CHAPTER 1

INTRODUCTION
1.1. Background

At about 150 million Internet users, India has the third largest Internet population in the world, after China (at 575M) and the US (at 275M)\(^1\). According to the Internet and Mobile Association of India (IAMAI), the number of Social Media users in Urban India reached 66 Million by June 2013 and by mid-2014, is expected to cross 80 million users\(^2\).

This clearly demonstrates that India is growing fast and people are becoming habitual of using the Internet as the evolution of human society, the improvement in Communication processes and Digital Convergence open up innovative opportunities and challenges for Marketing. Subsequently, the Internet has moved ahead to play a significant role in the Consumer Decision Making Process.

This research study explores the dimensions of E-Marketing, Consumer Behavior, the Internet, and Website Contribution to Brand enhancement and Traditional Consumer Decision Making Processes. The research thesis aims to address noteworthy aspects with respect to the role of the internet in decision making, impact of the internet on Consumer Behavior, Post Purchase Behavior and the Consumer Decision Making Process and formulates Research Instruments to address the proposed issues. Subsequent data collection and analysis, helps to draw relevant conclusions in the domain of E-Marketing.

1.2. The Concept of E-Marketing and The Consumer Decision Making Process

1.2.1. E-Marketing

The terms “Electronic Commerce”, “Internet Marketing” and “Online Shopping” are now commonly used by Business Executives and consumers throughout the world as businesses are

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\(^1\) http://techcircle.vccircle.com/2013/02/01/2013-india-internet-outlook/  
\(^2\) http://socialmediacases.blogspot.in/2013/07/social-network-users-statistics-india.html
recognizing the potential opportunities for commerce in the online business environment [1].

A well implemented online system can track an online user from a click on a search engine keyword ad, to specific web pages viewed and onto purchase or exit. Successful online companies such as eBay carefully evaluate their customer acquisition methods, identify the best performing methods and reallocate spending appropriately.

E-Marketing is described by the Institute of Direct Marketing as ‘the use of the Internet and related digital Information and Communications Technologies to achieve marketing objectives’. Internet Marketing as ‘the process of building and maintaining customer relationships through online activities to facilitate the exchange of ideas, products and services that satisfy the goals of both parties’ [2].

Electronic Marketing (EM) is the transfer of goods or services from seller to buyer that involves one or more electronic methods or media [3]. EM began with the use of telegraph in the nineteenth century. With the advent and mass acceptance of the telephone, radio, television, and then cable, electronic media have become the dominant marketing force [4].

E-Marketing covers a wide range of IT related applications with three main aims [5].

- Transforming marketing strategies to create more customer value through more effective segmentation, targeting, differentiation and positioning strategies.

- More efficiently planning and executing the conception, distribution, promotion and pricing of goods, services and ideas.

- Creating exchanges that satisfy individual consumer and organizational customers’ objectives. It also recognizes that one of the benefits of e-marketing is the increased efficiency that it can create for both parties in the exchange process. The Internet enables more customer input to influence marketing decisions.
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The Internet and web technologies created a new and unprecedented environment to govern-
ments, businesses, educational institutions, and individuals enabling them to webcast any infor-
mation using multimedia tools. We are seeing a proliferation of websites with enormous amount
of information [6].

The very first website was posted in August 1991 by Sir Tim Berners-Lee [7]. There were 130
websites on the Internet in 1993 and 47 million websites were added to the Internet in 2009
bringing the total number of websites on the Internet to 234 million [8]. This shows how fast the
Web is spreading worldwide. The number of people using the Internet is growing exponentially
world over. There were 1.8 billion Internet users by the end of 2009 representing 26.6% global
penetration.

The Internet is a virtual library containing an unlimited amount of information. Anyone is
allowed to publish and access this information. The websites are not monitored, edited, regulated,
or approved [9]. In the recent times, it has been observed that there has been an increase in the
number of E-Commerce websites [10].

The web has become a place where many live, play and work. It is the ultimate customer
empowering environment and in the emerging world of E-Commerce where customers are
surrounded with myriad choices, organizations are faced with a challenge of meeting consumer
expectations in a highly competitive world. In the new digital marketplace, consumers are using
mobile, interactive tools to become instant experts on product and service offerings and their
relative merits as they decide who to trust, where to make their purchases and what to buy [11].

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The majority of benchmark and performance criteria for website evaluation follow a generalist quality management approach for website design. This is very useful for website designers but fails to recognize the critical link between brand positioning and website elements [12].

The world of the ‘offline’ brand has benefitted substantially from the digital medium which websites offer. Nowadays, Websites increasingly supplement the value and equity of offline brands. The world of a typical ‘Online’ brand, where products are solely available online, revolves significantly around the internet. Nevertheless, brand architecture, in today’s world is incomplete without the benefits that the digital medium has to offer. Brand websites have become an important tool for advertisers [13]

Brand websites provide various functionalities. Consumers can read product or brand information, watch TV commercials, customize virtual products, download music, chat with other visitors, or have a direct dialogue with an organization behind the brand. By supplying a broad range of functionalities, these websites provide the brand with a platform to foster relationship with potential and actual customers, based on a continuous dialogue [14, 15, 16, 17].

In recent years, the offline and online spheres of strategic brand management are becoming more and more inter-connected. This is not only because offline companies sell their products over the internet as an alternative distribution channel [18], or that firms more frequently run integrated brand communication campaigns both offline and online [19, 20]. The connection goes beyond these links, as companies that commercialize their products offline, now seem to cross over the offline borders and offer new products and service online. Apple is an example with the iPhone and the iTunes shop on the internet. Another example is Nokia with its Ovi web portal.
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1.2.2. Consumer Behavior

Consumer Behavior has changed dramatically in the past decade. Today, consumers can order online many customized products ranging from sneakers to computers. Many have replaced their daily newspapers with customized, online editions of these media and are increasingly receiving information from online sources [21].

A person who has indicated his/her willingness to obtain goods or services from a supplier with the intention of paying for them³ is called a consumer. Consumer Behavior as “the study of the processes involved when individuals or groups select, purchase, use or dispose of products, services, ideas or experiences to satisfy needs and desire” [22].

Consumer behavior is defined as activities people undertake when obtaining, consuming and disposing of products and services. Simply stated, consumer behavior has traditionally been thought of as the study of “why people buy” with the premise that it becomes easier to develop strategies to influence consumers once a marketer knows the reasons why people buy specific products or brands. Behavior of the consumer has changed because nowadays organizations try to understand consumer behavior and respond accordingly. Consumer behavior also can be defined as a field of study that focuses on consumer activities [23].

The term consumer behavior is defined as the behavior that consumers display in searching for, purchasing, using, evaluating, and disposing of products and services that they expect will satisfy their needs. Consumer behavior focuses on how individuals make decisions to spend their available resources (time, money, effort) on consumption related items. That includes what they buy, why they buy it, when they buy it, where they buy it, how often they buy it, how often they use it, how they evaluate it after the purchase, the impact of such evaluations on future purchases, and how they dispose of it [21].

Consumer Behavior is defined as “the process and activities people engage in when searching for, selecting, purchasing, using, evaluating, and disposing of products and services so as to satisfy their needs and desires” [24], “including the decision processes that precede and follow these actions” [25].

Consumer behavior was a relatively new field in the mid-to-late 1960s. It has emerged from other disciplines such as economics, marketing and behavioral sciences [25] (Figure 1.1). It has borrowed its concepts from those “developed in other scientific disciplines, such as psychology (the study of the individual), sociology (the study of groups), social psychology (the study of how an individual operates in groups), anthropology (the influence of society on the individual), and economics (the study of spending patterns in society)” [26]. However, with the increasing penetration of the Internet, other research areas which investigated the use of technology, such as IS, have also contributed to its growth [27].

![Fig 1.1: Emergence of Consumer Behavior from other disciplines [27]](image-url)
1.2.2.1. Need to study Consumer Behavior

Today, businesses around the world recognize that “the consumer is not the king but he is the buddy”. In essence, Consumer Behavior analysis helps firms to know how to “please the buddy, not the king” and directly impact bottom line profits. Without customer satisfaction, organizations are unlikely to increase sales and, without increased sales, organizations won’t have resources to invest in customer service centers, special sales promotions, or sales training - important components of customer satisfaction programs. Rather than attempting to influence consumers, the most successful organizations develop marketing programs influenced by consumers. Consumer Behavior studies consumers as sources of influence on organizations. Today, the most successful organizations are described as customer - centric, which means that they attempt to focus everyone in the organization on satisfying customers [23].

1.2.3. Consumer Decision Making Models

The Consumer Decision Process (CDP) Model is a roadmap of consumers’ minds that marketers and managers can use to manage product mix, communication and sales decisions. The model captures the activities that occur when decisions are made by the consumer [23]. There are many researchers who have given their important contribution to develop various models of the Consumer Decision Making Process and some models are still considered as the backbone of The Decision Making Process. These are as follows [28, 29, 30, 31, 32, 33, 34], Wilkie had defined The Consumer Decision Making Process in terms of Hierarchy of Needs; Holtzman’s Model [35] Consumer Decision Process Model [36] Consumer Behavior Model [37] and [38].

The researcher Sahar [27] highlights a number of important contributions of some researchers on his study. These researchers have developed Online Models of Consumer Decision Making by adapting Traditional Models. He stated that [26] have adapted The Model of [37] for the Online
Environment. Lee’s Model [39] has also been discussed by him as the Online Purchase Model [27, 26, 21, 40].

1.2.4. Online Consumer Behavior

The Internet has become an important channel for companies to provide product information and offer direct sales to their customers. Firms of all sizes and from all industries have invested in Internet applications and try to establish a net presence. People increasingly use the Internet to check out company or product information [41].

A consumer’s intention to purchase specific products may vary greatly and hence predicting general intentions to adopt the Internet for purchasing, may be of limited use if the customer’s motives to purchase specific products are likely to differ [42]. At other times, consumers click because they believe the link will bring them closer to what they seek. The Online Consumer may also have different social and work environment than the Offline Consumer. The Online Consumer is generally more powerful, demanding and utilitarian in his/her shopping expeditions [43].

1.3. Need of the Study

India is likely see the golden period of the Internet sector between 2013 to 2018 with incredible growth opportunities and secular growth adoption for E-Commerce, Internet Advertising, Social Media, Search, Online Content, and Services relating to E-Commerce and Internet Advertising⁴. As we all know, India has a long way to go in the world of Digital Marketing as more and more Indians are spending time on the internet as compared to China and US. This makes this section more attractive for further exploration.

⁴ http://techcircle.vccircle.com/2013/02/01/2013-ecommerceindia-internet-outlook
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1.4. Aim of the Research

Today’s world is based on the Internet. It’s tough for the consumers to envisage their life without the Internet because E-Marketing has revolutionized the market and the minds of the consumers, as they can browse through the Internet to source information for whatever they want, whenever they want. Various researchers have developed theories and models to explain the Consumer Decision Making Process, but now we need to explore Consumer Behavior very clearly in terms of the digital domain.

This research thesis aims at developing three models for pursuing research in the domain of E-Marketing and Consumer Behavior. These are

1. Website Brand Contribution Model (WBCM)
2. Consumer Pre Purchase Process Model (CPPM)
3. Consumer Traits and Online Issues Model (CTOIM)

1.5. Research Objectives

This research thesis focuses on studying the E-Marketing and Online Behavior of the Consumer. This is accomplished through the following research objectives:

1. Linking the diverse Website Attributes with the Consumer Intent towards venturing online.
2. Measuring a Website’s Contribution to the Brand.

4. Segmentation of Consumers on the basis of their Consumer Traits and Online Shopping Issues impacting the purchase decision in the context of Consumer Traits and Online Shopping Issues.

1.6. **Research Methodology**

Research Methodology helps to explain the theoretical framework and methodology adopted in the study. It outlines the various dimensions of the study and research objectives and the set of methodologies adopted to accomplish those objectives. This chapter explains in detail the various research instruments, developed to link the diverse website attributes with the consumer intent towards venturing online, websites’ contribution to the brand and studies The Consumer Pre Purchase Model in detail. The procedure followed for the collection of data and selection of the sample of the Online Consumers is discussed. The tools and techniques used for analyzing the data for the study are also dealt with, in this section.

1.7. **Significance of the Study**

The emergent use of E-Marketing in India provides a developing vision for online consumers. This thesis aims to address noteworthy aspects with respect to the role of the Internet in decision making, effect of the Internet on Consumer Behavior, Post Purchase Behavior, The Consumer Decision Making Process and Websites contribution to the Brand, because if E-Marketers want to grow in the Online Domain, they should be concerned about the factors affecting the Indian online buyer, their intent to venturing online, types of behavior when they venture online and the relationship between these buyers, then they further build up their E-Marketing strategies to convert prospective customers into active ones.
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1.8. Scope of the Study

This research thesis focuses on studying the intentions of the consumers in venturing online and their different behaviors when they browse online. This will help the marketers and organizations to understand the various dimensions of E-Marketing which help the consumers in shopping online. It shows how the consumers decide to purchase products and highlights the activities that occur before, during, and after the purchase of the product. Organizations will benefit by developing suitable strategies and choosing the right model to ensure that consumers spend significant time on the organizational websites to make the purchase.

1.9. Structure of the Thesis

This research thesis focuses on studying the decision making process of the consumer while they browse online. This has been accomplished through three Research Instruments which helped to develop three models during the study. The entire research study has been organized in five chapters. A brief summary of the various chapters is as follows:

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This chapter introduces the concept of E-Marketing and how the internet is changing the behavior of the Consumers from Traditional Decision Making to Online Decision Making. It is a preface to the thesis. It traces the concepts of E-Marketing, Websites, Online Brand Presence, Websites contribution to the Brand, Consumer Behavior, Consumer Decision Making Models, Traditional Process of Decision Making, Purchase Behavior in the context of E-Marketing Revolution, Online Purchasing Products, Facts about Online Shopping in India etc..
The chapter further proceeds to spell out a detailed need of the study, outlines the research objectives, scope and limitations of the study. It also highlights the significance of the study and reasons of the perusal of the research in the domain of *E-Marketing and the Consumer Decision Making Process*. The research objectives and the methodologies adopted to accomplish those have been clearly stated.

**Chapter 2**

This chapter proceeds through a detailed literature review on the various dimensions of E-Marketing and The Consumer Decision Making Process. Primarily, this chapter outlines the concept of E-Marketing, Online Brand, Online Brand Presence, Websites’ Contribution to the Brand, Website Dimensions and Online Branding and then, subsequently proceeds to study The Consumer Decision Making Process, Consumer Behavior, need to study Consumer Behavior, Online Consumer Behavior, Models of Website Visit, The Behavioral Internet, Purchase Behavior in the context of E-Marketing Revolution, Online Purchasing Products, Facts about Online Shopping in India, Positive and Negative aspects of Internet Shopping, Internet issues in decision making and Traditional Consumer Behavior Vs E-Shopping. The exhaustive review of the research literature helps identify niche areas for perusal of further research. The chapter also discusses the previously established research work which has been conducted in the domain of E-Marketing and The Consumer Decision Making Process.

**Chapter 3**

In this chapter, the theoretical framework and methodology adopted in the study have been discussed. This chapter explains in detail the Research Instruments, developed to create the *Websites Contribution to the Brand, Consumer Pre Purchase Behavior and Consumer Traits & Online Shopping Issues of the Consumers.*
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The procedure followed for the collection of data and selection of the sample of the online consumers is also discussed. The sample size, sampling technique, tools of data collection and tools for data analysis for the study are also dealt with, in this section.

This chapter describes in detail the various parameters and determinants which form the basis of the questions for the self designed Research Instruments – RI-1, RI-2 and RI-3 and how these Research Instruments have been used to develop the three models for the entire study. These are:

1. **Website Brand Contribution Model (WBCM)** using Hierarchical Cluster Analysis.
2. **Consumer Pre Purchase Process Model (I-CPPM)** using K-Means Cluster Analysis

Statistical Package for Social Sciences (SPSS) version 16.0 was used for statistical analysis of the collected and tabulated data. The following Statistical Techniques have been used for analysis across all the Research Instruments - Factor Analysis, Hierarchical Clustering, K-Means Cluster Analysis and Consumer Profiling.

Chapter 4

This chapter details out the entire analysis and findings of the data collected using the Research Instruments created i.e. RI-1, RI-2 and RI-3 for developing three models **WBCM, I-CPPM and CTOIM** during the entire research study.