### 3.4 Important Influencing Factors

When processing the previous literature in order to find what Specific Consumer Traits and Online Behaviour that needs to be identified, I gained knowledge of which factors that were highly important for the online consumer.

Brengman, Geuenes, Weijters, Smith and Swinyard (2005) segment online consumers through first identifying the Internet usage lifestyle of every consumer; they believe that the Internet experience is highly relevant for the identification of the online consumer. Lifestyle is, as presented above, a describing group of consumers' personal characteristics and is expressed as a person's demographics. These living patterns show what opinions and interests a consumer has for certain products, for what reasons and which interest they have in the Internet, the Internet usage. The study came to the conclusion that four segment groups could be conceptualized and these would categorise the online consumers according to their shopping behaviour. The different attributes, that explain these segments, show that the factors Price, Trust and Convenience are highly relevant influencers on the online consumer shopping behaviour (Brengmanetal.,2005).

Monsuwéetal. (2004) created a framework through their study that would help the understanding of consumer's attitudes towards online shopping . Attitudes and beliefs are separated from consumer's psychological characteristics and mainly determined by learning and prior experiences. Further, Bellenger pointsout that the ability to conduct price comparisons has been cited as a major reason why consumers use the Internet (Wallace, 1995). Price sensitives hoppers are essentially concerned with buying products at the lowest price or getting the best value for the money they spend (Bellenger,1980).

There have been many attempts to identify and segment the online consumer through various studies. By reading different studies I have identified certain factors that were constantly present in the literature. There are many factors that have an impact on the online purchase behaviour, but I have identified Price, Trust and Convenience to be very important and will put our attention to these three factors.

#### 3.4.1 Identified Factors affecting Online Consumer Behaviour

Price which is a part of the marketing mix is a factor used in order to stimulate the consumer and is also a communicator, bargain tool, and a competitive weapon. The consumer can use price as a mean of comparing products, judge relative value for money, and judge product quality (Brassington&Pettitt,2000).

The factor Trust is considered to be a concern on the emotional basis in the minds of the consumers. The consumers have a focus on their safety needs and want to satisfy them before making a purchase(Brassington&Pettitt,2000).

The factor Convenience is considered to be a benefit in the eyes of the consumer and a quality derived from purchasing over the Internet. It is therefore considered to be amotivator and a benefit to consumers.(Constantinides,2004)

We believe that these factors have a significant influence on the consumer when purchasing online. To further analyse the factors, I study underlying attributes that represent what way the factors affect the consumers.

### *The Factor Price*

The Internet has become a global market place on which consumers can gather and compare information such as product information and prices. The technologies and innovative business ideas of the Internet allow sellers to discriminate between buyers and buyers to discriminate between vendors. Historically, however, prices have been set by negotiations after having examined the product (Kotler & Keller, 2006). The Internet facilitates the scenario that comparisons can be achieved with ease, overlooking several digital attributes (which can be communicated through the web) and possibilities with several different vendors simultaneously. On the Internet it is after all the price comparison prospect that interests price sensitive consumers, whilst another category of consumers focuses on finding unique products with specialized features that might be difficult to find offline and who, therefore, perhaps even consider the price as secondary.

However, when online, only digital attributes can be evaluated by the consumer, while offline non-digital attributes (for which physical inspection of the product is necessary) can be tested (Lal & Sarvary, 1999). This could even influence impulsive shoppers to become more cautious about the product as it can only be inspected digitally. Furthermore, when buying online, additional costs such as freight charges, customs or prolonged delivery times can influence the online consumer's decision to reconsider the transaction even though the price is low. Table 3.1 clarifies the fact that the factor price has two attributes, saving money and price comparison.

**Table 3-1 The Factor Price and its Attributes**

Factor	Attributes
Price	Saving Money
	Comparing Price

### *The Factor Trust*

Monsuweé et al. (2004) conclude that because the Internet is a relatively new way of shopping, it is challenging for the consumers and therefore perceived by the consumer as risky. They further identify the sales person to be a silent source of trust for the consumer, and that the consumer is dependent on the sales persons' expertise. But since the salesperson has been removed in online shopping, the authors argue that the basis of consumer trust has disappeared. They further explain that the consumer is not able to check the quality of an item, nor is he able to monitor the safety of the security when revealing personal data. The authors, therefore, conclude that if a high level of security and privacy is communicated to the consumer the result would have a positive effect on consumer trust and the intention to buy online.

According to Luhmann (1979) who has a sociological point of view on the theory of trust, there are three modes of maintaining expectations about the future, familiarity, confidence and

trust. To experience trust, familiarity and confidence must have been established. However, trust is only necessary when there is a high perceived risk, such as during a purchase transaction or a similar action.

The consumer's previous experience and trust in the computerized medium is likely to affect his amount of trust in online shopping (Lee & Turban, 2001). According to Lee and Moray (as cited in Lee & Turban, 2001) human trust in computerised systems depends on three factors:

- The perceived technical competence of the system-The system's apparent ability to perform assigned tasks.
- The perceived performance level of the system-How fast and reliable it appears to be able to finish the tasks.
- The human operators' understanding of the underlying characteristics and processes governing the system's behaviour.

Previous knowledge also affects trust. Luhmann (1993) states that, "Practical experience tends to teach us the opposite: the more I know, the better I know what I do not know, and the more elaborate our risk awareness becomes" (p.28).

Turban et al. (2001) constructed a model that highlights what trust is constituted from when purchasing on the Internet. According to figure 3.2 which is a scaled version based on "A Trust Model for Consumer Internet Shopping" by Lee, Matthew K.O, and Efraim Turban (2001), trust is dependent on the six variables

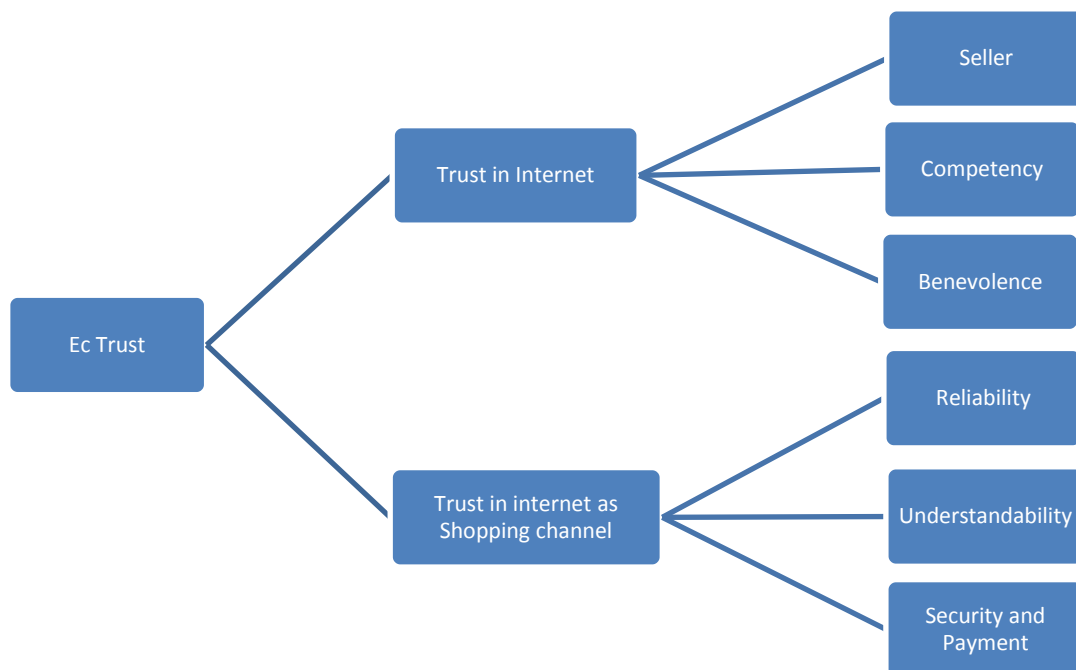


Figure 3-2 Trust in Electronic Commerce

A company must show the consumer that it is competent in managing information and supporting the consumer after purchase is done. If that can be achieved, the consumer is more likely to "engage in trust-related Internet behaviours like purchasing, cooperating, and sharing information" (McKnight & Chervany, 2001-2002). Table 3.2 shows the factors of trust and its attributes.

Table3-2TheFactorTrustanditsAttributes

Factor	Attributes
Trust	Perceptionofsafety
	TrustintheInternetRetailer
	TrustintheInternetasretailshopping

### *The Factor Convenience*

Convenience is anything that is intended to save time and frustration according to the Swedish National Encyclopaedia. Further definitions of the concept of convenience are:

- The quality of being suitable to ones comfort, purpose or needs
- Personal comfort or advantage
- Something that increases comfort or saves work at a suitable or agreeable time(Lexico Publishing Group[LLC],2007)

Online shopping as a new medium for retailing creates a number of different advantages. One of these is that it is considered to be more convenient to shop online compared to the traditional way of shopping. The convenience attributes that online shopping provides are:

- Less effort:
- Being able to shop at home
- Time saving
- Being able to shop at anytime of the day

Azjen (as cited in Kim&Park, 1991) claims that online shopping provides convenience for consumers such as time savings and search convenience if compared to the traditional way of shopping.

Kim and Park(1991) also argue that if online shopping is to be perceived as convenient for the consumer, the consumer must perceive a certain amount of easines s with accessing the Internet and also with carrying out the behaviour with shopping online.The less complexity the consumer perceives with accessing the Internet the more attention the consumer has to enter the Internet and search for information.

The characteristics of convenience with online shopping can be summarized as follows:

Consumers can shop from their homes meaning they do not have to take certain aspects, needed when shopping in the traditional way, into consideration. Online shopping is, therefore, considered to require less effort. It is also considered to be time saving, the consumer can search for products and prices easy through the developed search engines. Through tracking devices a consumer can at anytime check where their package is. Another time aspect of online shopping is that it allows

The consumer to shop at any time of the day, the consumer does not need to consider if the stores are open or not.Table3.3 shows the factor Convenience and its attributes.

Table3-3 The Factor Convenience with Attributes

Factor	Attributes
Convenience	Saving Time
	Less Effort
	Shopping at anytime

### 3.5 Summary

By first examining consumer behaviour theories I have investigated what identifies the consumer and the processes that the consumer goes through before making a purchase. This has been applied to gain understanding of the online consumer buying behaviour and has then been used in order to find which characteristics that are relevant to identify and segment the online consumer. These have been identified as Consumer Traits and Online Behaviour and are listed below along with the respective sub-segments:

Consumer Traits:

- Demographics
- Attitude and Beliefs
- Impact of Reference Groups

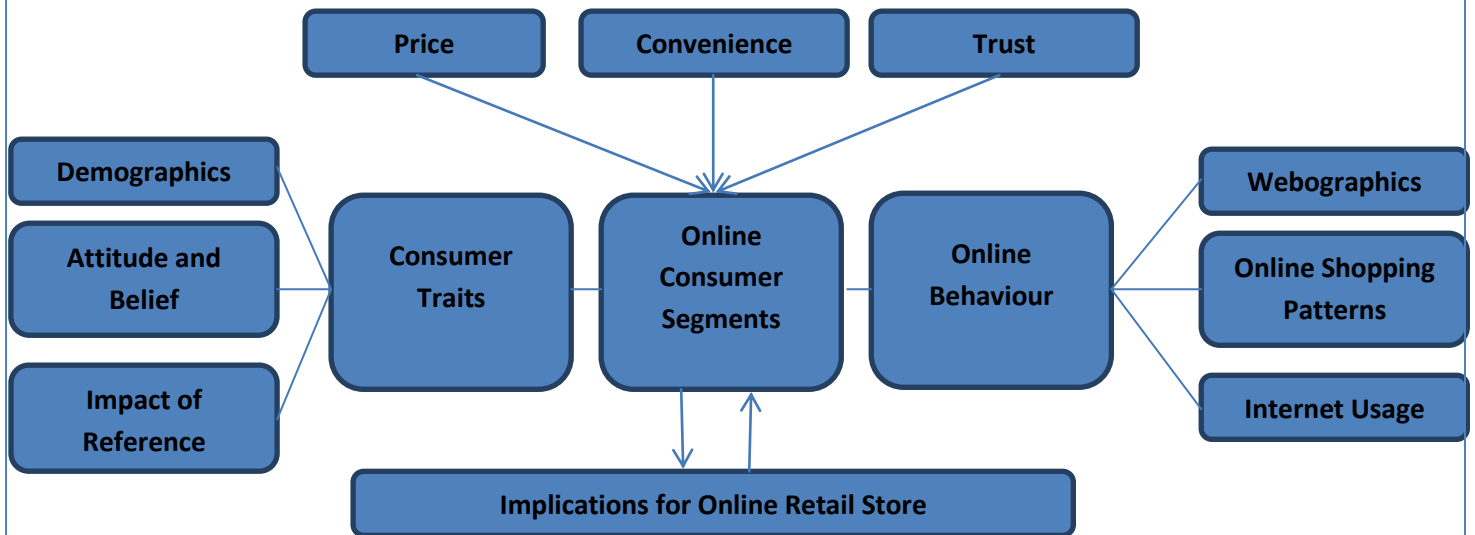
Online Behaviour:

- Webographics
- Online Shopping Patterns
- Internet Usage

Further more,I have pointed out certain factors that I believe are important for the online consumer when shopping online through the literature overview. These factors have been identified as Price, Trust and Convenience through the literature. In order to comprehend how the identified factors influence the online consumer I must first identify the online consumer. This identification needs to be done mainly through the relevant Consumer Traits and online consumer behaviour that have been identified earlier.



Figure 3-3 The influencing Factor's effect on Online Consumer Segments



We can then understand the relevance and impact of the factors for the all the respondents. By gaining understanding and being able to segment online consumers I can see the relevance and impact of certain factors for specific groups. Figure3.3 explains that Online Consumer Segments will be developed through how the respondents answered questions that involved Consumer Traits and Online Behaviour. The defined segments will be compared according to how the respondents in each segment answers the questions involving Price, Trust and Convenience. Finally, implications for online stores will be drawn from these results.

## **4 Empirical Research Method**

Since our research is of deductive character our primary intention was to collect secondary data and analyse it. By doing so I found the factors Price, Trust and Convenience. I then collected primary data through a survey. The main purpose of the survey was to collect data about Online Consumer Behaviour and the significance of the established factors, Price, Trust, and Convenience.

In order to be able to find and establish Online Consumer Segments, Consumer Traits and Online Behaviour had to be identified. The segments were used in order to further identify what impact the factors Price, Trust, and Convenience have on Online Consumer Segments.

### **4.1 Segments**

A segment is a subgroup of people that share the one or more characteristics and these segments have similarities such as that they share behavioural features or have similar needs. These similarities make a specific segment homogenous in their needs and attitudes. Different types of variables can be used in order to segment a market and one of the requirements was that it needed to be measurable. I will be using the identified Consumer Traits and Online Behaviour variables to segment the online consumers.

### **4.2 Sample**

The factors that I intended to examine can be applied to and investigate data population that uses the Internet and buys online. Since there are time and resource restraints, a specific population had to be identified in order to generalise and create relevant segments. I decided that the sample size should contain over 100respondents and I collected answers from 103respondents.

### **4.3 Non Probability, Convenience Sampling**

The population for this research are Students and employees, India. The Sample was chosen on a convenience basis. Convenience sampling involves using samples that are the easiest to obtain and is continued until the sampling size that need is reached. The bias with the convenience sampling is that it is hard to generalize to the wanted population (Saundersetal.,2007).

We will attempt to collect as many respondents as possible but since I will be studying students I assume that there will be little variation in the population making it more approved to generalize the response rates. The sampling method for students took also place on a convenience basis since the students that agree to answer the questionnaire are those that were chosen.

### **4.4 The Questionnaire**

In order to create the questionnaire I started out by deciding on the main variables that needed to be investigated. These were: Demographics, Webographics, Online Shopping Patterns and Attitude towards Online Shopping, Social Characteristics, Reference Groups, and the identified factors Price, Trust, and Convenience.

For the questionnaire, which was self-administrated, I used the Delivery and collection questionnaire method. This method was mainly used because of the limitations in time and available resources. Different types of questions were set in order to be able to collect the information that was needed concerning the different topics. The examined variables were of different types. They were opinions, behaviour, and attributes.

Opinions are used to understand how a respondent feels about something ,behaviour attributes are used to record what the respondent does, and attributes shows what the respondent possesses (Saundersetal.,2007).In order to collect the correct data, I needed to ask questions with suited alternatives that we read jested to the type of the variable that needed to be examined. In our questionnaire I were only using closed questions that were of the list, category, ranking, quantity, and rating type.

All rating questions used a seven-point Likers style rating scale. In order to determine the underlying attitudes for Price, Trust, and Convenience I used the bipolar semantic differential rating, on a seven point scale. The values of the semantic differential rating scale are described by opposite adjectives designed to anchor the respondent's attitudes towards trust. These mantic differential rating scale was later translated from1-7 to set a new value range of-3to +3for our analysis. The obtained values were then being multiplied to obtain one final overall value, ranging from-9to+9,for each question by using these mantic differential rating system.

The first questions (1.1 to 1.5) of the research were primarily used to explain the Demographics of the respondent and were designed as background questions. These questions acted as category with one quantity question. The quantity question (1.2) allowed the respondent to list their age. The category questions (1.1, 1.3 and 1.4) were used to categorize the respondents after their: gender, semester, and income respectively. The category questions gave us the ability to form different segments of the respondents.

## 4.5 Reliability

Reliability is the extent to which data collection techniques yield consistent findings, similar observations would be made by other researchers and if there is transparency in how sense was made from raw data (Saundersetal.,2007). Reliability implies the ability of a survey to resist random errors. According to Robson (ascitedinSaundersetal.,2007)there may be four threat store liability:

- Subject/ Participant error: This can occur when the respondent is on a “high”, for example prior to the weekend. The opinions transmitted during this period could be overly positive, and vice versa if it is a Monday morning, when the respondent is likely to be on a “low”.
- Subject/Participant bias: This occurs for example when the respondent is answering as they think their boss would want them to answer, instead of answering with their own mindset, fearing any consequences that might fall upon them if they fail to answer correctly according to their boss.
- Observer error: This is when the observer is not collecting data as intended, and thus errors in the final research are likely.
- Observer bias: When the observer is interpreting an answer with the help of his own beliefs and values, the registered answer will be biased, and thus not represent the true answer given from the respondent.

These threats can however be reduced. A highly structured questionnaire will make the observer error almost non-existent. Guaranteeing anonymity will make a respondent more inclined to answer truthfully, since he will not be held accountable for any answer, thus minimizing the bias. Finally, the subject and participant error can be reduced simply by choosing a neutral day to conduct the survey, such as a Tuesday for example.

#### **4.6 Validity**

Validity is the extent to which the data collection method or methods accurately measure what they were intended to measure (Saundersetal.,2007). When a quantitative research results in a measured value that corresponds with the real value, then there search is considered to be completely valid. In that case one has measured what was intended with perfect precision(Christensenetal.,2001).The biggest task is to create clear and non-ambiguous questions that can be interpreted indisputable and provide us with the right information for our purpose. However, there is no guarantee that the respondents interpret the questions definitely, yet I have to assume they will and do consider the benefit of doubt.

#### **4.7 Generalizability**

This term refers to how generalizable the results of our search are, and whether the findings can be applicable too there research settings (Saundersetal.,2007). Due to our decision to focus on students, and since this group only represents a small part of the Indian population, the results would only be generalizable, if generalizable at all, to students.

## 5 Results

### 5.1 Introduction

The questionnaire was designed to collect primary data in order to find first-hand information on how the respondents value the importance of price, trust, and convenience when making purchases over the Internet. The questionnaire was designed to, first, collect data that would be used to find segments among the respondents, and second, to collect data about the factors price, trust, and convenience. The questions in the questionnaire were based on the findings from the literature. Questions which were designed to collect data to find respondent segments were derived from the findings within consumer behaviour. Questions about the factors price, trust, and convenience were derived from the literature found about the factors when purchasing online. I Emailed questioner link to all the respondents through the mail and collected emails in order to make sure not to collect data from the same respondent more than once. I decided that the sample size should be over200respondents and I collected 226 respondents. In order to analyse the collected data I used the software program SPSS. The following will present and discuss the results from the questionnaire.

### 5.2 Questionnaire–Collected data

#### 5.2.1 Online Consumer Traits

##### *Demographics*

Questions 1.1, 1.2, 1.3 and 1.4

These questions were used in order to establish the consumer demographics. They were used to find out the respondents gender, age, semester at the University, and income.

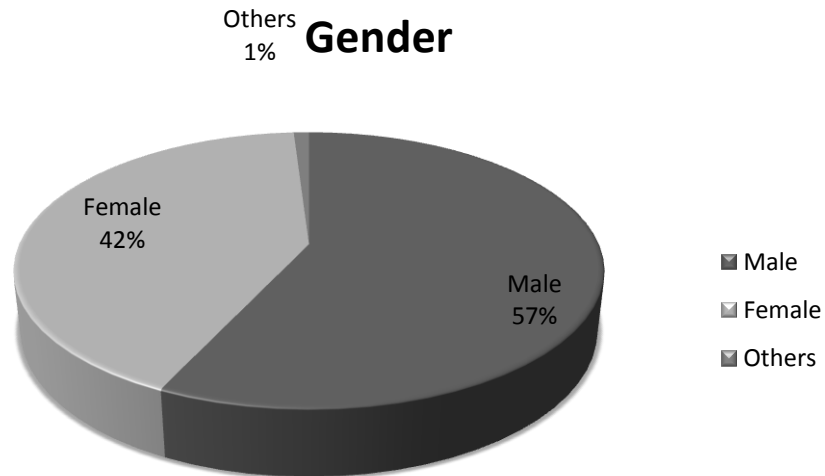
##### *Gender*

Gender was included in the survey in order to find out if there is a difference between men and women concerning the beliefs towards the factors. The following table will show the distribution of the male and female respondents that were included in the survey.

Table5-1 Q1.1 Distribution according to the variable “Gender”

Sex	Frequency	Percent	Cumulative Percent
Male	58	56.31%	56.31%
Female	44	42.72%	99.03%
Others	1	0.97%	100.00%
Total	103	100.00%	

The distribution of male and female respondents shows a majority of male respondents (57%), compared to the female respondents (42%).

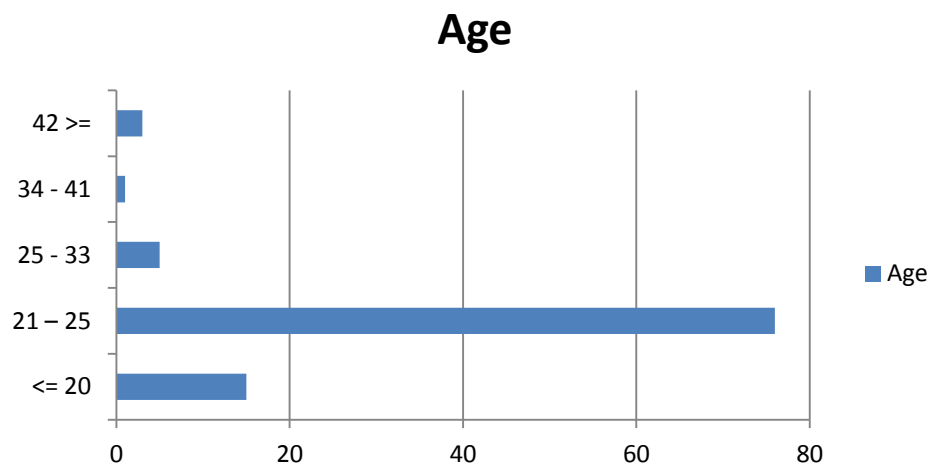


### Age

Age was included to find out if there is a significant relationship to what impact the factors price, trust, and convenience have on different age groups. Age is a demographic value that can also be used in order to further explain and elaborate on some of the other questions that are used to find segments among the respondents. The respondents were asked to write how old they were, instead of setting up different age groups to choose from. In this way I was able to get the exact age and thereby setup different age groups according to the distribution.

Table5-2 Q1.2 Distribution according to the variable "Age"

Years	Frequency	Percent	Cumulative Percent
<=20	17	16.50%	16.50%
21-25	77	74.76%	91.26%
25-33	5	4.85%	96.12%
34-41	1	0.97%	97.09%
42>=	3	2.91%	100.00%
<b>Total</b>	<b>103</b>	<b>100.00%</b>	



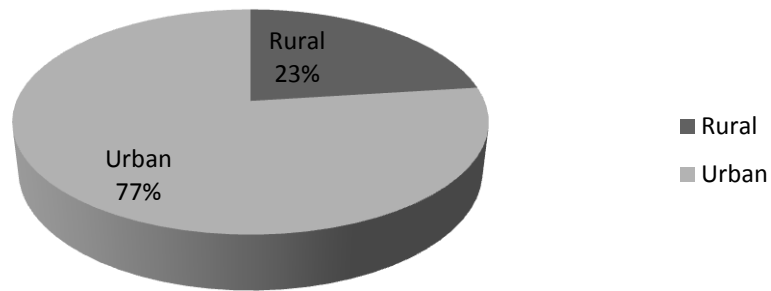
### Area

The above diagram is showing the percentage of demography of respondents and what is the percentage of respondents who lives in rural or urban region, the below diagram is showing that 77% of the respondents are from urban areas and 23% of the respondents are from urban area.

Table 5-3 Q1.3 Distribution according to the variable "Area"

Area	Frequency	Percent	Cumulative Percent
Rural	25	24.27%	24.27%
Urban	78	75.73%	100.00%
Total	103	100.00%	

### Geographical Distribution

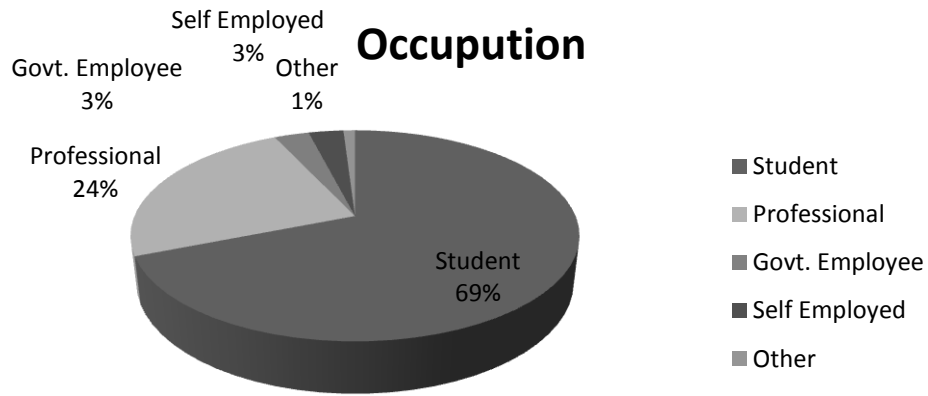


### Occupation

This graph help us to know the occupation of the respondents, this is to know that which segment of people are buying more products on the internet whether they are the segment of students or government employees or professional, the above graph shows that the segment of the students i.e.90% of the students are using internet and use to buy online products.

Table 5 - 4 Q1.4 Distribution according to the variable "Occupation"

Years	Frequency	Percent	Cumulative Percent
Student	70	67.96%	67.96%
Professional	24	23.30%	91.26%
Govt. Employee	5	4.85%	96.12%
Self Employed	3	2.91%	99.03%
Other	1	0.97%	100.00%
Total	103	100.00%	



### Disposable Income

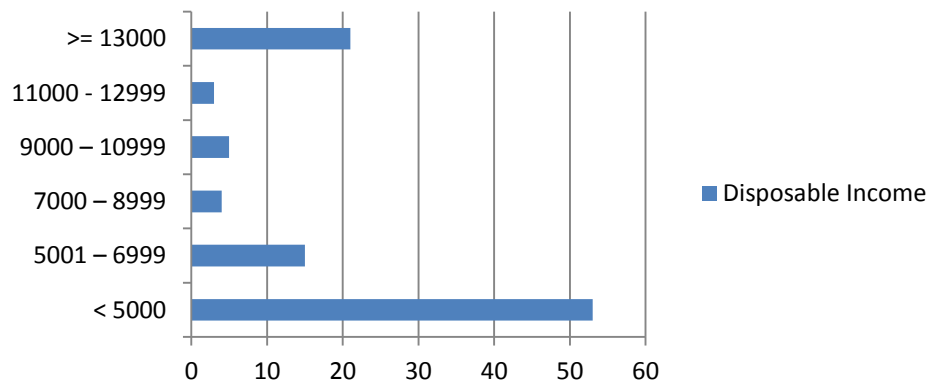
Income was used in the questionnaire mainly to find if the respondents that have a higher income spend more money online or not. This variable is also used in order to find the correlation to the factors price, trust, and convenience. The distribution of the variable income is highly connected with the fact that the respondents are students and, therefore, have a lower income.

This explains the fact that the majority of respondents have the lowest income (52.48%).

Table 5 -5 Q1.5 Distribution according to the variable "Disposable Income"

Years	Frequency	Percent	Cumulative Percent
<5000	53	51.46%	51.46%
5001-6999	15	14.56%	66.02%
7000-8999	4	3.88%	69.90%
9000-10999	5	4.85%	74.76%
11000-12999	5	4.85%	79.61%
>=13000	21	20.39%	100.00%
<b>Total</b>	<b>103</b>	<b>100.00%</b>	

### Disposable Income



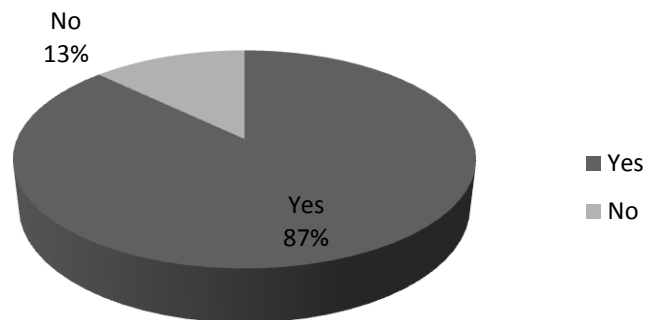


### Internet Connection

This graph shows us the percentage of respondents who have their own internet connections, its shows that 87.13% of respondents have their own internet connections and 35% people don't have their internet connection.

Internet Connection	Frequency	Percent	Cumulative Percent
Yes	88	85.44%	85.44%
No	15	14.56%	100.00%
Total	103	100.00%	

### Internet Connection

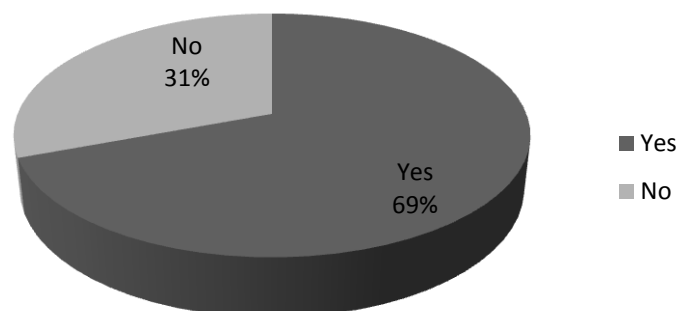


### Online Shopping

This graph shows us the percentage of respondents who have done Online Shopping, its shows that 68.93% of respondents have done Online Shopping and 31.7%people haven't done do Online Shopping

Online Shopping	Frequency	Percent	Cumulative Percent
Yes	71	68.93%	68.93%
No	32	31.07%	100.00%
Total	103	100.00%	

### Online Shopping



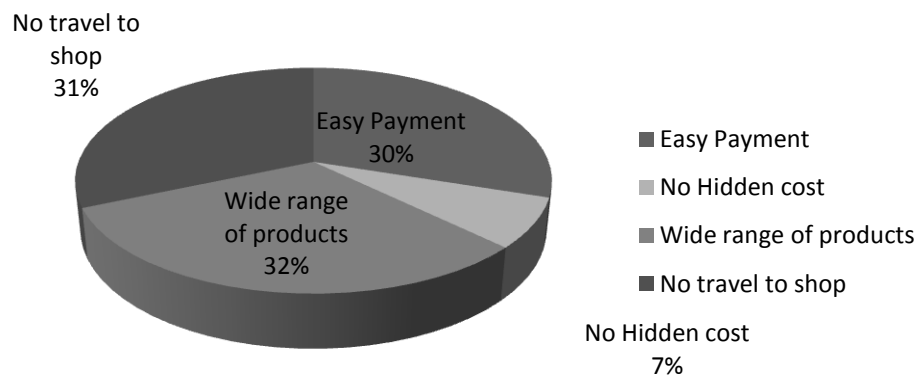
### Motivation

This graph shows us what motivates the people to buy internet , as from above result I found out that no travel to shop is the main thing which motivates the people to buy products online.

Table 5 -6 Q2.1 Distribution according to the variable "Motivation"

Motivation	Frequency	Percent	Cumulative Percent
Easy Payment	21	29.58%	29.58%
No Hidden cost	6	8.45%	38.03%
Wide range of products	22	30.99%	69.01%
No travel to shop	22	30.99%	100.00%
Total	71	100.00%	

### Motivation

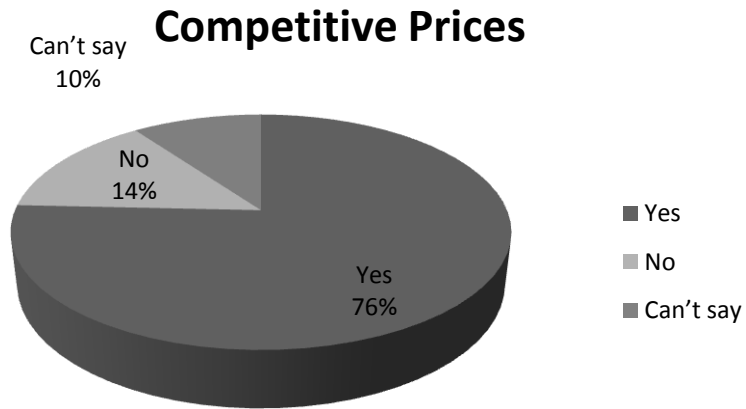


### Competitive Prices

This diagram shows us that whether online marketers are giving competitive price or not and result which is came is that most of the people thought that online marketers are providing competitive prices than physical stores. And results 74.65% of people say that it provides competitive prices and only 14.08% people says no.

Table5-7Q2.2Distributionaccordingtothevariable"CompetitivePrices"

Competitive Prices	Frequency	Percent	Cumulative Percent
Yes	53	74.65%	74.65%
No	10	14.08%	88.73%
Can't say	8	11.27%	100.00%
Total	71	100.00%	



#### Products buy online

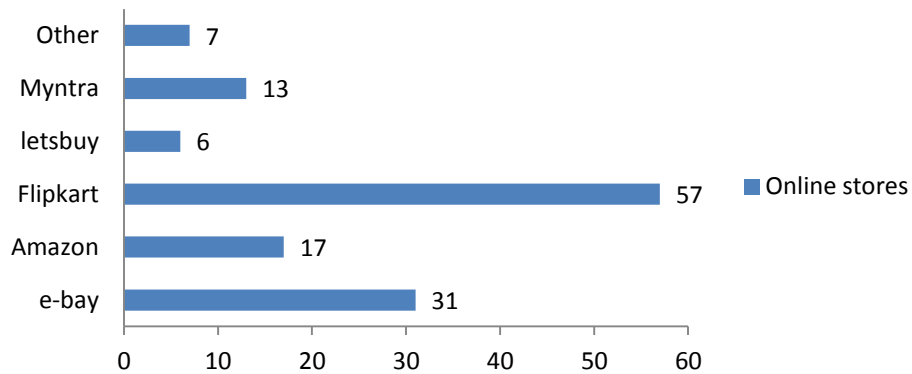
The above graphs gives result that most of the time people use to buy 36% but the margin with other things is very less as music Cd' save percentage of 15 and Personal and Healthcare15%



#### Frequently visited online store's

This graph shows that 57% people use to visit Flip kart for online shopping, 31% use to go at E bay, 17% people do at Amazon and for other people use to visit at and others.

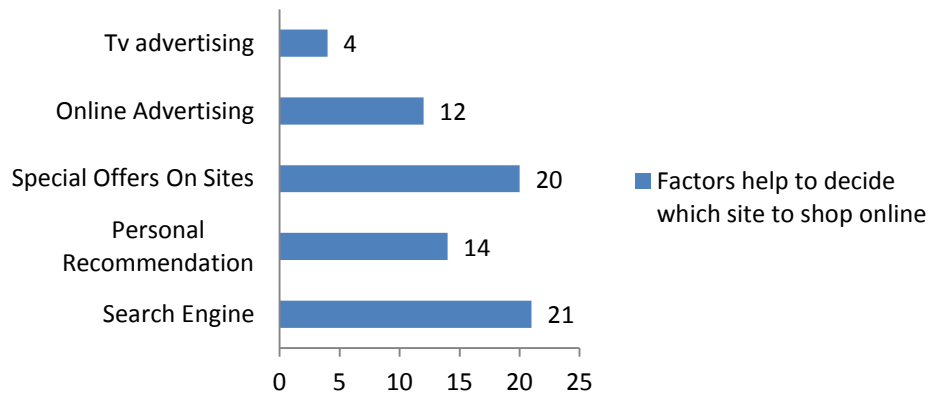
## Online stores



### Factors help to decide to shop online

This diagram shows us what affects people to buy products on internet and it's how is that 21% people came to know about shopping it through search engines. And they attracted towards it and start getting products from there. And 20% people decision is affected by special offers by the offers and the discounts given by the sites.

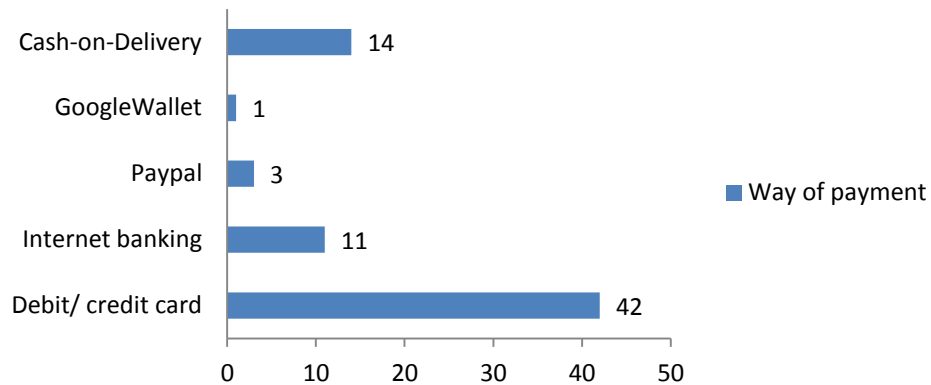
## Factors help to decide which site to shop online



### Way of Payment

This diagram shows that mostly people uses credit card to pay their payments 42% people use to pay by credit/debit card and 14% through Cash on delivery and 11% through Internet Banking and 3 from PayPal.

## Way of payment



## Frequency of Online Shopping



## Attitudes and Beliefs

Questions 4.1 and 4.2

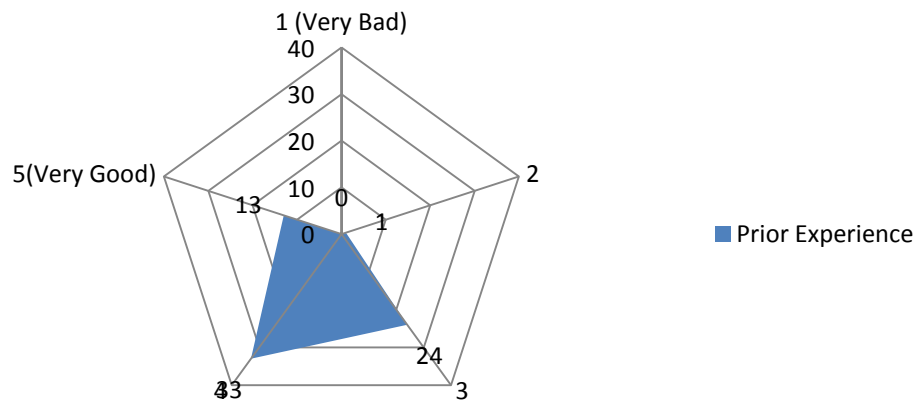
### Prior experience

This question was used in order to see what attitude the respondent had about shopping online. The measured attitude was mainly derived through questions about the respondent's prior experiences. This usually also affects the attitude towards performing an action, in this case the action was to shop online. The question was, therefore designed to let the respondent rate their prior experience for shopping online.

Table 5-8 Q4.1 Distribution according to the variable "Previous experience with online purchases"

Experience	Frequency	Percent	Cumulative Percent
1 (Very Bad)	0	0.00%	0.00%
2	1	1.41%	1.41%
3	24	33.80%	35.21%
4	33	46.48%	81.69%
5 (Very Good)	13	18.31%	100.00%
<b>Total</b>	<b>71</b>	<b>100.00%</b>	

### Prior Experience



Overall the respondents showed a good to very good prior experience with purchasing online. The number of respondents with a very good attitude towards online shopping is high and the distributed attitude declines as less respondents think of it as a bad experience. Rating number four on the scale is considered as neither a good nor bad experience. The majority of respondents, overall 35.87%, do consider their prior experience with online purchasing as neither good nor bad. This question is closely related to the following question which investigates the respondents' future expectations of online purchasing.

#### *Future expectations of online purchases*

This question is a part of analysing the respondents' attitude towards online purchases. Future expectations are highly dependent on respondents' prior experiences of online purchases; this will be further discussed in the analysis of the results.

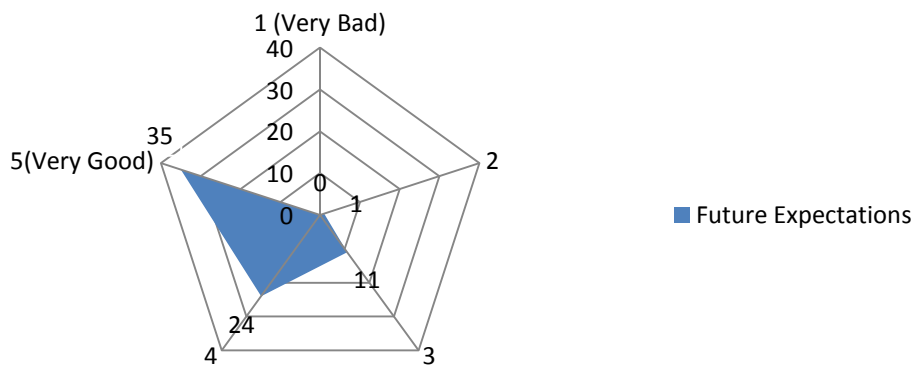
As with prior experiences the respondents have a highly positive attitude towards future online purchases. The majority (41.38%), of the respondents have rated future expectations with online purchases to be positive. Not considering the neutral respondents; an overall 80.9% of the respondents had positive expectations.

#### 5.2.2

Table 5 - 9 Q4.1 Distribution according to the variable "Future experience with online purchases"

Experience	Frequency	Percent	Cumulative Percent
1 (Very Bad)	0	0.00%	0.00%
2	1	1.41%	1.41%
3	11	15.49%	16.90%
4	24	33.80%	50.70%
5 (Very Good)	35	49.30%	100.00%
<b>Total</b>	<b>71</b>	<b>100.00%</b>	

## Future Expectations



### Impact of Reference Groups

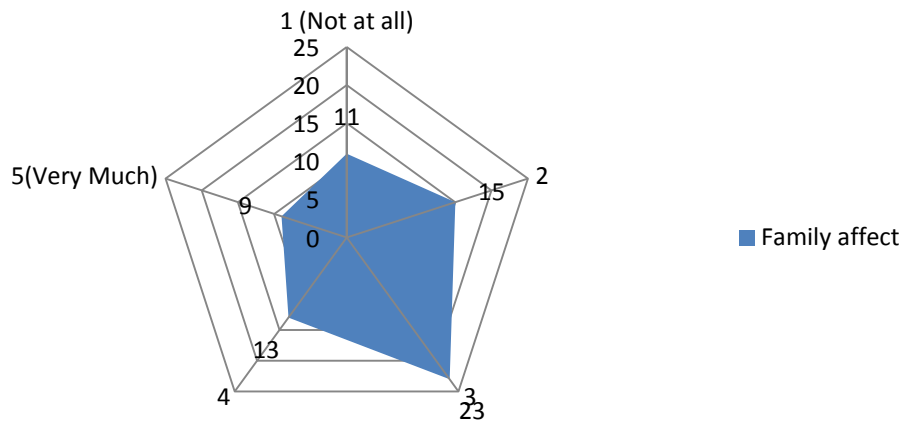
Questions 5.1, 5.2 and 5.3

The impact of Reference Groups These questions were designed to find out which of the three Reference Groups, family, friends, and online forum, that have an impact on the respondent. Families as Reference Groups have not shown to have an impact on online purchases among students. A majority of 32.39% do not consider any of their families' opinions and experiences at all when purchasing online.

Table 5-10 Q5.1 Distribution according to the variable "How much does family affect online purchase"

Family affect	Frequency	Percent	Cumulative Percent
1 (Not at all)	11	15.49%	15.49%
2	15	21.13%	36.62%
3	23	32.39%	69.01%
4	13	18.31%	87.32%
5 (Very Much)	9	12.68%	100.00%
<b>Total</b>	<b>71</b>	<b>100.00%</b>	

## Family affect

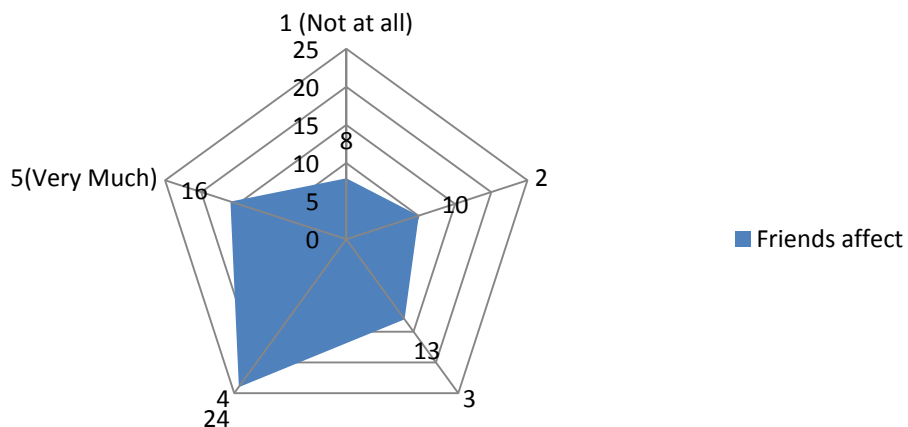


Friends as a Reference Groups have shown to have a bigger impact as a Reference Groups when respondents consider their purchases online. This can be explained by the fact that friends often are fellow students that attend the same program and have relevant information that is of use to the respondent. The distribution of the respondents shows that the majority of the respondents, 33.8%, take the opinions and experiences of their friends into consideration.

Table 5-11 Q5.1 Distribution according to the variable “How much does friends affect online purchase”

Friends affect	Frequency	Percent	Cumulative Percent
1(Not at all)	8	11.27%	11.27%
2	10	14.08%	25.35%
3	13	18.31%	43.66%
4	24	33.80%	77.46%
5(Very Much)	16	22.54%	100.00%
<b>Total</b>	<b>71</b>	<b>100.00%</b>	

## Friends affect



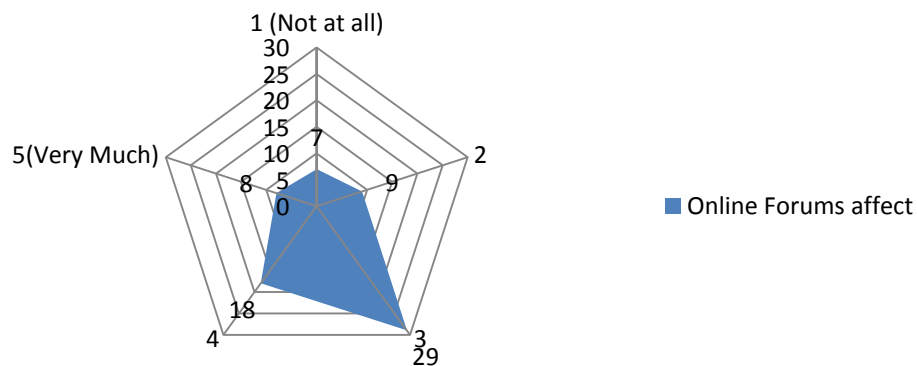


Online forums do not have any impact on the respondents. A majority of 40.85% of the respondents do not consider the opinions and experiences discussed on online forums at all.

Table 5- 12 Q5.1 Distribution according to the variable “How much does Online forums affect online purchase”

Online Forums affect	Frequency	Percent	Cumulative Percent
1(Not at all)	7	9.86%	9.86%
2	9	12.68%	22.54%
3	29	40.85%	63.38%
4	18	25.35%	88.73%
5(Very Much)	8	11.27%	100.00%
<b>Total</b>	<b>71</b>	<b>100.01%</b>	

### Online Forums affect



### 5.2.3 Online Consumer Behaviour Web graphics

#### Question2.1

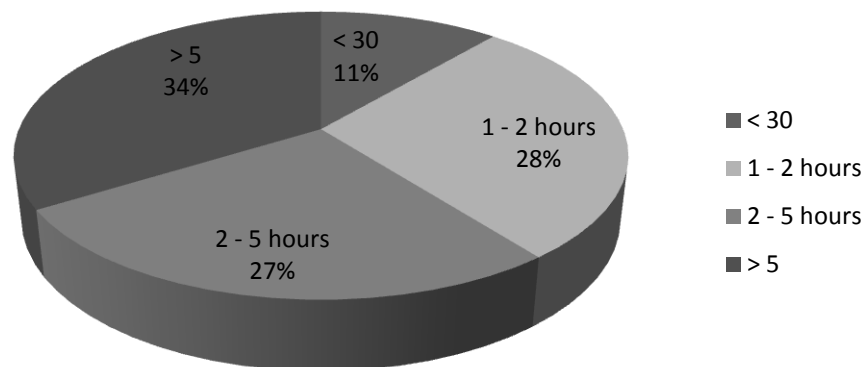
##### Time spent online

This question is used in order to investigate how much time the respondent spends online. The respondent that spends more time online has a higher experience with the Internet which according to the literature is are as on to buy more online. Hence, this question is closely related to the respondents shopping patterns. This will be further discussed in the analysis of the results.

Table 5-13 Q2.1 Distribution according to the variable “Time spent online”

Time spent online	Frequency	Percent	Cumulative Percent
<30	8	11.27%	11.27%
1-2	20	28.17%	39.44%
2-5	19	26.76%	66.20%
>5	24	33.80%	100.00%
<b>Total</b>	<b>71</b>	<b>100.00%</b>	

## Time spent



The distribution shows that the majority of the respondents spend somewhere between 30 min to 2 hours online each day. The two second major groups are respondents that spend 5 hours and respondents that spend greater than 2 -4 hours online each day ,34% respectively 27%.These results will be used in order to find what differs between these respondent sand which of the factors price, trust and convenience has the largest amount of impact.

Table 5-14 Q2.1 Distribution according to the variable "Time spent Shopping online"

Percentage of time spent on shopping	Frequency	Percent	Cumulative Percent
<20%	40	56.34%	56.34%
20–40%	23	32.39%	88.73%
40–60%	2	2.82%	91.55%
>60%	6	8.45%	100.00%
<b>Total</b>	<b>71</b>	<b>100.00%</b>	

### Internet Usage

This question was included to investigate for what reason the respondents mainly used the Internet. The respondents were given 5 alternatives from which they had to rank 3 by the primary ,secondary ,and tertiary choice of usage.

Table 5- 15 Q2.2 Distribution according to the variables "Primary use ,Secondary use , and Tertiary use"

Internet Usage	Primary Usage	Secondary Usage	Tertiary Usage
<b>Fun</b>	11(15.49%)	9(12.67%)	14(19.71%)
<b>Work</b>	21(29.58%)	16(22.54%)	9(12.67%)
<b>Information</b>	21(29.58%)	13(18.30%)	16(22.54%)
<b>E-Mail</b>	16(22.54%)	29(40.84%)	12(16.90%)
<b>Shopping</b>	2(2.82%)	4(5.63%)	20(28.17%)
<b>Total</b>	<b>71</b>	<b>71</b>	<b>71</b>

According to the table 5.15 the respondents as the primary most popular use listed the alternatives Work (29.58%) ,Information (29.58%) and Email (22.54%), accordingly. The secondary overall most popular choices were the alternatives E-mail (40.84.54%), Work (22.54%) and Information (18.30%). The tertiary most popular choices were Shopping (28.17%), Information (22.54%) and Fun (19.71%). According to the distribution the alternatives Fun, E-mail and Information were the most popular alternatives, with the exception of Fun as tertiary use where that alternative was replaced with work.

## 5.2.4

### 5.3 Identified Attributes

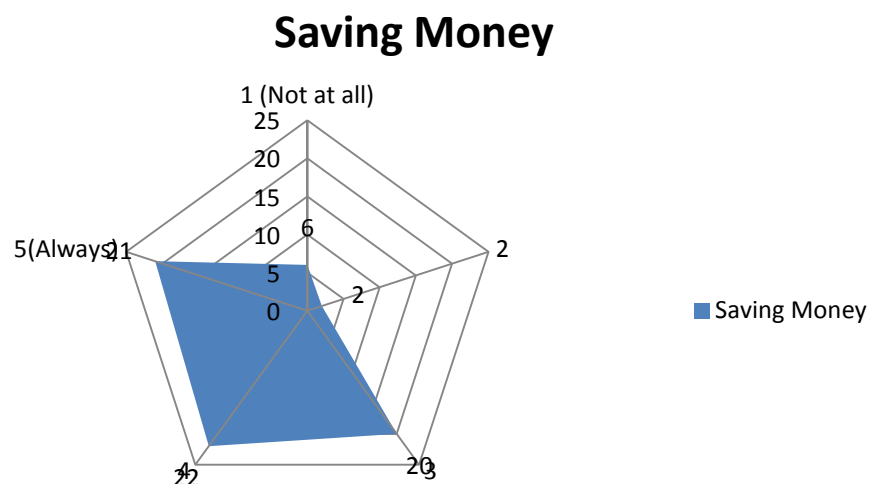
#### Price

Questions 6.2 and 6.3

Saving money when purchasing online compared to purchasing at store this is the first attribute of the factor price and involves the respondents' attitude towards saving money when purchasing online. The respondent was asked two questions in order for us to establish their attitude. The first question examined if the respondent agrees with the fact that purchasing online saves money and these cond question examines the importance of this statement. The results from these two questions gave us the following distribution of what the respondents' attitude towards this statements.

Table 5-16 Q6.2 Distribution according to the attribute "Saving money when purchasing online"

Saving Money	Frequency	Percent	Cumulative Percent
1(Not at all)	6	8.45%	8.45%
2	2	2.82%	11.27%
3	20	28.17%	39.44%
4	22	30.99%	70.42%
5(Always)	21	29.58%	100.00%
Total	71	100.01%	



The table 5.17 illustrates whether the respondents feel that they are saving money when they purchase online compared to a regular store. 40.7% of the respondents felt that they saved money and that it is important to save money when they purchase online. These cond largest category is a neutral one, with 23.5% where the respondent felt that they neither save money nor do not save money . The reason for the values being so high can be that even though the Comparing prices, through different price comparison websites, before purchasing online.

Comparing Price	Frequency	Percent	Cumulative Percent
1(Negative)	1	1.41%	1.41%
2	4	5.63%	7.04%
3	18	25.35%	32.39%
4	24	33.80%	66.20%
5(Positive)	24	33.80%	100.00%
<b>Total</b>	<b>71</b>	<b>100.00%</b>	

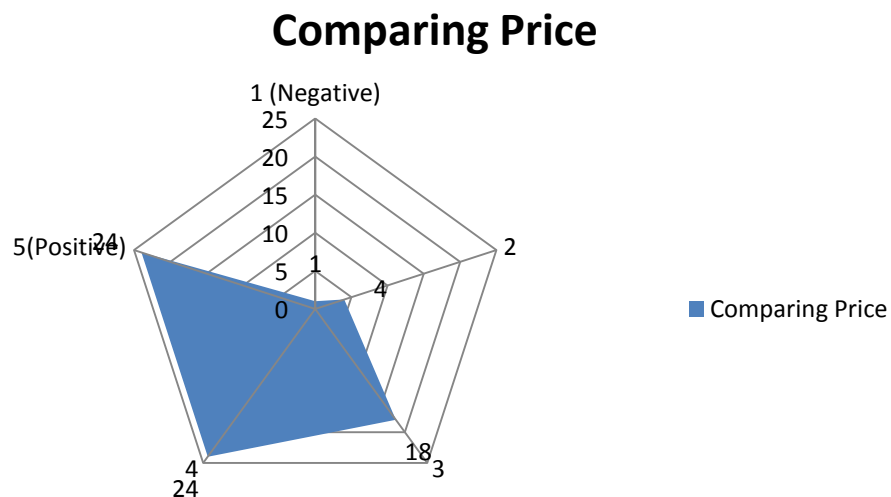


Table 5.18 shows how the respondents use price comparison sites such as EBay or Myntra. Almost everyone uses this type of comparison prior to purchasing a, more or less often, and a large group (31.9%) of the respondents does so very often. This displays an overall positive attitude towards comparing price over the Internet even though the largest group of 24 respondents (33.80%) consider comparing price over the Internet as positive. This can be concluded by the fact that the respondents might not compare prices but think that it is important. This then translates into neither a positive nor a negative attitude towards comparing prices when purchasing online. The respondent might also compare prices but does not find it important.

#### Trust

Questions 7.1, 7.2

It is secure to shopping online

This question investigates what the respondents overall attitude is towards the first attribute I identified that constitutes the factor trust. This attribute involves the respondent over all attitudes towards security when shopping online. The respondent was first asked to answer whether they felt secure when shopping online and then how important it is for them to feel safe when Shopping online.

**Table 5- 17Q7.1 Distribution according to the attribute “Security when Shopping online”**

Comparing Price	Frequency	Percent	Cumulative Percent
<b>1(Negative)</b>	1	1.41%	1.41%
<b>2</b>	12	16.90%	18.31%
<b>3</b>	23	32.39%	50.70%
<b>4</b>	19	26.76%	77.46%
<b>5(Positive)</b>	16	22.54%	100.00%
<b>Total</b>	71	100.00%	

The values in table5.18 explain whether the respondents feel that it is safe to purchase online, and if it is important to feel secure when purchasing online. The largest category (32.39%) feels secure and also thinks it is important to feel neither secure nor not secure when shopping online. These cond largest (26.76%), with just one respondent less, is the category slightly more positive than “neither”. The large number could come from respondents that not feel secure when they shopping online, but never the less feels that it is important to feel secure when they do. Hence, the distribution of the respondents reveals that they generally have a more positive attitude towards feeling secure when shopping online.

**Trust in the Internet retailer**

This question investigated the respondents overall attitude towards the trust in the Internet retailer. Two questions were asked, one asked if the respondent has to trust the Internet retailer in order to make a purchase from them, and these cond question asked how important it is to have trust in the Internet retailer before making a purchase from them. The results showed the respondents overall attitude towards the third and last attribute constituting the factor trust.

**Table 5- 18 Q7.2 Distribution according to the attribute “Trust in the Inter netretailer”**

Comparing Price	Frequency	Percent	Cumulative Percent
<b>1(Negative)</b>	2	2.82%	2.82%
<b>2</b>	7	9.86%	12.68%
<b>3</b>	24	33.80%	46.48%
<b>4</b>	28	39.44%	85.92%
<b>5(Positive)</b>	10	14.08%	100.00%
<b>Total</b>	71	100.00%	

The majority feel a need to trust the retailer, while also feeling that it is important to trust there tailer when proceeding with a purchase. Only three respondents fell into the negative part of

the scale. This indicates that trust in the Internet retailer, to some degree, is almost always needed for the consumer to make a purchase from an Internet retailer.

### Convenience

Questions 8.1, 8.2, and 8.3

If online purchasing is perceived as involving less effort compared to shopping at a store This question examines one of the attributes that constitutes the factor convenience and is included in the questionnaire in order to find out if the respondents perceive that purchasing online involves less effort than compared to shopping in a store. This question is also a part of the fact or convenience and the overall attitude the respondents have towards the factor convenience.

Table 5-19Q8.1 Distribution according the attribute “Shopping online involves less effort compared to Shopping at physical store”

Comparing Price	Frequency	Percent	Cumulative Percent
<b>1(Negative)</b>	0	0.00%	0.00%
<b>2</b>	8	11.27%	11.27%
<b>3</b>	12	16.90%	28.17%
<b>4</b>	22	30.99%	59.15%
<b>5(Positive)</b>	29	40.85%	100.00%
<b>Total</b>	71	100.00%	

The majority (40.85%) of the respondents did not find shopping online is convenient when it involved the attribute less effort. The further distribution of all the respondents had a positive attitude towards the attribute less effort. This is clearly shown by that one of the largest respondent groups (30.99%) is the group with the highest value that perceived shopping online as always involving less effort compared to shopping in store. Hence, there is an overall a positive attitude towards this attribute among the respondents.

Does online purchasing save time compared to purchasing at a store?

Table 5-20Q8.2 Distribution according the attribute “Purchasing online saves time compared to purchasing at a store”

Comparing Price	Frequency	Percent	Cumulative Percent
<b>1(Negative)</b>	2	2.82%	2.82%
<b>2</b>	8	11.27%	14.08%
<b>3</b>	15	21.13%	35.21%
<b>4</b>	22	30.99%	66.20%
<b>5(Positive)</b>	24	33.80%	100.00%
<b>Total</b>	71	100.00%	

The two big majority groups (33.90% respectively 30.99%) found shopping online either as always time saving or that neither it saves time nor is more time consuming than shopping at store. The overall distribution of the respondents had showed a positive attitude towards the attributes hopping online saves time compared to shopping at a store. This is a logical conclusion that can be derived from the fact that when shopping online from a computer at home does not involve having to leave the home, which can be considered as time saving. But some complications at the website or being able to use a computer from home, can explain the why the majority of respondents do considers shopping online neither as time saving nor is more time consuming than shopping at store. This explanation can also be applied to the respondents on the negative side of the scale.

### 5.3.1 Primary Factor

By considering all the attributes of the factors and looking at what factor each respondent had the most positive attitude towards and labelling it as the Primary Factor, I were able to identify the following distribution among the respondents for the factors price, trust and convenience in table 5.25:

Distribution according to the“ Primary Factor”

Primary Factor	Frequency	Percent	Cumulative Percent
Price	53	75.71%	75.71%
Trust	10	14.29%	90.00%
Convenience	7	10.00%	100.00%
<b>Total</b>	<b>70</b>	<b>100.00%</b>	

## 6 Analysis

### 6.1 The Factors

In order to gain an initial understanding of how the respondent feels towards Price, Trust and Convenience, they were asked to rank these in the questionnaire accordingly. I have then investigated the different attributes of the factors.

When the respondent was asked to just rank the different factors, the results showed that 73.9% considered price as the primary concern when purchasing online. When the respondent was put in front of the three factors, I could see that most of them chose price. However, if compared to the Primary Factor, where the different attributes to the factors were used to find the overall attitude and importance; the results did not match. The distributions for the Primary Factor were Price: 41.6%, Trust:30.1% and Convenience: 28.3%. This showed that the respondent generally thought that Price was the most important to him or her, but at the same time one of the other factors could actually be the most important to a respondent, since the distribution shifted between the two ways of evaluating, with the Primary Factor being the most accurate since it offers an overall attitude measurement. This answers the questions one and two in our research.

### 6.2 Two Step Cluster

The two step cluster analysis was used to segment the respondents. This type of analysis grouped data so that records within a group were similar. It could be applied to data that described customer buying habits, gender, age, income etc. It created segments containing groups that had the most in common and this method was selected due to the amount of variables that needed to be taken into consideration when creating the segments.

By analysing the collected data, for the various variables that I intended to segment by, I decided to exclude some variables. There as on was that some of the variables did not show a significant variation which would have enhanced the homogeneity of the segments. Segments need to be homogenous and diverse from the whole population in order for them to be targeted. The variables that I did not use would instead be applied to give an additional explanation to the formed segments. With the two step cluster analysis I found three segments in our sample, based on the variables that I chose to segment by, which were: Expenditure on an average each month, Previous experience with purchasing online, Future expectations with purchasing online, The impact of the reference group: family, The impact of the reference group: friends, and The impact of the reference group: online forums. In this research the variables are categorized into the following variables shown by Figure6.1.



- Consumer Traits: Impact of Reference Groups (Family, Friends, and, Online forums), and (Previous experience and Future expectations)

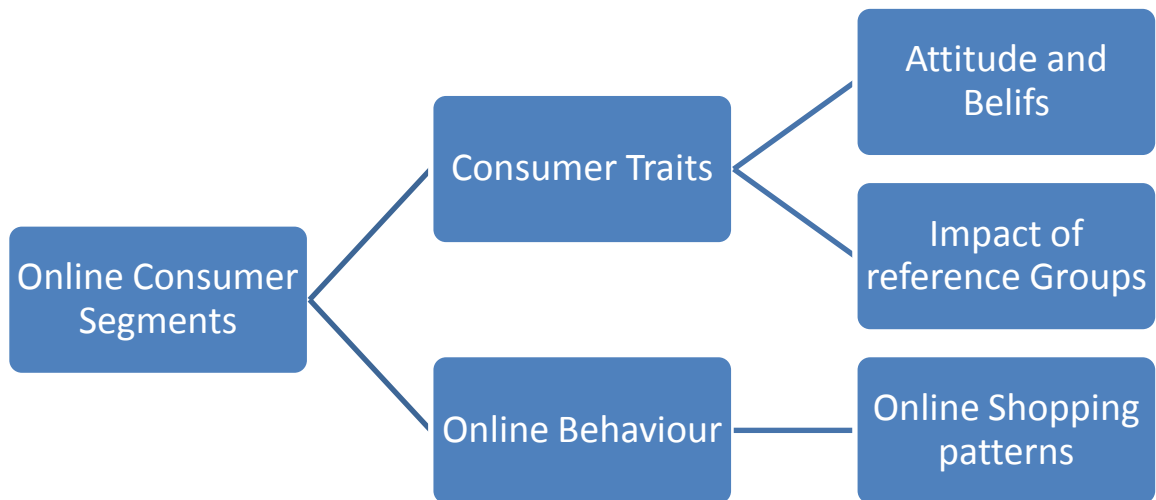


Figure6-1Segmentvariables

### 6.2.1 Significance of the factors within the segments

In order to show that the results and conclusions which are to be presented below are significant I conducted a Kruskal Wallis test. This test presented that the number of collected respondents was sufficient for the analysis that I had conducted. The Kruskal Wallis test is the same test as the prior One Way ANOVA expect from the fact that Kruskal Wallis test stwo variables at the same time for significance.

	Two Step Cluster Number	N	Mean Rank
<b>Price Fishbein</b>	1	15	127,61
	2	22	118,29
	3	34	100,61
	Total	71	
<b>Trust Fishbein</b>	1	13	151,37
	2	27	112,26
	3	31	94,15
	Total	71	
<b>Convenience Fishbein</b>	1	21	121,40
	2	12	124,27
	3	38	97,53
	Total	71	

When I conducted the test I found that the factors Price, Trust, and Convenience showed a significant variance with in the segments and that the results presented below concur with the

conclusions that I had drawn. Table 6.7 showed that all three factors were highly significant, especially the factor Trust to which the respondents had answered with high variances (,000).

### 6.3 Segments

The two step cluster created three segments out of the selected variables. According to the Table6.1 the distribution of the respondents to the three segments is: Segment One with 47 respondents, Segment Two with 93 respondents and Segment Three with 86 respondents.

Segments	Frequency	Percent	Cumulative Percent
Segment1	15	21.13%	21.13%
Segment2	22	30.99%	52.11%
Segment3	34	47.89%	100.00%
Total	71	100.00%	

#### 6.3.1 Description of Segment One : High Spenders

Segment one held 20.8% of all the respondents. The consumers in this segment mainly spent each between 400 -799 SEK on each month during a semester. Hence, they are the segment that can be considered to spend most each month. The entire segment (100%) has had very good previous experiences with purchasing online and very high expectations for the next time they will purchase online. The experience and opinions of their family and friends as Reference Groups did not matter to them when they purchased online, neither were the experiences and opinions discussed in online forums taken into consideration.

As a conclusion this segment is the smallest of the three and consisted of consumers that had spent the most money on shopping. They had very high confidence in purchasing online, mainly due to very good previous experiences. They did not regard the experience and opinions of any of the named Reference Groups.

By further profiling the consumers in this segment that we restudy in gat their first or second semester at the University, had an age interval between 18 to 24 years. They had a disposable income with a high variation between 5.000 SEK to 11.000 SEK. This segment group spent mainly somewhere between 1 to 2 hours each day online, however, keeping in mind that some respondents with in this segment only spent between half an hour to 1 hour online. This segment primarily used the Internet for fun and the second most important as E-mail, and the third as information. Because of the identified characteristics of this segment, I chose to label them as High Spenders.

#### *Primary Factor of Concern for High Spenders*

The distribution among the respondents according to the factors Price, Trust, and Convenience showed that the factor Trust was the main concern of the High Spenders with 46.67%, closely followed by Price (33.33%). The third concern of Segment One was identified as Convenience (25.5%).

	Frequency	Percent	Cumulative Percent
Price	5	33.33%	33.33%
Trust	7	46.67%	80.00%
Convenience	3	20.00%	100.00%
Total	15	100.00%	

According to table 6.1 the primary factor of concern for the High Spenders was Trust. Here, Trust had an above average distribution which lowered the distribution of the factors Price and Convenience. This indicated that the respondents of this Segment One were more affected by the Trust attributes when they purchasing online.

By further exploring the variable Trust for this segment I found that the respondents were mainly concerned with feeling secure when purchasing online. This also included trusting the Internet retailer. The respondents had a very high positive attitude both in agreeing to the statements and also by showing their consent that the statements were of high importance. The third attribute of the factor Trust, "trusting the Internet as distribution channel", did not show the same over all positive attitude as the first two. Even though that a majority of the respondents were on the positive side of the scale there was a group of 23.4% that believed this attribute to be neutral for them.

In this segment I also chose to analyse the question concerning whether the respondent bought from the same online retailer. This segment was highly concerned with trusting the retailer, which is an attribute to the factor Trust and in fact, the respondents in this segment also purchased from the same online retailer more frequently than the respondents in Segment Two or Segment Three.

By asking the respondents to list what they thought as their primary concern of the three factors when purchasing online, I found that they did not correspond with the results when applying the Fishbein model. The respondents in Segment One had listed the factor Price their primary concern, the factor Convenience as secondary concern, and last the factor Trust as tertiary concern. But when examining the overall attitude towards these factors by dividing the different attributes I found slightly different results, which we represented in table 6.3. According to table 6.3, the primary concern was Trust, followed by Price and Convenience.

The conclusion that can be drawn from the results, is that there are consumers with a highly positive attitude towards purchasing online which is formed by the highly positive attitude towards the factor Trust. So did the attributes of feeling secure when purchasing online and having trust in the Internet retailer. Since these were also the consumers that spent the largest amount of money on purchasing online, thereby they were giving important implications towards the factor Trust.

### **6.3.2 Description of Segment Two: Price Easers**

Segment Two consisted of 22 respondents and was the largest segment group with 41.2% of the overall sample. Their average expenditure on per month was between 200 - 599 SEK. The consumers in this segment had a slightly less positive than very good when it came to their online purchasing experience. Their future expectations were similar to the previous experiences, and the consumer expected any future online purchase to be slightly less positive than very good. Most of the consumers had a good to very good attitude towards purchasing online. Generally, the consumers in this segment did not consider the experiences and opinions of their families, but on the other hand, they did consider it more compared than any of the other two segments. Their friend's experiences and opinions would, however, affect their purchase to some degree. Minor considerations were also taken to the experiences and opinions discussed in online forums by this

segment. Generally, the respondents took the experience and opinions of the different reference Groups into most consideration compared to the other segments, and they were especially affected by the Reference Group friends.

The further profile of this segment group is somewhat similar to that of Segment One. The respondents in this segment were in the age between 18 to 24 years. They were mainly studying their first or second semester at the university and had a income of various size, the majority (43.0%), had a disposable income of below 5.000SEK, but a another group (26.9%), had a disposable income of between 7.000- 8.999 SEK. They primarily used the Internet for fun, and list their secondary use of the Internet for information purposes and their tertiary use as E-mail. Because of the identified characteristics of this segment, I chose to label them as Price Easers, since they had a low disposable income, but were more inactive when looking for the lowest prices as they would rely on their friends' opinions.

#### *Primary Factor of Concern for Price Easers*

The distribution according to the primary factor of concern in this segment showed the factor Price with 45.45% to be the main influencer when purchasing online. The Price factor was closely followed by the factor Convenience with 36.36% of the respondents. In this segment the respondents considered the factor Trust the least important with 18.18%.

	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Percent</b>
<b>Price</b>	10	45.45%	45.45%
<b>Trust</b>	4	18.18%	63.64%
<b>Convenience</b>	8	36.36%	100.00%
<b>Total</b>	22	100.00%	

As illustrated in table 6.2, the majority of the respondents in Segment Two believed that Price was their most important concern, followed by Convenience and Trust. This shows that the Price attributes affect the consumer the most when purchasing online. It should also be noticed that the Convenience factor in this segment is very high when compared to the overall distribution of the factor to the entire population sample. These factors had an overall higher distribution which reduced the distribution of the factor Trust.

When closer examining the attributes of the factor Price I found that according to Segment One, the majority of the respondents (52.7%), listed that they did agree with the statement that “purchasing online saved them money” and the majority (62.4%) listed that “saving money is highly important”. The second attribute of the factor Price, “comparing prices through different price comparison websites before purchasing\online”, was shown to have an even distribution. The respondents were also evenly distributed between the groups, and the majority felt that this was important.

Since the factor Convenience has a high distribution in this segment, there needs to be further examination of the different variables in order to wholly understand the consumers in this segment. I found that the overall attitude was positive and came from the attributes “saving time” and “less effort”. The consumers agreed with the fact that purchasing over the Internet involved less effort compared to purchasing offline. Yet they did not list it as important. The same distribution can

be found for the attribute saving time, where the consumers agreed to the fact that it saved them time but they did not find it as important as time saving. Compared to the previous attribute they found “saving time when purchasing online” to be of greater importance than when it involved less effort. The last attribute of the factor Convenience was “being able to purchase online at any time” where the consumers did not show as much of a positive attitude as to the prior attributes. A closer examination shows that the respondent agreed with the statement but did not find it highly important. Overall I can conclude that the respondents agreed with the attributes but did not perceive them as important.

When asked to rank the importance of the three factors, the respondents in Segment Two listed the factor Price as the primary concern, Trust as the secondary and Convenience as the tertiary concern. Here the primary concern did agree with the overall attitude towards the factors, while the secondary and tertiary concern did not. The results showed that the consumers in this segment were more Convenience oriented than compared to Trust.

In conclusion the Price Easers were generally price sensitive and at the same time very convenience oriented. This was supported by the fact that the respondents took consideration of the Reference Groups and mostly took the opinions of their friends into consideration. In this sense they were very convenience oriented. The respondents also connected to the fact that they wanted to save money but did not find it as important as comparing prices before purchasing. Instead, they turned to the advice and opinions from their friends. The fact that the respondents in this segment were price sensitive can also be concluded by that the majority of the respondents had the lowest disposable income of the overall sample. Because of the Price and Convenience orientation, the consumer did not take much consideration to the factor Trust. Even though Price Easers spent less money on purchasing, compared to the previous segment, they were still the largest segment group and because of that important.

### **6.3.3 Description of Segment Three: Bargain Seekers**

Segment Three was a segment with 86 respondents and 38.0% of the overall sample. These consumers spent about as much as the consumers in Segment Two, between 200 to 599 per month. They had either slightly good or neither good nor bad previous experiences. Future expectations for purchasing online were within a similar same range. Over all the consumers in this segment had the least positive attitude towards purchasing online compared to the other two segments. Within this segment a majority of 61.6% did not consider the experiences and opinions of their family at all, while they showed a more positive attitude towards the experience and opinions of their friends. The impact of the Reference Group online forums was in line with the Reference Group family, where a majority of 66.3% did not consider the experience and opinions that were discussed. To summarize the variable of Reference Group one can find that the experience and opinions of family and online forms were not affecting the consumer at all while the experience and opinions of their friends were taken in to some minor consideration.

Other variables such as Demographics and Time Spent Online wer every similar to the other segments and particularly to Segment Two. Almost no difference could be found. What might separate them in these variables was that this segment spends lightly more time online. The respondents in this segment list that they mainly used the Internet for fun and thereafter for

information as both secondary and tertiary use. Because of the identified characteristics of this segment, I chose to label them Bargain Seekers.

**Primary Factor of Concern for Bargain Seekers**

In this segment the preferable factor of concern was Price with 47.06% of the respondents agreeing to it. The distribution was clearly made on the expense of both the factors Trust and Convenience. The distributions of the factors trust were 29.41%, and convenience was 23.53%.

	Frequency	Percent	Cumulative Percent
Price	16	47.06%	47.06%
Trust	10	29.41%	76.47%
Convenience	8	23.53%	100.00%
Total	34	100.00%	

We found the Bargain Seekers to be highly price sensitive and that they did not give much consideration to the factor Convenience.

After having investigated the attributes further, that constituted the factor Price, I found that the respondents had a more positive attitude towards comparing prices than they had towards the feeling of saving money when they purchased online. This indicated that comparing prices was more important concern for the respondents of the segment and since the respondent were comparing prices they would automatically be looking for the best buy. By looking for lower prices one is consequently trying to be saving money. I were linking this behaviour to the first attribute, the feeling of that they were saving money. By closer looking at the attribute “comparing prices” it showed that the consumers did frequently compare price before purchasing and also that it was important for them to be doing so. When looking at the second variable I see that the consumer did agree that purchasing online saved money. However, they did not feel that it was as important as comparing prices. Overall the respondents were highly positive to the factor Price and therefore took consideration to it when purchasing online.

The primary concern for the respondents in this segment showed that the respondents were price oriented, for the secondary concern they stated that they were Trust oriented and as tertiary concern they listed Convenience. These results matched with the distribution that I acquired according to the Fishbein model. The Bargain Seekers has had a low income which made them price sensitive. They were, however, not Convenience oriented; instead they took their time to compare the prices online which was shown by the different attributes to the factor Price. It should also be noted that they spent a little more time online than the other segments. They considered the experiences and opinions of their friends which also showed that they were actively seeking the lowest prices and that it was important for them to do so. That behaviour explains the fact that the respondents found comparing prices to be more important than actually saving money, but as explained before, constantly searching for the lowest prices will automatically result in the want to be saving money.

## 6.4 Summary

The three segments that were found show a significant difference in the primary factor of concern. The general distribution showed that the factor Price was the primary factor for the entire population sample, and that the second factor was Trust which was closely followed by Convenience.

When segmenting the respondents through the different variables I found that *Segment One* was mainly trust oriented and the respondents had a high positive attitude towards purchasing online. As they did spend the most money, in comparison to the other segments I chose to label them *High Spenders*.

*Segment Two* were mainly Price and Convenience oriented and therefore took the most consideration to the opinions and experiences of the Reference Groups. As they had low disposable incomes and were somewhat convenience orientated when acquiring information about low prices, I chose to label them Price Easers.

*Segment Three* were highly Price oriented and therefore actively involved in searches for the lowest prices online. They considered the experiences and opinions of their friends to some extent before purchasing online while, and were actively searching for the lowest prices. Hence, I chose to label them Bargain Seekers.

## 7 Conclusions

When a consumer purchases a online, he or she is affected by various factors. The main influencing factors have been identified as Price, Trust ,and Convenience. The Price factor exists because prices are often lower on Internet stores compared to physical stores due to lower costs. Purchasing a online can greatly benefit the consumer in terms of convenience and saving money. It is also convenient to shop on various sites with different assortments, from the home. Trust is evidently needed since the consumer must share detailed personal and financial information when purchasing a online. These types of data include the full name, delivery address and credit card number for example, which makes Trust an important factor.

### 7.1 Future research

After having conducted our research and considering the limitations in time and resources that we had been facing, it would be of interest to examine our research topic further as well as more profoundly. Below, we have listed a few deductions for possible future research:

It would be interesting to conduct a survey at another university. If this would be done and similar results were discovered, one could apply generalizability to the results

Conduct a survey on a larger sample, also including people that are not students and segmenting according to that. This could find new segments, with new analytical possibilities.

This research was conducted from the consumers point of view, and if could also be conducted with greater focus towards the online retailer.

We found that Price, Trust and Convenience were factors that are important when a consumer decides to purchase online, but it would be interesting to see whether the concepts of these factors are perceived equally between all consumers or if there were any discrepancies.

Furthermore, it would be of interesting to see if the factors were the same for other good that are traded online. In general, this research could be conducted with a greater range of goods and with greater detail towards the specific factors.



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## 9 Appendix

### The Questionnaire

1. What is your Gender? \*
  - Male
  - Female
  - Transgender
  
2. Which category best describes your age? \*
  - <=20
  - 21-25
  - 25-33
  - 34-41
  - 42>=
  
3. Which area you belongs to? \*
  - Rural
  - Urban
  
4. What is your occupation/ Employment status? \*
  - Student
  - Professional
  - Government Employee
  - Self Employed
  - Other:
  
5. Which category best describes your disposable income? \*
  - < 5000
  - 5000-6999
  - 7000-8999
  - 9000-10999
  - 11000-12999
  - >= 13000
  
6. Do you have your own internet connection? \*
  - Yes
  - No

7. Have you ever done online shopping? \*

- Yes
- No

8. What motivates you to buy Online? \*

- Easy payment
- No hidden cost
- Wide range of products
- No travel to shop

9. Do you feel that the online marketers are providing competitive prices? \*

- Yes
- No
- Can't say

10. What products you buy on internet? \*

- Books
- Music CD's
- Clothing
- Mobiles and Accessories
- Personal and Healthcare

11. Which of the following stores have you visited online? \*

- e-bay
- Amazon
- Flipkart
- Myntra
- Other:

12. What factors help you to decide which site to use for online shopping? \*

- Search Engine
- Personal Recommendation
- Special Offers On Sites
- Online Advertising
- Tv advertising

13. How do you make your payments on internet ? \*

- Debit/ credit card
- Internet banking
- Paypal
- GoogleWallet
- Cash-on-Delivery

14. How often you do Online shopping? \*

- once a month
- once a week
- Twice a month
- Twice a week

15. How is your previous experience with online purchases? \*

\_\_\_\_\_ 1 2 3 4 5 \_\_\_\_\_  
Very Bad      Very Good

16. What is your future expectations of online shopping? \*

\_\_\_\_\_ 1 2 3 4 5 \_\_\_\_\_  
Very Bad      Very Good

17. How much does family affect online purchase? \*

\_\_\_\_\_ 1 2 3 4 5 \_\_\_\_\_  
Not at all      Very much

18. How much does friends affect online purchase? \*

\_\_\_\_\_ 1 2 3 4 5 \_\_\_\_\_  
Not at all      Very much

19. How much does online forums affect online purchase? \*

\_\_\_\_\_ 1 2 3 4 5 \_\_\_\_\_  
Not at all      Very much

20. How much time do you spend online daily? \*

- < 30 min
- 1-2 hours
- 2-5 hours
- > 5 hours

21. How much percentage of your online time consists of online shopping? \*

- < 20%
- 20-40%
- 40-60%
- > 60%

22. What is the reason to use Internet? \*

	Fun	Work	Information	Email	Shopping
Primary usage	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Secondary usage	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Tertiary usage	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

23. Are you saving money while purchasing items online? \*

1 2 3 4 5  
Not at all      Always

24. Do you compare price through different price comparison websites? \*

1 2 3 4 5  
Negative      Positive

25. Do you find it secure to purchase things online? \*

1 2 3 4 5  
Negative      Positive

26. Do you trust the internet retailer? \*

1 2 3 4 5  
Negative      Positive

27. Is purchasing online saves time compared to purchasing items on a store? \*

1 2 3 4 5  
Negative      Positive

28. Is purchasing online involves less effort compared to purchasing items at a store? \*

1 2 3 4 5

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Negative      Positive

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29. Do you feel that online shopping is better than shopping at brick and mortar store? \*

- Yes
- No
- Can't say

### The Online link to the Questionnaire

[https://docs.google.com/forms/d/e/1FAIpQLSeTjB82uTVxsJxHbP92\\_9r7hqY\\_xkxSaUq7QU9Js6z2ULqd8w/viewform?c=0&w=1](https://docs.google.com/forms/d/e/1FAIpQLSeTjB82uTVxsJxHbP92_9r7hqY_xkxSaUq7QU9Js6z2ULqd8w/viewform?c=0&w=1)

