

## Factors Affecting Online Shopping Behavior of Consumers

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### Abstract

The aim of this research is to find out what factors affect consumers in the context of electronic commerce, also to see the relationship between e-satisfaction and e-loyalty. As Internet has become a channel where online transactions have been done, and this created need for companies to understand how consumers perceive online buying. First thing done in this study was integrating relevant literature, and then testing which variables are affecting consumers' decisions to buy online. Seven hypotheses were formulated regarding to consumers previous experiences with e-commerce.

Data gathering was carried out by the survey which was sent online to 200 randomly selected citizens, from which 104 responded. Through the survey, the results of this study pointed out the relation between satisfaction with online service and consumers' intention to buy in the future which generates customer loyalty. So, the main point of the study was achieved successfully.

**Keywords:** e-commerce, e-satisfaction, e-loyalty, purchase decision process

### Introduction

The paper has been divided into 5 sections, named as; *Introduction* which will provide all information regarding the background of the study, purpose, research objectives and hypotheses. *Literature review* which provides information of what other think and write about the online shopping behavior of consumers. *Methodology* section in which is explained the method used for collecting the data. *Results and discussion* section will represent and interpret the data that was achieved from survey, and the last section is *Conclusion*.

#### 1. Background

Heng and SH (2003) said that e-commerce (online shopping) dates for over 40 years, and it is constantly growing with new innovations and technologies, and many businesses are entering to online markets. Online shopping can be determined as activity that deals with selling of goods and services through Internet, and for businesses is important to be aware of how consumers perceive online purchases. Nowadays, researchers are predicting that in a soon period e-commerce could easily take place instead of traditional business.

Tang et al. (2005) state that there are lots of people online around the world, and each of them represent possible customer of stores which offer online sale. While there are a lot of them, it is essential to know what they really need and want from the product. The primary step is classifying and examining some influencing factors for online purchases, so examining those factors that influence consumers' behavior via the internet is vital.

Lately, there are number of researches who want to identify role of satisfaction in e-commerce, and there is still need to understand the relation between e-satisfaction and consumer e-loyalty. Consumer satisfaction is essential to gain better financial performance of services in company, which is the second most important thing for them, after gaining a profit.

Purpose of this study is to identify and set out main factors which are affecting, and which are important to consumers when deciding to shop online. Also one of the goals is to determine the relation between e-satisfaction and e-loyalty of consumers.

### **Literature Review**

#### Online shopping/E-commerce

There are lots of definitions of e-commerce, and they all are not very far from each other. *“Electronic commerce is the sharing of business information, maintaining business relationships, and conducting business transactions by means of telecommunications networks.”* (Mostaghel, 2006)

Same as that, according to Tian and Stewart (2007) electronic commerce represents not only the business of goods and services, but also keeping buyers, creating relationships with customers and other companies and making businesses with them.

E-commerce dates for over 40 years, and has two main types: business-to-business (B2B) and business-to-consumer (B2C).

Identified by Gröblichhoff (2002) business to business e-commerce is electronic system through which companies are doing transactions and sharing information before and the service after transactions, with their customers and it is offering many number of applications for creating and achieving easier connections with distributors, resellers, suppliers and etc.

Khiabani (2006) defines business to business as something that includes flow of goods from seller to manufacturers and retailers. B2B communication symbolizes the larger segment of entire business activity.

Business to consumer e-commerce, according to Khiabani (2006) relate to any business which is offering goods and services to public, in this case consumers, over the Internet for their personal usage. Based on his study simplified definition of B2C e-commerce is that it represents the transmission goods or services from the seller to the end consumer.

Khiabani (2006) states that Sinha (2010) in his study identified that in this type of e-commerce, consumers may use Internet for different purposes like penetrating the product characteristics, over viewing the price charges, choosing the product or service, selecting the way of paying, deciding upon delivery options and at the end sale of product or service is done.

#### E-satisfaction

Lin (2003) states that for companies which deal with online services, in order to be confirmed and accepted by the customers, they need to provide the greatest delivered value so customers may see it as advantage and stay loyal to them. Companies can measure this value by looking at customer satisfaction, and factors that affect this satisfaction are: customer need, value and cost.

Mostaghel (2006) argues that Heskett et al. (1994) highlights consumer satisfaction as essential to gain better financial performance of services in company, which is the second most important thing for them, after gaining a profit. Companies saw the fast development of technology as a chance to achieve customer satisfaction and loyalty much easier and with lower costs. Many research studies showed that e-commerce has, significantly, changed the way in which business operates.

#### Trust and online risk

Trust, as stated by Gommans et al. (2001) is another important thing is consumers online buying behavior, and in their e-loyalty. Trust is connected with security. Consumer cannot see product in person while he is ordering it, and cannot look into salesperson's eyes while doing that, so it is important for companies to build trust among their consumers in order to avoid uncertainties. Loyalty and brand trust in general can assist in overcoming and beating some Internet disadvantages.

He also identified that consumer's fear of online fraud (credit card fraud, non-delivery of product) are the one of the major causes why they are not using e-commerce, frequently.

Anderson and Srinivasan (2003) predict that perceived risk is related to consumers' fear of losing of some transactions which are done online. However they also relate risk as the chance of losing something while purchasing or consuming the product or service. Perceived value is

positively related to consumers' intentions to buy over Internet, and it contributes to e-loyalty by minimizing consumers need or wants to go after some alternative providers. The risks that are associated with online shopping include financial risk, product risk, and non-delivery risk.

#### E-loyalty

Litfi and Gharbi (2012) argue that loyalty represents strong relation between brand and customer. That strong relation is manifested through emotional link that join consumers continuity of purchasing and consumption.

Gommans et al. (2001) said that e-loyalty can be expressed as "store loyalty" which means that consumers are continually visiting stores and buying items from same brand. He also defines customer loyalty as a point at which consumer demonstrate and repeat buying behavior which have positive nature related to product supplier, and they are repeating this action constantly.

*"E loyalty is all about quality customer support, on-time delivery, compelling product presentations, convenient and reasonably priced shipping and handling, and clear and trustworthy privacy policies."*(Gommans et al., 2001)

Reichheld and Scheffer (2000) demonstrated three advantages of e-loyalty. First of them which is most important and very expensive is to get loyal customer and to keep them loyal in the future. Second, loyal customers consume more than switchers which signs that they will spend more money in the future than the others. The last and but important one is loyal customers commonly propose and suggest non-loyal consumers to buy in a particular store or brand, so this is situation when loyal customers are using word of mouth communication.

Anderson and Srinivasan (2003) argue that customer service is an additional important thing for companies doing e-businesses. To avoid some difficulties in designing websites, they need to have attentive customer service system.

#### Online service

As stated by Cheung and Lee (2005) in their study, instrument that is used for measuring consumers' expectations and awareness of services is called SERVQUAL, which contain five dimensions: tangibles, reliability, responsiveness, assurance and empathy. Tangibles and reliability relates with information and services quality offered to customer. Responsiveness relates to responses from stores, when costumers have problems or questions regarding to product. Assurance relates to enabling trust and confidence to customers, and shows that every operation within company is done by people who are specialists in that field, and empathy relates to making care, and giving particular individual attention to customers.

According to Zheng (2006) Online shopping allows consumers to access to the new information of products, to compare product prices with other offerings, and to order products easily. All those stuffs are offering convenience to consumers. This type of shopping may reduce costs of products and services and distribution costs in order to get more consumers and to make them loyal.

As said by Chung and Shin (2008) for what differentiate the Internet from traditional stores is that prices are expected to be much lower on the Internet.

#### Research objectives and hypotheses

Objectives of this research paper are: to find the history of e-commerce, to examine main factors affecting the online consumer when considering and making a purchase over the Internet, to determine the relation between e-satisfaction and e-loyalty of consumers in online shopping, to examine how trust and satisfaction contribute to loyalty.

#### Hypotheses:

- H<sub>1</sub>: Consumers are generally satisfied with online purchasing;
- H<sub>2</sub>: Prices of products positively affects the consumers' online purchasing behavior;
- H<sub>3</sub>: There is a relation between perceived risk and consumers' online purchasing behavior;
- H<sub>4</sub>: There is a positive influence of trust on consumers' online purchasing behavior;
- H<sub>5</sub>: Consumers' future buying behavior is affected by web design, delivery time, and last experience;

H<sub>6</sub>: There is a relation between consumers' satisfaction and their intentions to buy in the future

H<sub>7</sub>: Satisfaction of consumers is affected by convenience and quality offered

### Method

In this study, the target population includes Bosnian online shoppers who have or have not purchased consumer electronics products on the Internet, and goal is to assess their opinions about e-commerce. The primary data was collected through survey. To efficiently reach target group survey was distributed online to 200 randomly selected citizens, number of respondents was 104. Survey consisted of 24 questions, which were developed from reading relevant literature, and was designed by using Google Drive.

It contain several background information about respondents; e-service quality, e-satisfaction, it investigate consumers buying behavior, e-loyalty in terms of re-purchase intentions, demographic information; gender, education, age group, monthly income level. Respondents were asked to read questions carefully and to be honest. Results of survey that were collected were also interpreted in PASW Statistics 18<sup>th</sup> edition. Secondary data was collected from journals.

### Results and Discussion

This section will represent collected data. Analyses have been done by using descriptive statistics and regression. Results are based on responses from 104 respondents.

Following page will represent gender, age, education and total income structure of respondents;

**Table 4. 1: Gender of respondents**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	59	56.7	56.7	56.7
	Male	45	43.3	43.3	100.0
	Total	104	100.0	100.0	

**Table 4. 2: Age of respondents**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Under 20	18	17.3	17.3	17.3
	21-30	74	71.2	71.2	88.5
	31-40	9	8.7	8.7	97.1
	Over 41	3	2.9	2.9	100.0
	Total	104	100.0	100.0	

**Table 4. 3: Educational level of respondents**  
**Education**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid High School	9	8.7	8.7	8.7
Undergraduate Student	59	56.7	56.7	65.4
Graduate Student	8	7.7	7.7	73.1
Master Degree	28	26.9	26.9	100.0
Total	104	100.0	100.0	

As we can see from table 4.1 sample consists of 104 respondents, both males and females. There were 59 female respondents (56,7%) and 45 male respondents (43,3%) used in the sample.

Table 4.2 analyze the age of our respondents, so as we can see, 18 of respondents were aged under 20, 74 of them were from 21 to 30, 9 of them were from 31 to 40, and 3 of them were over 41 years old. The 71,2% of respondents were from 21 to 30 years old.

Table 4.3 represents respondent’s educational level, so as we can see 9 respondents were high school, 59 undergraduate students, 8 graduate students, and 28 master degrees. So, majority of respondents (56,7%) were undergraduate students.

After this descriptive study, hypotheses will be examined;

**H1: Consumers are generally satisfied with online purchasing**

**Table 4. 4: Satisfaction of consumers**  
**AreYouSatisfied**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	78	75.0	80.4	80.4
No	19	18.3	19.6	100.0
Total	97	93.3	100.0	
Missing System	7	6.7		
Total	104	100.0		

To analyze this hypothesis, frequency was used. So, as we can see from table, 75,0% of respondents are satisfied with online purchasing, 18,3% are not satisfied and the rest of respondents didn’t answer this question. And according to results we can accept Ho, and say „Consumers are generally satisfied with online purchasing.”

**H2: Prices of products does not positively affects the consumers’ online purchasing behavior**

**Table 4. 5: Prices of products affecting consumers**  
**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	20.426 <sup>a</sup>	3	.000
Likelihood Ratio	22.966	3	.000
Linear-by-Linear Association	18.459	1	.000
N of Valid Cases	96		

To test this hypothesis we used chi square test. Our p-value is 0.000 which is smaller than 0.05, so we can reject this hypothesis, too. Because prices of products positively affect the consumers online purchasing behavior.

**H3: There is no relation between perceived risk and consumers' online purchasing behavior**

**Table 4. 6: Perceived risk and online behavior**

**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	8.822 <sup>a</sup>	3	.032
Likelihood Ratio	10.182	3	.017
Linear-by-Linear Association	8.679	1	.003
N of Valid Cases	104		

Chi square test analysis is done to confirm the hypothesis. From table 4.6 we can conclude that p-value is 0.032, which is significant at 5%. According to that, Ho is rejected which means „there is a relation between perceived risk and consumers online purchasing behavior.”

**H4: There is positive influence of trust (safety) on consumers**

**Table 4. 7: Influence of trust on consumers**

**EcommerceSafeWay**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	7	6.7	7.2	7.2
	Slightly Disagree	24	23.1	24.7	32.0
	Slightly Agree	43	41.3	44.3	76.3
	Agree	23	22.1	23.7	100.0
	Total	97	93.3	100.0	
Missing	System	7	6.7		
Total		104	100.0		

In order to see if trust (safety) has influence on consumers while doing online shopping, frequency is used. From table 4.7 we can see that 63,4% of respondents agreed that trust has influence, and 29,8% disagreed. So, in this case, hypothesis is accepted because majority of respondents think it has influence. „There is positive influence of trust (safety) on consumers.”

**H5: Consumers' future buying behavior is not affected by web design, delivery time, and last experience**

**Table 4. 8 Future buying behavior, web design, delivery time and last experience**

**ANOVA**

		Sum of Squares	df	Mean Square	F	Sig.
WebDesign	Between Groups	.862	2	.431	.277	.759
	Within Groups	144.545	93	1.554		
	Total	145.406	95			
DeliveryTime	Between Groups	1.833	2	.917	.591	.556
	Within Groups	145.713	94	1.550		
	Total	147.546	96			
LastExperience	Between Groups	2.998	2	1.499	4.311	.016
	Within Groups	32.336	93	.348		
	Total	35.333	95			

For testing those variables, factor and dependent variables are identified, and Anova test is used. According to results p-value for web design is found to be 0.759 which is bigger than significance value (0.05), and p-value for delivery time is 0.556 which is, also bigger than significance, so we can say that consumers future buying is not affected by web design and delivery time. But p-value for last experience is 0.016 which is smaller than 0.05, which means consumers future buying is affected by last experience.

**H6: There is no relation between consumers' satisfaction and their intentions to buy in the future**

**Table 4. 9 Consumers satisfaction and intention to buy in the future  
Chi-Square Tests**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	18.626 <sup>a</sup>	2	.000
Likelihood Ratio	15.965	2	.000
Linear-by-Linear Association	8.073	1	.004
N of Valid Cases	97		

For testing this hypothesis chi square is used. As we can see from table, obtained p-value is 0.000 which is significant at 5%, so we can reject H<sub>0</sub>, and say "There is a relation between consumers satisfaction and their intentions to buy in future."

**H7: Satisfaction of consumers is not affected by convenience and quality offered**

**Table 4. 10 Satisfaction with products, convenience and quality offered  
Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95,0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
(Constant)	2.143	.184		11.667	.000	1.779	2.508
OnlineShopConvenient	-.196	.060	-.311	-3.246	.002	-.315	-.076
OffersBetterQuality	-.130	.039	-.320	-3.336	.001	-.208	-.053

a. Dependent Variable: AreYouSatisfied

For this hypothesis, regression is done, in order to see if satisfaction is affected by convenience and quality of products. According to the table above, p-value for convenience is 0.002 and for quality is 0.001 which means they are both significant at 5%. Those results enable us to reject H<sub>0</sub>, and to say that consumers' satisfaction with online products is affected by convenience of products, and quality offered.

### Conclusion

In summary, the study's findings have attained its objectives. For factors that affect consumers while shopping online, and that affect satisfaction, they consider that convenience, and trust are the most important variables, the next which are important for them are prices and quality of products. Those variables are the most essential ones for consumers when they decide to shop online. According to collected answers, they are very suspicious. And the cause of this may be raised cheating and fraud on the Internet.

If the price on the Internet and in some local store is approximately identical, the consumers will give more attention and interest on selection of goods rather than to price.

Also, according to results, if there is a good consumers previous experience, if consumer is satisfied with products and services, and if there is risk at minimum level than he will buy more in the future, which means he will be loyal. Web design and delivery time are not important for consumers while doing online shopping purchases.

This research can help many consumers in order to understand all advantages that online shopping is offering, to see that there are other options for doing shopping instead of going to traditional stores, and may become an initiator for using e-commerce, as well.

So, upon all this we can conclude that there is a positive and significant relation between e-satisfaction and e-loyalty. And that the results of study might confidently improve the general knowledge and awareness about e-commerce and might become an orientation for some future studies.

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