Analyzing Buying Behavior of Customers in Purchasing Consumer Electronics

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Introduction

This research paper is focused to analyze the behavior of customers while purchasing

consumer electronics online. Pappas, (2016), indicated that internet is extensively used by

individuals these days. The Internet has brought many benefits not only for individuals but also

for businesses and most of the businesses these days are based on e-commerce. As a result of

this, people can purchase the products while sitting anywhere in the world, no matter where the

business is located or operated. In addition to that, Clemes, Gan, and Zhang, (2014), argued that

with the use of the internet, business has increased their reach as they are able to communicate

and offer their products and services to a large number of individuals which was difficult to do

earlier in the traditional business models. Therefore, in this context, most of the businesses these

days are concerned to explore customer behavior in the online market. Earlier, customer

behavior was the term which has a significant importance for businesses and marketers. On the

other hand, now, it has shifted towards the term customer behavior or consumer behavior in the

online market.

Rose, and Dhandayudham, (2014), indicated that every business based on brick and

mortar is now trying to shift their business activities and the whole purchasing and buying

process in the online form. Since through this, they will be able to reach, communicate and

attract number of customers than they do currently, therefore, this indicates the huge potential of

business in the online market. Moreover, Devedi, Sujatha, and Pathak, (2017), also demonstrated

that in this globalized world, the businesses can only achieve competitive edge if they have

increased their reach to more number of customer segments and this can only be achieved by

moving the business from brick and mortar to online business. Therefore, for this reason, it is important for the business to identify how customer thinks to buy any product online, how they react in certain situations, what hinders them to purchase any product online and what motivates them to purchase any product online.

Research Problem

The research problem which is addressed in this research is to identify the behavior of individuals to purchase consumer electronics in an online setting. Smit, Van Noort, and Voorveld, (2014), indicated that any point of time, there are millions of people who are surfing online and each of those individuals is considered as a potential customer for the organization which provides online sales. On the other hand, rapid development has been seen in the technologies, therefore, each company which offer services and products online is a constant research to achieve a competitive edge in the market. In this sense, Bruwer, (2014), identified that studying the online behavior of customer play an important part. As through this, a company will be able to develop and implement their promotional and marketing activities by considering the influencing factors that encourage or discourage customers to purchase a particular product.

Aims and Objectives

The aim of this research is to identify the buying behavior of customers while purchasing consumer electronics through online shopping. The research is focused to analyze both positive and negative factors of online buying behavior which encourage or discourage the potential customer to purchase a particular product of consumer electronics. Moreover, this research study has following research objectives:

- To analyze the positive influencing factors which encourage the individuals to purchase consumer electronics online.

- To analyze the negative influencing factors which discourage the individuals to purchase consumer electronics online.

Research Question

- What are the positive influencing factors which encourage the individuals to purchase consumer electronics online?

- What are the negative influencing factors which discourage the individuals to purchase consumer electronics online?

Literature Review

E-satisfaction

It has been indicated by Hamari, Sjöklint, and Ukkonen, (2016), that since satisfaction plays an important part, therefore, it is necessary for the organizations who deal with the online products and services to provide great value and satisfaction to their customers. Moreover, Solomon, (2014), indicated that the value can be measured by these companies by looking at the factors which affect the satisfaction of consumers and these are customer need, value and cost of the products. It has been indicated by Mosteller, Donthu, and Eroglu, (2014), that customer satisfaction is an essential component for any organization to enhance the financial performance. In this sense, Che, et al. (2015), also argued that due to the fast development of technologies, companies these days can easily achieve customer satisfaction and loyalty. Similarly, it has been

indicated in many research studies that e-commerce has significantly changed the overall process through which businesses are operated.

Trust and online risk

Lissitsa, and Kol, (2016), stated that trust has a significant value in the overall buying behavior and this is the most dominating factor which creates e-loyalty in the consumers. In the e-commerce business, trust is often connected with security. This is based on the fact that, customers are unable to see the product at the time when they are purchasing such product online. However, by looking at the brand name and market value of the brand, customers are able to analyze the value of products offered by such company. Moreover, they also conduct cost-benefit analysis to avoid any uncertainty in future.

On the other hand, it has been identified that the perceived risk of consumers refer to the fear of which they are afraid of losing certain transactions conducted online. Furthermore, Al-Debei, Akroush, and Ashouri, (2015), demonstrated that perceived risk is related to a condition where the customers have a chance of losing something while purchasing any product or service online. In contrast to that, perceived value is the opposite force to perceived risk and it encourages customers to purchase a particular product over the internet. Moreover, it contributes towards e-loyalty while minimizing the needs and wants of consumers to go after some other alternative. In addition to that, the perceived risks which are associated with online buying behavior include the risk of non-delivery, product risk and financial risk.

E-loyalty

Pappas, (2016), identified that when there is an increased loyalty in the mind of consumers then it indicates that there is a good relationship between company and customers. In this sense, the strong relations are directly associated with the emotional link through which customers are continuously purchasing and consuming the goods. Moreover, Clemes, Gan, and Zhang, (2014), argued that e-loyalty can be compared with the store loyalty which demonstrates that consumers are visiting the store on a continual basis and continuously buying products from the same brand. In addition to that, the research also defined customer loyalty as an element which demonstrates repeat buying behavior of customers and they are repeating this action continuously and consistently.

Furthermore, Rose, and Dhandayudham, (2014), demonstrated that e-loyalty is all about clear and trustworthy privacy policies, reasonably and conveniently priced shipping and handling, compelling product presentations, on-time delivery, and quality customer support. It has been indicated by Devedi, Sujatha, and Pathak, (2017), loyal customers have identified to consume more than switchers which also indicate a sign that they will be spending more money in the company than other customers. Moreover, loyal customers are also responsible to bring more customers to the company by using word of mouth communication. Also, Smit, Van Noort, and Voorveld, (2014), indicated that while analyzing buying behavior in the online setting, it is important to consider customer service. For example, if there are good customer service officers available to guide the customers about purchasing products, then it may result in the ultimate purchase decision.

Online service

It has been indicated by Bruwer, (2014), that SERVQUAL is an instrument which is used to measure expectation and awareness of consumers about the service. It contains five dimensions such as responsiveness, empathy, assurance, reliability and tangibles. Reliability and tangibles are related to the service quality and information offered to customers. On the other hand, responsiveness is related to the rate of response from the stores when customers have a question or any problem regarding the product (Hamari, Sjöklint, and Ukkonen, 2016). Moreover, assurance is related to enable confidence and trust in the customers while ensuring that every operation of the business is conducted by specialists in their particular fields. Additionally, empathy refers to ensure that customers are dealt with the special attention and care. As indicated by Solomon, (2014), that in the online purchasing setting, consumers are provided with the access to new information of products while comparing product prices with other competitors. These types of stuff are resulting in making the purchase process convenient. Therefore, this, as a result, reduces distribution cost and other costs of products and services so that more consumers can be targeted.

Methodology

It is important to choose the most appropriate methodology and methods as it affects the validity and reliability of the research. There are two types of data which can be used to conduct a research and these include primary data and secondary data. In this research, the researcher has used secondary data instead of collecting primary data due to a number of reasons. Since primary data is time-consuming and difficult to conduct, and on the other hand, secondary data can be

easily extracted from different sources such as articles, journals and other websites, therefore, it

has been used in the research (Beins, 2017).

On the other hand, there two types of studies such as qualitative study and quantitative

study and each has its own pros and cons (Wildemuth, 2016). In this research, the researcher has

used qualitative data to address the research problem which is to analyze the buying behavior of

customers in purchasing consumer electronic products. Another reason for conducting a

qualitative study is because there is a plenty of data available in this research area. Furthermore,

based on the research questions and research objectives, the researcher has identified that there

were many articles and journals who have also answered similar research questions, therefore,

these were used in the research.

In this context, different articles and journals have been used to explore the research

problem. Moreover, the researcher has only used recent data while exploring the buying patterns,

and only those articles were included in the research which was conducted after 2014.

Additionally, the main focus for selecting the secondary data for analysis was based only on

exploring the buying behavior and buying patterns, therefore, only those articles were included

in the study which was focused on the buying behavior and buying patterns. Moreover, the

selection of secondary data was also based on the research objectives and research questions.

In addition to that, ethics and ethical considerations play an important role in every

research (Khan, 2014). The researcher has certain ethical responsibilities which need to be

followed in order to make the research valid and reliable. In this sense, all the articles, journals

and other secondary sources used in the research were appropriately cited in order to avoid the

issue of plagiarism. Moreover, the researcher has also ensured that only peer-reviewed and

authentic information is included in the research, therefore, this makes the research ethical (Smith, 2015).

Results and Discussion

It has been identified that the trend of online shopping is increasing every day and people, these days are more fond of online shopping as compared to shop from online stores. Mosteller, Donthu, and Eroglu, (2014), indicated that since new technologies are emerging day by day and as a result, new consumer electronics have been produced every day to make ease in the life of individuals. According to research conducted by Che, et al. (2015), online is a priority channel for those who have at least once bought any consumer electronics through online shopping. Lissitsa, and Kol, (2016), indicated that the biggest factor which influences the buying behavior of consumers is security. It is based on the fact that information can be easily stolen or lost over the internet and it is considered as an unfortunate characteristic.

It has been identified that the awareness of consumers regarding dangers of stolen data from the web is increasing and therefore, they are filtering the buying alternatives against the security criteria. Privacy in online buying behavior is also a major concern for customers. Al-Debei, Akroush, and Ashouri, (2015), indicated that if there is a lack of trust in the privacy policies of consumer electronic goods then it may affect the purchases of customers and it may restrict them from buying. In this sense, customers are looking to get reassurance that their data will be protected from the third parties and it will not be provided to them for further use in marketing.

In addition to that, trust and trustworthiness towards consumer electronics online store is also an important factor of consideration. Sahney, (2015) considered it as an important factor in

maintaining a good relationship with the customers. This mostlyoccurs in the small stores. Pappas, (2016), also argued that in the business of consumer electronics, the name and value of online store play an important role. If the store is widely recognized by the customers, then it will motivate them to make purchases from such store. On the other hand, if such store is not recognized then it may restrict the customers to buy consumer electronic goods from such store.

It has been identified that when buying consumer electronics through the internet, potential buyers have some psychological barriers. For example, Clemes, Gan, and Zhang, (2014), reported that 64% of buyers are not sure about the quality of products sold in online stores; 69% prefer to personally verify the quality of the products before buying. Moreover, another reason highlighted by Rose, and Dhandayudham, (2014), is that consumers are not satisfied with the delivery terms and the accuracy of the products' compliance with what was ordered.

On the other hand, the design of the website is of great importance in the decision to purchase. Moreover, Devedi, Sujatha, and Pathak, (2017), indicated that buyers evaluate the product in only 90 seconds to determine whether to buy it. Thus, if the site load lasts more than 3 seconds, the business can lose up to 57% of visitors, with 80% of them no longer returning to the site for purchase. Furthermore, the online stores of consumer electronics should also be arranged for the buyer a convenient and quick service for refunds for purchases. According to a study by Smit, Van Noort, and Voorveld, (2014), 63% of shoppers value the return policy of a consumer electronic online store. One of the most important factors that increase consumers' satisfaction with online shopping is a convenient and easy way to return goods. In addition to that, product reviews also affect online shoppers.

Bruwer, (2014), identified that 85% of potential buyers read online reviews before making a purchase and 79% of them trust the reviews in the same way as personal recommendations. Similarly, Hamari, Sjöklint, and Ukkonen, (2016), also highlighted that a detailed and qualitative overview of the product can boost sales to 58% and the lack of a good description will lead to the return of 25% of buyers, with the indication of the reason that the product did not meet their expectations. Additionally, it is so important to have a sufficient number of relevant images. According to the research, 31% of buyers made a purchase after viewing the video review, which impressed them, and, in principle, every second buyer trusts the product more after watching the video of electronic goods (Solomon, 2014).

Conclusion and Recommendations

This research has focused to explore the purchasing behavior of customers while purchasing consumer electronic goods. It has been identified that customers go through similar buying process as they have to undertake in the traditional buying. On the other hand, there are certain motivators and barriers which motivate them or restrict them to purchase a product online. For example, these factors have been identified as security, privacy, trust and trust worthiness. It has been indicated in the research that both factors can be motivators and at the same time these can be barriers. In the case that if consumer electronics online store is secure, trustworthy and is widely recognized by the customers then it will result in the increased purchases and vice versa.

Therefore, in order to ensure increased purchases of consumer electronics through an online channel, accuracy of compliance with an order should become a priority for the seller. Moreover, a guarantee of a refund in case of non-compliance may encourage doubting customers

to regularly make online purchases. Mosteller, Donthu, and Eroglu, (2014), indicated that exact delivery time is also an important factor and more than half of doubting buyers would like to see the exact delivery time to plan their daily routine. Free shipping on certain days of the week would also increase their interest in regular online purchases. Another attractive offer for them would be the free delivery of all orders, the cost of which exceeds a certain minimum. To summarize, online stores of consumer electronics should emphasize the close, dynamically developing a relationship with the customers while ensuring that they are delivering value to their customers.

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