Chapter 5

This chapter summarizes the conclusions of the Models and Research Instruments which have been formulated for the research study. It also talks about the Implications to the Managers and Organizations to facilitate well directed endeavors towards building consumer business relationships in the Online Behavior context. Organizational success is significantly a focus of building healthy relationships - not completing purchases and making profit. Finally it discusses the limitations and scope for future work in the arena of Online Consumer Behavior.
CHAPTER 2

LITERATURE REVIEW
Literature Review
Chapter 2

This chapter outlines the concept of E-Marketing and subsequently proceeds to study the Consumer Decision Making Process.

2.1. E-Marketing

In 2014, nearly 75% (2.1 billion) of all internet users in the world (2.8 billion) live in the top 20 countries. China, the country with most users (642 million in 2014), represents nearly 22% of total, and has more users than the next three countries combined (United States, India, and Japan). Among the top 20 countries, India is the one with the lowest penetration: 19% and the highest yearly growth rate.\(^5\)

According to the Internet World Statistics, total number of internet users reached approximately 2 billion which equals 28.7% of the world population.\(^6\) Total global E-Commerce sale in 2011 have grown to Euro 690 billion (USD 961 billion) and recorded an increase of 20% with an estimation of increase in the coming years and to cross the 1 trillion Euro mark in 2013. Asia pacific region is leading in terms of growth as compared to mature markets like US, UK, Japan and European countries. Asia Pacific recorded 130% growth specially China in 2011. The online retailing is becoming an integral part of an economy and country and worldwide increasingly seeing trust and confidence in purchasing online [44, 45].

The rapid growth of the Web, subsequent bursting of the dot-com bubble, and current mainstreaming of the Internet and related technologies created today’s climate of marketing convergence: the comprehensive integration of E-Marketing and traditional marketing to create seamless strategies and tactics. Many digital technology-receiving devices also converged, such as the mobile phone with a digital camera and Personal Digital Assistance (PDA) [46].

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\(^5\) http://www.internetlivestats.com/internet-users/
\(^6\) http://www.internetworldstats.com/stats.htm
Marketing is the use of information technology in the process of creating, communicating, and delivering value to customers, and its stakeholders. More simply defined, E-Marketing is the result of information technology applied to traditional marketing [46]. The growing use of the Internet in India provides a developing prospect for online shopping. If E-Marketers know the factors affecting online Indian behavior, and the relationships between these factors and the type of online buyers, then they can further develop their marketing strategies to convert potential customers into active ones, while retaining existing online customers [47].

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.

The Internet is an important channel for companies and it must be used wisely by marketing departments to attract new customers and retain the existing ones. [48]. Nowadays, companies have started to use the online medium as a new effective way of marketing communication. Bush [49] supports this view by stating - “The astonishing growth of the Internet coupled with its unique capabilities has captured the attention of the marketing community”. “E-Marketing is focused on how a company and its brands use the web and other digital media such as e-mail and mobile media to interact with its audiences in order to meet its marketing goals” [50]. In addition to this view, [48] other researcher state that if companies expect to get return from their E-Commerce companies and online efforts, they must develop their marketing activities well to be able to reach new customers and to be able to keep current ones by providing good online customer service.

Electronic Marketing (EM) is the transfer of goods or services from seller to buyer that involves one or more electronic methods or media [3]. E-Marketing 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 has become the dominant marketing force [4].
E-Marketing is described by the Institute of Direct Marketing as ‘the use of 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]. 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.

The term ‘E-Commerce’ and ‘E-Business’ are often used in similar context to ‘Internet Marketing’ but their scope is different [51]. Electronic Commerce is rapidly changing the way people do business all over the world. In the Business-to-Consumer segment, sales through the web have been increasing dramatically over the last few years. Consumers not only those from well developed countries, but also those from developing countries are getting used to the new shopping channel [52]. E-Commerce is simply refer to buying and selling using the internet; refers to both financial and informational electronically mediated transactions between an organization and any third party it deals with [53]. An organization’s key to survival in the new information age revolution is in its ability to successfully integrate and adapt its management practices with new Information Technologies offered by the internet [54]. Marketers are using the internet to make their offerings more personalized and convenient.
Papa John’s recently announced that it hit the $1 billion mark through online and text message options, which represents 20 percent of its overall sales [55]. The internet offers many advantages to businesses, such as the ability to reach new segments since products can be sold globally rather than locally or regionally and there is substantial potential to reduce cost through streamlining of the supply chain [56]. Although it has been argued that the capabilities embedded in an E-Service technology provide many potential benefits for customers, if customers think the technology is too difficult to use, customers may refuse to use the E-Service technology at all [57]. 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]. It is important to build up a safe and credible market environment for online shopping [58] by understanding the behavior models of Online Decision Making Behaviors.

In these days of web mania, everyone talks about the E-Commerce and E-Business revolution and the internet of the new knowledge-based economy. The web allows E-businesses to provide consumers with increasingly accurate, timely, and inexpensive information. As a result, consumers can immediately compare prices and choose the supplier with the lowest price [59]. Marketers no longer completely control the communication process but now are both observers and participants in ongoing dialogues that often are driven by consumers themselves [60]. E-Business is a broader term referring to how technology can benefit all internal business process and interactions with third parties. This includes buy and sell-side E-Commerce and the internal value chain [51].

Internet Marketing (IM) is defined as the process of building and maintaining customer relationships through online activities to facilitate the exchange of ideas, product and services that satisfy the goals of both buyers and sellers [61]. The term ‘Internet Marketing’ tends to refer
to an external perspective of how the internet can be used in conjunction with traditional media to acquire and deliver services to customers [51].

Internet Shopping is becoming increasingly popular and internet sales are estimated to grow from $172 billion in 2005 to $329 billion in 2010 [62]. According to the worldwide statistics, there are 32 countries with more than 50% of internet penetration rate⁷. The ability of the internet users has been increased from 16% to 32% [63]. The internet has a substantial impact on consumer behavior and has contributed to the emergence of an era of consumer empowerment. The consequences are far reaching, affecting not only the area of technology development but also the domains of business strategy and marketing. Online consumers have noticed that these applications offer new and previously unknown possibilities and empowerment not only in the form of information sourcing, but also as forums of dialogue and confrontation of producers and vendors with their social, ethical and commercial responsibilities [64]. Internet retailers improve their websites by disclosing the relevant product information to support their advertising claims such as price, discount amounts and the time period for the discounts, shipping and handling costs, return and exchange policy, merchandise dimensions, color, manufacturers name and product model/ serial numbers and even third party evaluations or reviews for the products and / or services [65].

Digital Marketing is yet another term similar to Internet/ E-Marketing. It involves:

- Applying technologies which form online channels to market: Web, E-mail, Database, plus mobile/ wireless and digital TV.
- To achieve the objectives: support marketing activities aimed to achieving profitable acquisition and retention of customers.
- Recognizing the strategic importance of digital technologies and developing a planned approach to reach and migrate customers to online services through E-Communication and traditional communication [51].

⁷ http://www.internetworldstats.com
2.1.1. Internet

The internet has been identified as the world’s fastest growing market place with an enormous increase in the globalization environment for marketing products and services [66]. Projected estimates indicate that the worldwide internet population may reach 1.35 billion by the end of the current year [67, 68]. The internet today has been hailed as the single most important invention of the 20th century and digital marketing is transforming companies, customization and advertising [69]. There seems to be rapid adoption of the internet by consumers for various purposes, including information search and online shopping [70]. The internet is a global network of interconnected networks. This includes millions of government, corporate, organizational, and private networks. Many of the computers in these networks hold files, such as Web pages, that can be accessed by all other networked computers [46].

Consumer Behavior has changed dramatically in the past decade. In the present day, consumers can order many customized products online, 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]. If nowadays, experts want to identify the most profound influences on consumer behavior in recent times, the answer would be the internet. One reason the internet is dramatically changing consumer behavior is that it helps us to search more easily and efficiently than ever before [23].

According to one report, internet household penetration in India reached 42 million households in 2007 (Internet Usage Statistics), and there will be about 10.5 million broadband households in India by 20118. Worldwide, more than 540 million people now have Internet access. The internet is unique because it is both a market and a medium. This means that it can efficiently assume a multi channel role by serving as a computer mediated market in which buyers and sellers access each other, and as a medium to conduct and execute business functions such as marketing, sales and distribution [71]. Every computer, cell phone, or other networked device can send and

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8 www.emarketer.com
receive data in the form of e-mail or files over the internet. These data move over phone lines, cables, and satellites from sender to receiver [46].

Shopping has become the fastest-growing use of the Internet, and almost 40 percent of the Internet users report shopping as a primary use of the web. The total number of Internet shoppers has reached more than 20 million, and it is expected to continue growing. Even consumers who have not used the Internet to purchase goods and services claim to have used it for information searching that ultimately led to shopping in the traditional channels [72]. Internet has three technical roles:

1. Content providers to create information, entertainment, and so forth that reside on computers with network access.

2. Users (also known as client computers) who access content and send e-mail and other data over the network, and

3. A technology infrastructure to move, create and view or listen to the content (the software and hardware) [46].

The relative importance of the Internet for marketing for an organization still largely depends on the nature of its products and services and the buyer behavior of its target audience [51]. Internet has changed the lifestyle of the consumer from purchasing a book to a car. Not too many years ago people shopped in their local stores with weather problems, long lines, and wobbly shopping carts. Even when online shopping was available, people felt uncomfortable using their debit and credit cards and giving their personal information. That has all changed. Easy search, time saving, easier returns policies, good offers and discounts, faster delivery, have all changed the behavior of the consumers towards online shopping.
Growth of online shopping has been characterized by strong consumer demands and the increasing number and type of goods available. Forrester Research shows that $248.7 billion online sales are expected by end 2014. A compounded growth of 10% is forecast for the next five years. In Western Europe sales are expected to reach 14 billion euros ($155.7 billion), a growth of 11% percent annually. According to e-Marketer, 2013, online retail sales will grow from $225.5 billion in 2012 to 434.2 billion in 2017. According to ‘India Online Retail Market Forecast and Opportunities 2016’, India will witness changing shopping trends in the next few years. The country is set to become the third largest nation of internet users in the next two years itself. The online retail market in India is expected to grow immensely, given India’s rising middle class, growing disposable income and busy lifestyle in metro cities. The internet has grown more quickly than any other medium in history. In 2004, 958 million people had access to the Internet, representing 16 percent of the global population.

Three important types of network form part of the Internet:

1. **Intranet** - A network that runs internally in a corporation but uses Internet standards such as HTML and browsers. Thus, an intranet is like a mini-Internet but only for internal corporate consumption.

2. **Extranet** - Two or more proprietary networks that are joined for the purpose of sharing information. If two companies link their intranets, they would have an extranet. The access is normally only partial.

3. **Web** - The portion of the Internet that supports a graphical user interface for hypertext navigation with a browser such as Internet Explorer. The Web is what most people think about when they think of the Internet.

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2.1.1.1. Development of Internet

The Internet is an interactive global communications medium that changed the playing field and language, for marketers everywhere [73].

Table 2.1: The Internet Development [73]

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1958</td>
<td>United States launched Arpanet project to lead science and military technological Developments</td>
</tr>
<tr>
<td>1961</td>
<td>MIT research paper on Packet Switching Theory</td>
</tr>
<tr>
<td>1961–69</td>
<td>Ongoing research into networks and inter computer communications</td>
</tr>
<tr>
<td>1969</td>
<td>Arpanet project into networks is commissioned by US Defense Dept and goes live</td>
</tr>
<tr>
<td></td>
<td>US universities connect up network facilities for the first time</td>
</tr>
<tr>
<td>1973</td>
<td>Development of protocols to enable multi-network Internet opportunities</td>
</tr>
<tr>
<td></td>
<td>First international Arpanet connections made</td>
</tr>
<tr>
<td>1976</td>
<td>HM Queen Elizabeth II sends an e-mail</td>
</tr>
<tr>
<td>1980</td>
<td>Tim Benners Lee develops rules for the World Wide Web, credited with becoming the Web Father</td>
</tr>
<tr>
<td></td>
<td>Alan Emtage develops the first search tool known as ‘ARCHIE’</td>
</tr>
<tr>
<td>1982</td>
<td>Standard network protocols are established: Transmission Control Protocol (TCP) and Internet Protocol (IP) commonly referred to as TCP/IP</td>
</tr>
<tr>
<td>1984</td>
<td>Joint Academic Network (JANET) is established linking higher education institutions</td>
</tr>
<tr>
<td></td>
<td>Domain Name System (DNS) is introduced</td>
</tr>
<tr>
<td>1984</td>
<td>A company named Symbolics becomes the first registered dot.com business</td>
</tr>
<tr>
<td>1987</td>
<td>National Science Foundation (US) is the catalyst for the surge in funded work into the Internet</td>
</tr>
<tr>
<td></td>
<td>Number of Internet hosts increases significantly during this period</td>
</tr>
<tr>
<td>1988–90</td>
<td>28 countries sign up to hook up to NSFNET reinforcing international Internet potential</td>
</tr>
<tr>
<td>1990</td>
<td>Senator Al Gore coins the phrase ‘information superhighway’</td>
</tr>
<tr>
<td>1991</td>
<td>Web Father, Tim Benners Lee with scientists from CERN release World Wide Web (www)</td>
</tr>
<tr>
<td>1992</td>
<td>America Online is launched and raises $23m in floatation</td>
</tr>
<tr>
<td></td>
<td>The term ‘surfing the net’ is introduced</td>
</tr>
<tr>
<td></td>
<td>World Bank goes online</td>
</tr>
<tr>
<td>1993</td>
<td>Awareness of the Internet increases due to attention of mainstream media</td>
</tr>
<tr>
<td>Year</td>
<td>Event</td>
</tr>
<tr>
<td>------</td>
<td>-------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>1995</td>
<td>First Internet publication, <em>Wired</em>, goes on the stands</td>
</tr>
<tr>
<td></td>
<td>Mosaic introduce the first web browser with graphical interface and is the forerunner of</td>
</tr>
<tr>
<td></td>
<td>Netscape Navigator. Its release generates Internet frenzy</td>
</tr>
<tr>
<td></td>
<td>Growth in Internet service traffic measured at 341.634%</td>
</tr>
<tr>
<td></td>
<td>First online shopping malls and virtual banks emerge but unfortunately so does evidence SPAM</td>
</tr>
<tr>
<td>1996</td>
<td>Amazon is launched by Jeff Bezos</td>
</tr>
<tr>
<td></td>
<td>Trial dial up systems such as AOL and CompuServe begin</td>
</tr>
<tr>
<td></td>
<td>Charging is introduced for domain names</td>
</tr>
<tr>
<td></td>
<td>Search technology companies such as Alta Vista, Infoseek, Excite and Metacrawler rapidly</td>
</tr>
<tr>
<td></td>
<td>Appear</td>
</tr>
<tr>
<td>1997</td>
<td>Yahoo! launched on stock exchange, shares up nearly 300% on first day</td>
</tr>
<tr>
<td>1998</td>
<td>MP3.com is founded</td>
</tr>
<tr>
<td>1999</td>
<td>XML is released to enable compatibility between different computer systems</td>
</tr>
<tr>
<td>2000</td>
<td>FAST Search is launched with the ability to index 200 million web pages</td>
</tr>
<tr>
<td></td>
<td>AOL and Time Warner announce they are merging</td>
</tr>
<tr>
<td></td>
<td>Monetisation or Pay-per-Click campaigns are introduced for top ten search rankings</td>
</tr>
<tr>
<td>2001</td>
<td>BBC rolls out ‘Interactive Wimbledon’ as its first incursion in interactive TV (iTV)</td>
</tr>
<tr>
<td>2002</td>
<td>UK online monthly consumer shopping breaks through the £1 billion barrier</td>
</tr>
<tr>
<td></td>
<td>BT announces price reductions on broadband packages in an effort to boost low sign up Figures</td>
</tr>
<tr>
<td>2003</td>
<td>Sweden overtakes the US and leads the world in e-readiness</td>
</tr>
<tr>
<td></td>
<td>eBay topples Amazon as the most visited UK site</td>
</tr>
<tr>
<td>2004</td>
<td>CD-WOW loses court case and rights to source cheaper CDs outside EU and undermines the global concept of the Internet</td>
</tr>
<tr>
<td>2005</td>
<td>Iceland leads the world with broadband penetration, 26.7 inhabitants per 100 have broadband compared with 15.9 per 100 in the UK</td>
</tr>
<tr>
<td>2006</td>
<td>Internet usage tops 1,022,863,307 worldwide</td>
</tr>
</tbody>
</table>

Sources:
- [www.oecd.org/sti/ict/broadband](http://www.oecd.org/sti/ict/broadband)
- [www.zakon.org/robert/internet/timeline](http://www.zakon.org/robert/internet/timeline)
2.1.1.2. Why is the internet important?

- The Internet can increase an organization’s geographic coverage beyond its traditional heartland.
- New customers can be reached.
- The Internet provides a low cost, effective way of transacting with customers compared to traditional selling costs.
- A site can be open for business all day everyday providing customer convenience.
- The Internet is a fast and flexible communications tool.
- Communications can be tailored to customer needs based on account histories and other data.
- It is an interactive marketing tool enabling effective two-way dialogues between customer and organization to help achieve acquisition and retention objectives.
- The Internet can be used as a timely sales promotion tool with the use of targeted e-coupons and specialist privileges.
- The Internet provides vital measurement of events and accountability providing marketers with ammunition to secure budget increases.
- The Internet’s global reach also provides opportunities to source new suppliers and distributors to maintain competitive advantage.
- The Internet provides marketers with a rich source of marketing data for decision-making purposes.
- Online marketing research supported with appropriate software provides real time data analysis to streamline the research process.
- The Internet can provide a test bed for products or campaigns [73].
2.1.1.3. Demerits of the Internet

There are also many problems associated with the Internet that marketers must understand and respond to. These are outlined below:

- Customer resistance to change, especially older and disadvantaged people.
- Public concerns over privacy issues, such as spam and chat-rooms.
- Lingering security doubts over fraud and phishing (hackers) and network security and stability (worms).
- Lack of trust with unknown virtual traders.
- The internet’s sensory boundaries limiting of senses like taste and touch which influence buyer decisions.
- Limited web access for low-income groups and those in rural areas.
- Continued high costs of broadband connections deterring high speed take up.
- Social impact of the internet such as debts generated from online gambling.
- Poor levels of online customer service and fulfillment.
- Complexities of cross-border trading [73].

2.1.2. The Web

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 the challenge of meeting consumer expectations in a highly competitive world [74].

The Internet and web technologies created a new and unprecedented environment for governments, businesses, educational institutions, and individuals, enabling them to webcast any infor-
Chapter 2

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 ecommerce websites [10].

2.1.2.1. Websites

The foundation of every online business is the E-Commerce website that it creates. Once the website captures the attention of the visitors, they should feel the need to explore further. This feeling comes with good design, speedy navigation on the site and easy to understand instructions. The E-Commerce specialists know these facts and therefore, they have the right kind of tools with them to “read” the mind of the users and to set up a site that would be beneficial to the client. In such scenarios, the experts look at the already running website and try to determine the reason for the lack of traffic\(^\text{12}\).

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 customer’s motives to purchase specific products are likely to differ [42]. Website visitors may use both distant and nearby cues: consumers may click on a link because they seek that specific link. At other times, consumers click because they believe the link will bring them closer to what they seek. In

\(^{12}\text{www.ezinemark.com/2013}\)
summary, the motivations for search vary, but regardless of the motivation, the online searcher continually judges whether to continue to read, scroll, analyze or click [75].

2.1.2.2. Website Characteristics

1. Website Domain

The domain name strategy of a company connects closely to an organization’s branding and positioning strategy. It serves as a foundation for web and promotional activity. The ideal domain strategy lets a prospective visitor guess the website without any help [76].

2. Longevity of Website Existence (Domain Age)

Domain Age (i.e. the date at which each domain was registered) has been posited as an important factor in the ranking of a site, as older domain names are said to be inferred by Google’s ranking algorithm as conveying more trust, and therefore should rank higher than newer domains [77]. It represents the age of a website’s domain name. The SEO community currently speculates that older domain names will rank more highly than newer domain names for the same content [78].

3. Specificity of Search Engine

Search Engine Optimization (SEO) is a set of techniques used by websites in order to be better indexed by search engines and SEO tools tries to capture users who are actively looking for information about a product related to the firm, which converts them into potential clients openly expressing their needs [79, 80].

4. Volume of Traffic on the Website
Without visitors the best website is a wasted resource. Generating traffic, which can be expensive and difficult, is an essential web marketing skill [76]. The important task of a company is to generate the traffic on the website. The higher the traffic, the topmost will be the website when someone triggers a search [81].

5. Ease of Navigation

Navigability evaluates how easily users may move around the website and find the information that they require [82]. Users should never feel lost and therefore, each webpage should be self-sufficient and provide links to the main contents [83]. Madu & Madu [84] urged that consumers can be easily turned off when the website is not easy to navigate. Kateranttanakul [85], therefore suggested several design guidelines for navigation efficiency. First, the website should facilitate users/ consumers to obtain information in the fewest possible steps. Second, hyperlinks should be consistently provided on every web page. Third, the relevance of hyperlink description and the expected destination should be described. Finally, there should be no broken hyperlink.

6. Website Reputation and Reach

Consumers worldwide can shop online 24 hours a day, 7 days a week and 365 days a year. Some market sectors including insurance, financial services, computer hardware and software, travel, books, music, videos, flowers and automobiles are experiencing rapid growth in online sales [86].

7. Faster Response Time/ Website Load Time

According to a survey conducted by [87], speed (i.e., slow speed) was the number one complaint of web users (77%). Most potential E-Commerce customers don’t want to wait for a seemingly endless page to load. Instead, they hit the browser “stop” button and go elsewhere. Therefore, large, pretty graphic files and cool animation may come at a price to the web business owner in terms of lost business [49].
8. Presence of Adequate Searching Capabilities

Accuracy is the degree to which the information and materials available on the websites are correct and trustworthy [88, 89].

9. Clarity of Information on a Website

This is nicely explained by Chuck Letoumeau [90] who defines Web accessibility to mean “anyone using any kind of web browsing technology must be able to visit any site and get a full and complete understanding of the information as well as have the full and complete ability to interact with the site if that is necessary.”

10. Volume of Detailed Information Available on a Website

Coverage is the degree to which information and content are presented according to various topics through the site. Good contents and coverage should be engaging, relevant, concise, clear, and appropriate for the audience [91].

11. Content Diversity of a Website

The website of a company is such a powerful tool that it conveys huge amount of information cost-effectively, creates attitudes and action, triggers brand and product awareness and communicates company and brand image all at the same time [92], which is a portfolio of benefits that cannot be expected easily from any offline advertising or promotion tool. The visual appeal, creativity and attractiveness of websites are very important characteristics that influence product choices and purchases for both novice and expert users [93].
12. Website Readability

Websites are designed keeping in mind the concepts of interactivity, feasibility, convenience and user requirements. Information with regard to products and services must be easily accessible and of high quality in terms of customer satisfaction.

13. Keywords used for the Search

One of the useful ways of elevating the search engine ranking is using targeted keywords. A targeted keyword is a word or a group of words that brings links back to the website for the terms that the customer is trying to find. Consumers are not likely to buy anything online unless complete product information is available.

14. Highest level of Interactivity of a Website

Interactivity refers to the interaction between users and computers that occurs at the interface of websites. Specifically, interactivity allows users to control what elements are to be delivered and when they are to be delivered through the interface.

15. User Friendliness of Interface

If a website meets a customer’s expectations, then the customer is likely to reuse the website in the future, recommend it to his peers and become loyal. On the other hand, if the website does not meet the customer’s expectations, then the customer is likely to switch to another website and perhaps never go back to the initial one. So the information provided by the website is an important factor that affects a customer’s purchasing behavior and helps to make a website user friendly.

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13 www.ezinemark.com/2012
2.1.3. The 5 Ss of the Internet Marketing

Chaffey [51] have described some applications of the Internet Marketing to support communications with customers across the purchase cycle generating awareness, achieving direct response for lead generation or sale and supporting customer service and relationship marketing. Smith & Chaffey [95] have defined the 5 Ss of E-Marketing which suggest five broad benefits or reasons for adopting E-Marketing which marketers can use to set objectives for E-Marketing, Table 2.2.

Table 2.2: The 5 Ss of Internet Marketing [95]

<table>
<thead>
<tr>
<th>Benefits of E-Marketing</th>
<th>How benefit is delivered</th>
<th>Typical Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sell -- Grow sales</td>
<td>Achieved through wider distribution to customers</td>
<td>• Achieve 10% of sales online in market</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Increase online sales for product by 20% in year</td>
</tr>
<tr>
<td>Serve – Add value</td>
<td>Achieved through giving customers extra benefits online or inform product development through online dialogue and feedback</td>
<td>• Increase interaction with different content on site</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Increase dwell-time duration on site by 10% (sometimes known as ‘stickiness’)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Increase number of customers actively using online services (at least once per month) to 30%</td>
</tr>
<tr>
<td>Speak – Get closer to customers</td>
<td>This is creating a two-way dialogue through web and e-mail forms and polls and conducting online market research through formal surveys and informally monitoring chat rooms to learn about them. Also speak through reaching them online PR</td>
<td>• Grow e-mail coverage to 50% of current customer database</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Survey 1000 customers online each month</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Increase visitors to community site section by 5%</td>
</tr>
<tr>
<td>Save – Save costs</td>
<td>Achieved through online e-mail communications, sales and service transactions to reduce staff print and postage costs.</td>
<td>• Generate 10% more sales for same communications budget</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Reduce cost of direct marketing by 15% through e-mail</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Increase web-self service to 40% of all service enquiries and reduce overall cost-to-cost serve by 10%</td>
</tr>
<tr>
<td>Sizzle -- Extend the brand online</td>
<td>Achieved through providing a new propositions and new experience online while at the same time appearing familiar</td>
<td>• Improve branding metrics such as: brand awareness, reach, brand favorability and purchase intent.</td>
</tr>
</tbody>
</table>


2.1.4. E-Marketing and The Online Brand

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].

Appropriate consumer experience, good consumer perception and ability to locate what they are searching for, leads to high consumer satisfaction levels [96]. This further heightens the need for a careful understanding of website dimensions which eventually will shape the ability of the websites to contribute to (a) the consumer experience and subsequently, (b) the brand.

The decision makers at E-Business companies have continued to make vast investments in developing websites for E-Businesses without having clear knowledge of what factors contribute to developing a high quality website and how to measure effects on E-Business success [97]; [98]. The success of an E-Business company is more likely when its website is developed to provide the highest level of website quality among alternative websites & this study shows that online customers mostly prefer to select the most preferred sites.
If more customers select the website, the higher the likelihood of improved business performance. There exists a relationship between website quality, preference, and business performance [99, 100, 3].

2.1.5. Online Brand Presence

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, 101]. 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 services online. Apple is an example with the iPhone and the iTunes shop on the internet. Another example is Nokia with its Ovi web portal. The reverse is also possible, and online companies may benefit from launching products that are available in the offline market. For instance, Google has made its Google Docs useable without an internet connection [102]. Recently, this company has just launched a new mobile phone that uses its own operating system. This new launch created expectations among consumers who waited patiently for the new product [103].

2.1.5.1. Different types of Online Presence

Chaffey [53], identifies four main types of online presence which each have different objectives and are approximate for different markets. This focuses on how organizations have different parts of the site focusing on these functions of sales transactions, services, relationship-building, brand-building and providing news and entertainment. The four main types of site are:
Chapter 2

(1) **Transactional E-Commerce:** These enable purchase of products online. The main business contribution of the site is through sale of these products. The sites also support the business by providing information for consumers that prefer to purchase products offline. Example: an online retailer such as Amazon ([www.amazon.com](http://www.amazon.com)).

(2) **Services-Oriented relationship-building Website:** Provides information to stimulate purchase and build relationships. Products are not typically available for purchase online. Information is provided through the website and e-newsletters to inform purchase decisions. Such sites also add value to existing customers. Example: B2B management consultants such as Accenture ([www.accenture.com](http://www.accenture.com)).

(3) **Brand-Building Site:** Provide an experience to support the brand. Products are not typically available for online purchase. Their main focus is to support the brand by developing an online experience of the brand. They are typically for low-value, high-volume fast-moving consumer goods (FMCG) brands for consumers. Example: Tango ([www.tango.com](http://www.tango.com)).

(4) **Portal or Media Site:** Provide information or news about a range of topics. ‘Portal’ refers to a gateway of information. This is information both on the site and through links to other sites. Portal have a diversity of options for generating revenue including advertising, commission based sales, sale of customer data. Example: Yahoo! ([www.yahoo.com](http://www.yahoo.com)) [51].

### 2.1.6. Websites Contribution to the Brand

Regular communication between organization and consumer reinforces organizational image and product messages, builds brand awareness and strengthens brand recall. By creating meaningful brand encounters, the consumer – brand relationship can be strengthened.
When consumers are regularly in contact with a brand, they may begin to perceive it as a person, a trusted friend who is part of their everyday life, thereby strengthening their loyalty towards the brand [74]. Customer - brand loyalty in cyberspace demonstrates an evolution from the traditional product driven, marketer-controlled concept towards a distribution-driven, consumer controlled and technology-facilitated concept. When consumers engage in a brand relationship [96], they begin to perceive the value related to the brand. Brand knowledge affects future purchases via a brand relationship path that includes brand satisfaction, brand trust and attachment to the brand. Finally, consumers who have greater expected benefits and utility from an ongoing relationship are more likely to commit to it. Having a regular touch point to interact with the customer results in learning related to the brand and generates a positive attitude by creating a brand association [74]. When consumers form relationships with brands, they use norms of interpersonal relationships as a guide in their brand assessments. Further, improving the level of interactivity of the online medium being used by the organization increases the “reach” [104] (percentage of all Internet users who visit a given site) of the medium. By targeting the brand image in the consumer’s mind, customer expectations and perceptions can be influenced.

2.1.6.1. Dimensions of Website Brand Contribution

2.1.6.1.1. Relative Importance of the Websites

We discuss the dimension of Relative Importance of the Website [40] in the context of “Impact of Search Engine Rank on website traffic”.

Search Engine marketing is the fastest growing sector in online marketing\(^{14}\), and more and more people are looking towards the web when making both online and offline purchase decisions\(^{15}\). The web metrics include click through rates (percentage of visitors who clicked on a link or

\(^{14}\) IAB, Nov 2003
\(^{15}\) iMedia Connection, June 2004
Relative impressions indicate the number of impressions to expect in relation to the first rank. Relative CTR is the click-through rate to expect in relation to the first rank [106]. Research has proven that traffic drops significantly by rank. This needs to be taken into account as organizations weigh the profitability of the keywords. While opting for a lower rank may imply a small percentage loss to sales, the losses in customer acquisitions could be huge. Drop in traffic is consistent with drop in rank.

I discuss here, the concepts of **Alexa Rank (ARA_i)** and **Alexa Reach (ARE_i)**

(i) *Alexa Rank (ARA_i)*: This is calculated using a combination of average daily visitors and page views on the site, over the past 3 months.

(ii) *Alexa Reach (ARE_i)*: This comprises the estimated internet users who visit this site.

### 2.1.6.1.2. Website Popularity

The internet has become mainstream in everyday communication and transaction [107]. The internet today has been hailed as the single most important invention of the 20th century. Purchasing on the internet has unique features that make it different from the traditional shopping process [108]. Websites are frequently mentioned as the online marketers of a company serving important roles like image creation or image enhancement [109, 110, 111]. The Web site of a company is such a powerful tool that it conveys huge amounts of information cost-effectively, creates attitudes and action, triggers brand and product awareness and communicates company and brand image all at the same time [92]. It is a portfolio of benefits that cannot be expected easily from any offline advertising or promotion tool. The visual appeal, creativity and attractiveness of Web sites are very important characteristics that influence product choices and purchases for both novice and expert users [93].
The factors which make commercial web pages popular. They found that a high daily hit-rate is strongly influenced by the number of updates made to the website in the preceding three month period. The number of links to their websites was also found to attract visitor’s traffic [111].

Considering Back links as indicators of Website Popularity, I discuss Back links Google (BGi), Back links Alexa (BAi) and Indexed Pages Google (IPGi):

(i) **Back Links Google (BGi):** are incoming links to a website or web page. In the Search Engine Optimization (SEO) world, the number of Back Links is one indication of the popularity or importance of that website or page (though other measures, such as Page Rank, are likely to be more important).

(ii) **Back Links Alexa (BAi):** comprises the number of links to a site from sites visited by users in the Alexa Traffic Panel. Links that were not seen by users in the Alexa Traffic Panel are not counted.

(iii) **Indexed Pages Google (IPGi):** enable organizations to learn how many pages of their sites are indexed by Google. Google now claims to be using more than 200 “signals” when determining the rank of a page, with thousands of machines involved in the ranking process for every query [112].

### 2.1.6.1.3. Search Engine Optimization (SEO)

Search Engine Optimization (SEOi) is a set of techniques used by websites in order to be better indexed by search engines [79]. “SEO tool tries to capture users who are actively looking for information about a product related to the firm, which converts them into potential clients openly expressing their needs” [80]. SEO is a must for every business to promote their website and they must be successful at implementing it [113].
Considering SEO as a successful tool for Website Brand Contribution Index (WBCI), I discuss the concept of **Domain Moz Rank (DMR)**, **Total Links (TL)** and **Domain Authority (DA)**:

(i) **Domain Moz Rank (DMR)**: is a link popularity score based on how the domain, rather than just pages link to each other. It is an indicator of domain popularity.

(ii) **Total Links (TL)**: are the numbers of links-external or internal to the URL. External links are considered better than total in links because the latter include navigational links within a site that are not indicators of the site impact.

(iii) **Domain Authority (DA)**: is a score out of 100 points representing the likelihood for arbitrary content to rank on this domain.

2.1.6.1.4. Domain Age

It represents the age of a website’s domain name. The SEO community currently speculates that older domain names will rank more highly than newer domain names for the same content [78]. Domain Age (DA) (i.e. the date at which each domain was registered) has been posited as an important factor in the ranking of a site, as older domain names are said to be inferred by Google’s ranking algorithm as conveying more trust, and therefore should rank higher than newer domains [77].

2.1.6.1.5. Social Compatibility with Social Networking

Socially connected groups use Internet for social interactions, exchanging formal and informal information and keeping in touch [114]. Social Media is defined as “a group of Internet-based applications such as blogs, social networking sites, content communities, collaborative projects, virtual game worlds and social worlds that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of user generated content” [115].
“When you share content on social profiles and your network of friends in turn share it as well, the potential for reaching huge numbers of people with little effort and in a small amount of time could be construed as a tangible business transaction, at least in terms of its marketing potential” [116]. Facebook, Twitter, YouTube, Flickr are the most known examples of social networks. Today, Facebook has more than 500 million active users and Twitter has more than 106 million users. “Each Social Media application usually attracts a certain group of people and firms should be active wherever their customers are present” [115]. In the context of understanding compatibility of a website to diverse social media entities, I take into account the following metrics - **Google Plus (GP$_i$)**, **Delicious Book Mark (DBM$_i$)**, **Digg Bookmark (DB$_i$)**, **Stumble Upon (SU$_i$)**, **Twitter (T$_i$)**, **Face Book (FB$_i$)**:

(i) **Google Plus (GP$_i$)**: is an identity service with social networking aspects. The service integrates social services such as Google profile, Google buzz and introduces new service circles, hangouts, sparks and huddles.

(ii) **Delicious Book Mark (DBM$_i$)**: helps to find out how many delicious bookmarks there are for this URL.

(iii) **Digg Bookmarks (DB$_i$)**: enables how many bookmarks the site has on DIGG.

(iv) **Stumble Upon (SU$_i$)**: enables how many users have stumble upon this URL.

(v) **Twitter (T$_i$)**: helps to find out the total twitter mentions for the page.

(vi) **Facebook (FB$_i$)**: enables to see the total face book mentions for the page.

2.1.6.1.6. **Keyword Research (KR$_i$)**
Chapter 2

A website should be evaluated as to how well it markets its products and services, and also as to how well it keeps the customer in focus. Basically, three objectives are pursued: 1) Creating awareness, 2) Generating traffic, and 3) Driving sales [117]. For an effective online presence, and traffic building, creating visibility and building meaningful traffic is just as important as advertising and promotion activities. Especially, affiliate marketing is a very efficient tool to increase the number of visitors to a Web site [118, 119].

I consider the following three metrics for Keyword Research (KR$_i$).

(i) **Organic Rank (OR$_i$):** Rating of a site by the number of visitors coming from the first 20 Google search results.
(ii) **Organic Traffic (OT$_i$):** Estimated number of visitors coming from the first 20 Google search results per month.
(iii) **Organic Traffic Cost (OTC$_i$):** Estimating cost of purchasing the same number of visitors.

2.1.6.1.7. Site Quality (SQ$_i$)

Page-loading speed was rated as the most important category by the users [117]. According to a survey conducted by [87], Speed (i.e., slow speed) was the number one complaint of Web users (77%). Most potential E-Commerce customers do not want to wait for a seemingly endless page to load. Instead, they hit the browser ‘stop’ button and go elsewhere. Therefore, large, pretty graphic files and “cool” animation may come at a price to the Web business owner in terms of lost business [120]. In this context, **Size of Web Page (SWP$_i$) and Webpage Load Time (WLT$_i$)** are significant metrics for site quality [77].

2.1.6.1.8. Site Accessibility (SA$_i$)

Web Accessibility refers to the degree to which web information is accessible to all human beings and automatic tools.
Accessibility is defined as the art of designing web pages that can be accessible to all internet users (both disabled and non-disabled), regardless of any internet browser that they are using [88, 82, 89]. This is nicely explained by Chuck Letoumeau [90] who defines Web Accessibility to mean “anyone using any kind of web browsing technology must be able to visit any site and get a full and complete understanding of the information as well as have the full and complete ability to interact with the site if that is necessary”. I have considered Flesch Reading Ease (FRE), [121] which is a popular metric, suited for evaluating more complex texts and is used extensively to evaluate texts as a metric for site accessibility.

2.1.7. Online Branding

Strong brands enter into consumers’ consideration sets, create confidence in purchases, and positively influence product evaluation and choice [122].

2.1.7.1. The Customer Based Brand Equity Pyramid

Keller and co-authors present the customer-based brand equity model which focuses 4 key stages composed of six “brand building blocks” [123]. This model helps tie together the full range of online branding activities, provide a system for understanding and anticipating online brand enhancement opportunities, and how online brand content can reinforce and create a strong brand. The four stages of establishing customer based brand equity, appearing on the left of the model are [123]:

- Establish the proper brand identity
- Create the appropriate brand meaning
- Elicit the right brand responses
- Forge appropriate brand relationships with customers
Six building blocks implement the four stages. Each building block provides questions for the marketer to ask of its online brand presence. With these in place, the hoped-for results are benefits shown on the right side of the model:

**CUSTOMER BASED BRAND EQUITY PYRAMID**

1. **IDENTITY** = WHO ARE YOU?
2. **MEANING** = WHAT ARE YOU?
3. **RESPONSE** = WHAT ABOUT YOU
4. **RELATIONSHIP** = WHAT ABOUT YOU &

**Fig 2.1:** Keller’s Brand Equity Framework [123]

### 2.1.7.2. Online Brand Presence and Enhancement

**1. Establish Proper Brand Identity**

The first stage in using the internet to enhance a brand is to ensure that the brand has both breadth and depth of brand awareness. The goal is brand salience; when a consumer considers a product category, the brand is automatically included as a possible choice. Reinforcing Brand Salience occurs through exposure to web advertising directly or by exposure to the advertiser’s website stimulated by brand advertising [124].
Brand Identity and Domain Names

The domain name strategy of a company connects closely to an organization’s branding and positioning strategy. A domain strategy should accomplish three objectives. It should:

- Reinforce branding
- Build traffic
- Anticipate consumer behavior and mistakes

2. Enhance Brand Meaning

Imagery and functional performance related information create brand meaning. Brand imagery is more abstract and relates to consumers psychological or social needs. User profiles, purchase and usage situations, personality and values and the history and heritage of the brand all contribute to brand imagery. Brand personality refers to the set of human characteristics associated with the brand [125]. Functional performance of Brand aspects of the product include product features, service and price.

3. Reinforce Right Brand Responses

When a brand manager’s goals escalate to the higher stage of brand response, the interactive and participatory power of the web becomes increasingly helpful.

4. Forge Brand Relationships

A brand relationship is the commitment and resonance a customer has towards a brand. It goes beyond simple features, functionality, prices, or total cost of ownership. It marks the upper point of the brand equity pyramid and represents a goal only some brands are able to obtain. The role of online content is to deepen this brand loyalty, the attachment consumers feel to the brand, the support and sense of community, and to encourage active engagement with the brand [126].
Repurchase probability is only one measure of brand loyalty. Another very valuable indicator of brand relationship is a willingness to refer the product to others. A brand community is a specialized, non-geographically bound community based on a structured set of social relationships among admirers of the brand. In a brand community, members place a special emphasis on a brand. Brand communities are a special form of online community, where the product or service is the share defining characteristics of the community members.

2.2. Consumer Decision Making Process

This section starts by introducing Online Consumer Behavior, defining Consumer Decision-Making Processes and discussing the way Consumer Behavior has altered in the past century. The literature on consumer purchase decision-making behavior is then reviewed, discussing the importance of this area, our current understanding of consumers and the limitations of available studies.

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 them\textsuperscript{16} 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].

2.2.1. Consumer Behavior

Consumer Behavior is defined as activities people undertake when obtaining, consuming and disposing of products and services. Simply stated, Consumer Behavior has traditionally been

\textsuperscript{16} http://www.foreign.gov.vc/index.php?option=com
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 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” [127].

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 [127] (Figure 1.1-Chapter 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].
2.2.1.1. 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].

2.2.2. Consumer Decision Making Models

This section helps to introduce the models of the Consumer Decision Making Process. It shows how consumers decide to purchase products and highlights the activities that occur before, during, and after the purchase of the product. Consumer Decision Making could be defined as the “behavior patterns of consumers, that precede, determine and follow on the decision process for the acquisition of need satisfying products, ideas or services” [128]. Behavior of purchasing and using goods / services shows the process of Consumer Decision Making. That’s why researchers and marketers need to understand the systematic way of decision making. The Consumer Decision Process (CDP) Model is a roadmap of consumers’ minds that marketers and managers can use to help to guide product mix, communication, and sales decisions. The model captures the activities that occur when decisions are made by the consumer [23].

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This section begins by taking a brief look at the literature on traditional Consumer Behavior Models/Theory. The next section describes the Traditional Consumer Decision process models use in contemporary times, including all traditional models.

2.2.2.1. Traditional Models of Consumer Decision Making

According to researcher, a decision as a ‘selection of an option from two or more alternative choices’ [37]. Consumers make purchasing decisions without being aware that they are doing so. However there are many models and research which ponders solely on the decisions and processes that consumers go through when making a purchase. These models are meant to understand the traditional purchase process of the consumer. The decision making process demonstrated by these models can take place over a short period of time or it can be very long – such as a year [34, 129, 36, 37, 23]. These traditional models have been accepted as “ultimate” and “flawless” models [27]. A number of models are suggested for making a purchase process, which has tried to demonstrate the detailed behavior of the consumers. So, in the following sections, these models of the Traditional Consumer Decision Making Process are described and discussed.

2.2.2.1.1. Nicosia’s Model (1966)

Francesco M. Nicosia a leading scholar in the field of Consumer Behavior, he has propounded a comprehensive model in 1966 to analyze consumer's behavioral processes. Nicosia was one of the first consumer behavior modelers to shift focus from the act of purchase itself to the more complex decision process that consumers engage in about products and services [130].

The model concentrates on the communication process that occurs between a brand and a consumer. It uses a flow of events through different stages that are identified as fields namely: The firms marketing communications, consumer's attributes, consumer's decision process and
feedback are the main components that are represented in this dynamic model [29]. This model analyses how all the marketing activities that a firm undertakes influence the consumer and compel him to buy [131].

Field 1

Sub Field 1

Firms Attribute

Message Exposure

Sub Field 2

Consumers Attributes (Especially Predisposition)

Attitude

Field 2: Search and Evaluation of mean/end (s) reaction (s) (Preaction Field)

Search and Evaluation

Experience

Motivation

Field 3: Act of Purchase

Consumption

Decision (Action)

Field 4: Feedback

Purchasing Behavior

Fig 2.2: Nicosia Model of Consumer Decision Process
[131]; [27]

Nicosia Field 1: The first field represents the output of a commercial message in the form of advertising or other communication tools and its effect on the consumer [132]. This field is the sum of two sub fields. Sub Field 1 that represents the product's attributes and the brand communication efforts and Sub Field 2 with the consumer's attributes and shows what the consumer makes out of the communication.
Nicosia Field 2: by developing some attitude followed by field one, field two create certain attitude in the customers mind which forced him to go to search and evaluation phase which motivates him to the next field.

Nicosia Field 3: Field three shows the behavior of the motivated consumer into the act of purchase or non-purchase and leads to the purchase behavior.

Nicosia Field 4: after making a purchase, field four deals with the purchase item usage and the experience of the consumer that will determine the future behavior of the consumer towards making a product.

Hence, this model was able to represent the consumer's behavior with the help of four fields.

Limitations

There are a number of arguments that put this model in a difficult position to be widely accepted. This includes the influences and inter-relationships among the consumer attributes, the unspecified type of consumer, the possible existing relationship between the company and the individual or its unique use in first exchange situations.

The model takes into account only the advertisements released by the firm, but does not anywhere mention about the external influences and opinions that help a consumer to form an attitude and decide on accepting or rejecting the product [131].
2.2.2.1.2. Howard & Sheth’s Model (1969)

John Howard and Jagdish Sheth presented their integrated model of buying behavior in 1969. The model brought into focus the processors and facilitators that facilitate the process of decision making of the consumers [131]. This is a learning model designed to explain the brand choice of an individual faced with several choice alternatives [130] - Fig 2.3. This model illustrates a refined integration of different leading factors such as social, psychological and marketing on decision making of the consumer and the stages of information processing. In this model inputs are categorized into the various environmental stimuli that consumers are exposed to and inputs not only cover the physical characteristics of products but also the symbolic image that products and brands have constructed through advertising and the influence of consumers’ reference groups [132]. There are numbers of interviewing variables in this model that affect the decision making [27] and these are: perceptual and learning constructs. The five output variables show the stages of consumer decision making.

Advantages of Howard Sheth Model

There are some positive aspects of this model and these are listed below:

(i) It has been partially tested empirically, thus establishing some credibility for the model.
(ii) The model is also a dynamic model; overall the Engel-Blackwell-Miniard Model provides more comprehensive and accurate comparison with Howard-Sheth model [130].

Disadvantages of Howard Sheth Model

(i) This model is quite complex.
(ii) This model has less practical value for consumer and marketers.
(iii) This model is difficult to follow.
2.2.2.1.3. The Engel-Blackwell- Miniard Model (EBM- 1968)

The Consumer Decision Making Model, in the earliest state, was developed by Professor Engel, Kollat and Blackwell at The Ohio State University, and was known as the EKB Model [23], but lately the model was renamed as the EBM Model to acknowledge the work of Professor Paul W.
Miniard, who joined this team as a coauthor. This model is an attempt to describe The Consumer Decision Making Process, which is primarily based on and is augmented by the market dominated information input (Fig 2.4).

**Fig 2.4:** The Engel-Kollat-Blackwell Model of Consumer Behavior (1968) [25, 27]
Many of the constructs in this model are similar to those of [133]. The main difference is in the presentation and linkage of constructs [27]. The main aim of this model was to analyze how an individual influences and sorts through facts to make logical and consistent purchase decisions. This model was reviewed after its publication to be more accurate, and include contemporary issues of Consumer Behavior [27] for example, the previous five stages of the decision process changed to seven stages. Previously, this model stated that consumers typically go through five stages, namely: Need Recognition, Search for Information, Pre purchase Evaluation, Purchase and Consumption but lately Post Consumption and Disinvestment were added [23]. This model has a good description of active information seeking and evaluation processes of consumer [130].

**Limitations of the Model**

The model does not show what factors shape the items such as personality, values and culture. It also fails to differentiates, why different types of personality produce different decision making [134].

**2.2.2.1.4. McKinsey’s: The Consumer Decision Journey**

A new model of the Consumer Decision journey was recently introduced in the McKinsey report [134]. It introduced new concepts in the purchase decision-making process based on current market issues and consumer behavior. Previously, purchase decision making was defined as a funnel that consumers go through, starting at its wide end with a wide range of brands, reducing the options and narrowing down the consideration set as they pass through the funnel, and finally ending with the purchase of a brand.
However, this model can no longer explain the current Consumer Decision-Making. Exposure to a huge number of products and access to large amounts of information on the Internet, a dramatic increase in the number of shops as well as the increased sophistication of consumers, have changed this process [135]. The new model of McKinsey is more circular (Fig 2.5) than sequential and has four primary phases: “initial consideration; active evaluation, or the process of researching potential purchases; closure, when consumers buy brands; and post purchase, when consumers experience them”. In this model, as consumer’s research and look for information, their consideration set expands rather than narrowing down [135] and therefore the funnel concept and sequential stages do not occur.
2.2.2.1.5. Simon Model of Decision Making (1960)

Herbert A. Simon developed a model of decision making. One of the pioneering attempts in decision-making modeling is the work of Simon [28]. The model consisted of three steps, intelligence, design, and choice (Fig 2.6). In the intelligence phase, the problem is identified, and information is collected concerning the problem. This can be a long process, as the decision to be made comes from the information. The design phase develops several possible solutions for the problem. Finally, the choice phase chooses the solution

![Diagram of Simon's Model of Decision Making]

He challenged the economists’ claim that “decision makers are aware of all the required information and choose the alternative which maximizes utility” [136].

This model worked as a backbone and helped the marketing researchers for understanding the consumer decision making. There are some pitfalls of this model:

- Sahar [27], criticized that, (1) this model ends at the choice stage, ignoring the implementation and outcome; (2) stages consist of various actions themselves that can be separated.

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17 http://pkirs.utep.edu/mit5312/Additional%20Coverage/Tutorials/TUTSP05/60.htm
• Hall [137], the main concentration of this model is only on the process stages, not on the context.

2.2.2.1.6. Keeney’s Model

Another important decision-making model is the four-stage model of [138]. The stages are: structure the decision problem (generation of alternatives and specification of objectives), assess possible impacts of each alternative, determine preferences of decision makers and evaluate and compare alternatives (Fig 2.7) [27].

![Decision Making Model Diagram]

**Fig 2.7: Decision Making Model**

<table>
<thead>
<tr>
<th>COMPLEXITY</th>
<th>COMPLEXITY</th>
<th>COMPLEXITY</th>
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<tbody>
<tr>
<td>Multiple Objectives</td>
<td>Long Time Horizons</td>
<td>Several Decision Makers</td>
</tr>
<tr>
<td>Difficulty in Identifying Good Alternatives</td>
<td>Risk and Uncertainty</td>
<td>Value Tradeoffs</td>
</tr>
<tr>
<td>Intangibles</td>
<td>Risk to Life and Limb</td>
<td>Risk Attitude</td>
</tr>
<tr>
<td>Many Impacted Goods</td>
<td>Interdisciplinary Substance</td>
<td></td>
</tr>
<tr>
<td>Sequential Nature of Decisions</td>
<td></td>
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</tbody>
</table>
2.2.2.1.7. Holtzman’s Model (1989)

Holtzman [139] introduced a model that has become one of the most commonly used in decision making. It consists of phases of decision analysis, namely, formulate, evaluate and appraise (Fig 2.8). In the first stage, the decision maker should formulate a decision-making model that reflects the decision-making problem and consists of objectives and alternatives. That means that alternatives are formulated and objectives and criteria are articulated. The consequences of each alternative are assessed in the evaluation stage and one alternative which is more promising is chosen. In the last stage, the resulting recommendations are appraised [139, 140].

One of the differences between The Holtzman’s Model and Simon’s Model is that alternatives are generated at the formulation stage and then evaluated in the next stage; in Simon’s Model they are generated and evaluated in the same phase [27].

![Diagram of Holtzman's Model]

Fig 2.8: Holtzman’s Model [35]

2.2.2.1.8. Mintzberg’s Model

Mintzberg’s Model is one of the first model to have altered the sequential decision-making process [32]. Mintzberg’s Model is based on Simon’s Model [28] as [32] rephrased the three stages of Simon’s Model namely: problem recognition, evaluation and choices as identification, development and selection.
Mintzberg’s Model has been tested in different contexts over many years like [141], has concluded that there is no single decision-making pattern. Petrusel & Mican, [142] have also opted for this method to map the decision-making process, using the logs of individuals’ interactions with decision support systems.

2.2.2.2. Online Consumer Behavior Models of Consumer Decision Making

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 like:

- Sahar, [27] stated that [26] have adapted the model of [143] for the online environment. They have developed a model which considers that the consumer purchase and post purchase behavior is affected by the external influences of the websites, by the socio-cultural factors and psychological issues as well.

- Lee’s Model [39] also discussed by Sahar Karimi as the online purchase model. Lee’s main focus is on the influencing factors of online purchase rather than stages. He identified three phases of online process: (a) building consumer trust and confidence, (b) online purchase experience and (c) post-purchase needs.

- Chen Chang’s Model [144] also made the important contribution in the online world. They have linked consumer online behavior with consumer satisfaction and developed the theory in three phases (a) interactivity (b) transaction and (c) fulfillment and also identified some issues related to each phase which affect the behavior of the consumer on every phase. But this model only focused on the E-Commerce aspects of shopping like website performance and technical aspects rather than the consumer behavior while they interacted with the online world for making a purchase decision.
• Darley, Blankson and Luethge’s Model [145] is based upon the Engel, Blackwell and Miniard Model [30] with some small changes. They also followed the traditional five stages of Consumer Decision Making Process with some influential factors of consumer behavior like external factors: individual characteristics, socio-cultural factors, situational and economic factors and online environment [27].

2.2.3. Online Consumer Behavior

The growing use of the Internet in India provides a developing prospect for online shopping. If E-Marketers know the factors affecting Indian online behavior, the relationships between these factors and the type of online buyers, then they can further develop their marketing strategies to convert potential customers into active ones, while retaining existing online customers [146]. 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]. Websites are designed keeping in mind concepts of interactivity, feasibility, convenience and user requirements. Information with regard to products and services must be easily accessible and of high quality in terms of customer satisfaction. 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 customer’s motives to purchase specific products are likely to differ [42]. Website visitors may use both distant and nearby cues: consumers may click on a link because they seek that specific link. At other times, consumers click because they believe the link will bring them closer to what they seek. In summary, the motivations for search vary, but regardless of the motivation, the online searcher continually judges whether to continue to read, scroll, analyze or click [75]. Online transactions can be viewed as instances of interactive marketing communications. E-Commerce is the ability of consumers to purchase products and services online, using internet technologies and associated infrastructure [147]. 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]. Consumer Behavior for using the internet has changed as well and online users have become more powerful, due to large numbers and promiscuous – consumers visit a lot of websites, but purchase from just a few. Also, the new social consumer uses the internet to be connected and receive information [148]. According to Internet statistics, 15 to 24 year olds are more involved in communication through social media (66%), such as Facebook, Twitter, and YouTube rather than communication through e-mail (44%)\(^\text{18}\). Customers use the internet not only to buy the product online, but also to compare prices, product features and after sale service facilities they will receive if they purchase the product from a particular store. The Internet provides a unique opportunity for companies to more efficiently reach existing and potential customers [146].

Customers use the internet not only to purchase the product, but also to compare product features, prices and post purchase behavior and services which they will receive if they purchase the product from a particular store. It was never thought that Indians would go in for E-Shopping in such a big way. Nowadays, Consumers are more cogent and have the ability to make the better choices from the market. Awareness of shopping among the consumers is spread through the internet. The number of internet users is increasing day by day which attracts people who have an option to buy online. The Internet became a new intermediary between companies and their customers. It is already acknowledged as an important marketing communication channel competing with the traditional ones, such as TV, Magazines, and Radio. Internet provides different ways of online communications with different communication tools that need a better judgment of their effect on consumer communication [148]. By now, it is a common knowledge that consumers of all ages shop online, college students aged between 18 and 22 are the “hottest” market and can be the main customers to generate revenue and growth for online sales. They are interested in the latest products and developments, are very easily accepting and adopting new trends.

\(^{18}\) http://www.internetstatistik.se/content/1435-stora-skillnader-i-internetanvandningen-mellan-olikagenerationer.
The Internet provides an information-rich environment offering to the consumers’ continuous up to date information, about different suppliers, products and/or services [149, 150, 151]. According to Consumer Behavior- Report Price Grabber 2009 survey,

One in four consumers indicated that they spend more time online because of the tough economy and 53 percent of consumers said they spend about the same amount of time online.

2.2.3.1. Factors affecting The Consumer’s Online Purchase Decision

Previous research into online brand loyalty suggests that consumers weight differently the importance of factors influencing their purchasing decisions in the online market than those in the traditional shopping environments, which in turn may affect their e-brand loyalty. Factors that have been extensively covered in previous research as having a significant effect on the consumers’ purchasing decisions online are: beliefs about brand, price, trust, experience and convenience [150, 152, 72, 153, 154, 157, 158]. In addition to the above issues; time, ease and effort have also been identified as factors affecting the E-Purchase decision [159].

Online shopping is an innovative option of distribution available in the hands of marketers. In India, online shopping is considered as a relevant alternative channel for retailing and it is now an important part of the retail experience [160]. This study highlights that reliability; accessibility and convenience are the major motivator factors which motivate the Indian consumer to buy online.

According to Ogenyi [161], the positive and most important features of online shopping are convenience, usefulness, ease of use and efficiency while the negative features are lack of security, privacy of information and online fraud. The nature of online purchase activities makes the online purchase process different from the traditional one. The Internet affects all stages of the purchase process followed by consumers [162].

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19 PriceGrabber.com Spending Trends in a Weak Economy, 2009
Chapter 2

2.2.3.2. Consumer-Organization Relationship using the Internet

The internet has become mainstream in everyday communications and transactions [107]. The internet today has been hailed as the single most important invention of the 20th century. With its increasing popularity, as noticed with more and more number of users coming online, and services being offered online in general, the internet now occupies a central role in young educated people’s lives, all over India [69]. Purchasing on the internet has unique features that make it different from the traditional shopping process [108].

If a website meets a customer’s expectations, then the customer is likely to reuse the website in the future, recommend it to his peers, and become loyal. On the other hand, if the website does not meet the customer’s expectations, then the customer is likely to switch to another website, and perhaps never go back to the initial one [94]. Therefore, the perceived quality of a website is an important determinant of such expectations, resulting in the development of an attitude towards a particular website and perhaps even garnering visitor loyalty [163]. Although it has been argued that the capabilities embedded in an E-Service technology provide many potential benefits for customers, if customers think the technology is too difficult to use, customers may refuse to use the E-Service technology at all [57].

Information provided by an online store is an important factor that affects each consumer’s site loyalty and purchase behavior [164].

Growing numbers of consumers shop online, to purchase goods and services, gather product information or even browse for enjoyment. Online shopping environments are therefore playing an increasing role in the overall relationship between marketers and their consumers. They are often the only source of cues which shoppers have, to form impressions and make decisions about their future relationship with a retailer. The impact of these online shopping environments on consumer response is critical to understand for marketing planning [165].
Companies also use the internet to convey, communicate and disseminate information, to sell the product, to take feedback and also to conduct satisfaction surveys with customers. Customers use the Internet not only to buy the product online, but also to compare prices, product features and after sale service facilities they will receive if they purchase the product from a particular store. Many experts are optimistic about the prospect of online business [166].

2.2.3.3. The Consumer Visit- Cause and Relevance

It is becoming vital to understand the cause and relevance of the consumer visit on the website. Well-structured product information that cannot be found easily online is as much of a problem as is having easily accessible information that does not meet consumer’s expectations [167]. Visitor choices matter a great deal.

Online consumers are time conscious and are often willing to gamble with their money rather than time as it is impossible to recover lost time, where a moderate financial loss can be compensated [168].

Consumers are also not likely to buy anything online unless complete product information is available. According to the study on Australian Consumers [169], one of the main emerging characteristics of online users is the growing lack of patience.

Many researchers put their attention to Online Consumer Behavior in order to discover the underlying rules of Internet Marketing. It is important to build up a safe and credible market environment for online shopping [58] by understanding the behavior models of online decision making behaviors.
2.2.3.4. How Consumers see and understand Product Information Online

When buying products and services online, consumers are facing two fundamental differences: removal of physical presence (as a compensation) abundance and versatility of product information. In other words, a physical product has been replaced by product information [170]. It is important for e-retailers to better understand how online consumers interact with the internet websites; that is how they evaluate website attributes and what makes them remain on the websites [171]. In these days of web mania, everyone talks about the E-Commerce and E-Business revolution and the Internet of the new knowledge-based economy. The web allows E-Businesses to provide customers with increasingly accurate, timely, and inexpensive information. As a result, customers can immediately compare prices and choose the supplier with the lowest price [59].

The Internet helps consumers save time and money by delivering low-budget in home entertainment, information and communication services. In addition to purchasing products, online consumers primarily used the Internet to compare prices, search for information and news, visit social networks and print coupons. Consumers can access a virtually unlimited selection of products, brands, and sellers. They can switch brands or try different products in a single click. However, consumers have limited time and unlimited choice. They would naturally stick to the internet merchants who meet their needs and provide quality services [172]. Recent statistics showed that 80 percent of the highly satisfied online consumers would shop again within two months, and 90 percent would recommend the internet retailer to others. On the other hand, 87 percent of dissatisfied customers would permanently leave their internet merchants without any complaints.

20 www.consumer behavior report March 25, 2009
The internet and web technologies created a new and unprecedented environment for governments, businesses, educational institutions, and individuals enabling them to webcast any information using multimedia tools. We are seeing a proliferation of websites with enormous amount of information [6]. Researcher advocates that the unique characteristics of the internet offer new ways for consumers to interact with one another, organizations and the wider e-market place. It facilitates a two-way dialogue for different target customers that exhibit different types of behavior for different benefits [173].

2.2.3.5. Online Consumer Behavior and Market Segmentation

Segmenting online consumers will help to understand the behavior of the visitors and how E-Marketing firms serve them better. Website visitors have different tastes, needs and level of maturity\(^2\). If marketers can form segments based on the benefits sought by users, they can design products to meet those needs. But in this study, online consumers have been segmented based on their decision making stages. Marketing Segmentation is the process of aggregating individuals or businesses along similar characteristics that pertain to the use, consumption, or benefits of a product or services, which results in groups of customers called market segments. Targeting is the process of selecting market segments that are most attractive to the firm and choosing an appropriate segments coverage strategy. The internet is an excellent way to gather people with similar interests and task into online communities for effective targeting [46].

The proper use of customer information and segments will not only benefit E-Marketers but also customers too. Best segmentation can lead to significantly improved marketing effectiveness. With the right segmentation, the right product can be purchased and right consumer can be target and customer satisfaction can be increased\(^2\).

2.2.4. Models of Website Visits

Nowadays consumers spend significant time online and make the purchase decision by making strategic comparisons between alternative and competing products, reading consumer reviews and testimonials, making price and quality comparisons and so on. What is significant here? Is it the ability of a website to engage the consumer and retain him for a significant time period on the site [174]. In this context, it would be vital for organizations to design websites which can cater to consumer need recognition, information search, and evaluation of alternatives, purchase decisions and reducing post purchase dissonance. It is the ability of a website to respond to the consumer needs that will make the consumer stay on the site or end the web visit [76]. While the consumer level of interest and degree of seriousness with regard to the information search are important determinants in the length of his stay on a website, it is the analysis of the type of Online Consumer Behavior - Task Directed or Experiential Online Consumer Behavior, that will help an organization to build a consumer web visit model and then, create ways to increase the longevity of the consumer web visit [76]

Table 2.3: Web Visits Model
[76]

<table>
<thead>
<tr>
<th>S.No</th>
<th>Type of Online Consumer Behavior</th>
<th>Models of Web Visits</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td><strong>Task Directed Behavior</strong></td>
<td>Look ahead/ Surfer Option Model</td>
</tr>
<tr>
<td></td>
<td>In task directed website visits, the user is attempting to find out information to accomplish a task. A user is actively engaged in judging the appropriateness and credibility of information, and balancing additional information on a page against better alternatives elsewhere.</td>
<td>The surfers do not have a chance of leaving, but carefully balance their time and effort against the chance of finding the information they desire. The look ahead model appears the best match for a task directed visit.</td>
</tr>
<tr>
<td>2.</td>
<td><strong>Experiential Online Behavior</strong></td>
<td>The Random Surfer Model</td>
</tr>
<tr>
<td></td>
<td>Experiential surfing is surfing for one’s own benefit as a time using application. A website is a form of programming channel, which either offers quality entertainment or does not.</td>
<td>This is a more natural model for an experiential surfer, not actively engaged in the discovery of specific information. The random surfer model appears the best match for experiential behavior.</td>
</tr>
</tbody>
</table>
Goal directed tasks possess an inherent structure that guides consumers when they are engaged in linear, search-directed activities and an experiential task is less structured and supports non-linear, non-search-directed activities [175]. Experiential and Goal-directed users would not weigh extrinsic and intrinsic motives in the same way when on the web [176]. According to the recent research on consumer behavior on the internet users, there are distinct consumer groups with different intentions and motivations [173, 174]:

1. Exploration
2. Shopping
3. Quest for Information
4. Task directed behavior other than shopping

The goal for a website designer seeking a highly usable site is to anticipate problems and create a good design from the start. Research indicates that both males and females outline ease-of-use as the most important factor in web design [177], though it is generally considered an important criterion in a user’s decision whether to continue using the information system [178].

2.2.5. The Behavioral Internet

The Media Equation
One of the most surprising results concerning consumers’ reactions to online content is how similar it can be to behavior in the physical world. Technology users relate to the virtual world in many of the basic social ways they interact with people in their normal conduct of life. Reeves and Nass call this the media equation.

Media = Real Life

This strong finding is the result of a lengthy research project conducted by psychologists (Byron Reeves and Clifford Nass). The media equation is a highly useful intuitive starting point for evaluating online content and design. It means that organizations do not have to understand an
entirely new set of rules, behavior and etiquette online. As organizations make websites, and increasingly as they create digital environments, marketers can bring to these sites the judgements, experiences, and intuition that govern their daily life. More often than not, these judgments will be as valid online as they are in person.

Flow
Internet users respond enthusiastically when there is an effective balance between the difficulty of using the internet and its rewards. Hoffman & Novak, [188] define flow as a state characterized by a seamless sequence of responses, intrinsically enjoyable, accompanied by a loss of self-consciousness and self-reinforcing.

Content Accessibility
Providers of online information face the challenge of making their websites and other internet communication accessible to a wide range of users, with widely ranging skills and experience. Consumers become frustrated and angry when they are unable to connect to the right page and document, especially if they are convinced it exists and they just cannot locate it. They are also frustrated by difficult navigation, unfamiliar language, and intimidating content. Each of these problems can undermine the goals of the online content, such as customer support, relationship building and online commerce.

Social Cues
Not all aspects of online interaction mirror the real world, as some means of online communication suffer from limited social cues and limited feedback. Social cues strongly suggest that different online tools are appropriate for different stages of customer interaction.
Quality Cues
The desire for online quality cues is present and makes consumers vulnerable to manipulation [179].

Friendly Technology
The internet has experienced rapid growth since 1995 largely because the World Wide Web is easy to use and more appliance-like than earlier versions. To reach anything like the 98% of homes with television, the web must become even easier and friendlier. The easiest type of online consumer activity is when loyal and experienced users perform simple tasks. They are familiar with the basic technology and aware of where information is stored and organized. In contrast naïve users will often require training, additional information, phone calls, and other supporting information to make them able to use the site and its feature.

This type of web interaction also shapes the online difficulty. If all a user wants to do is collect simple company or product information, there is unlikely to be any difficulty. More complicated tasks, such as checking order status or seeking online customer support, require instruction. More risky transactions, such as exchange of money and personal information, require trust, technical sophistication, and willingness to pay careful attention to customers’ needs.

2.2.5.1. Models of Behavioral Intentions: Attitude, Perceived Behavioral Control, Trust and Risk

As explained above, there is a group of models that aim to assess behavioral intentions. These models concentrate on factors that identify the adoption of online shopping. In the last decade, a large body of literature has developed that utilizes these models such as the Technology Acceptance Model (TAM) [180], the Theory of Planned behavior [181, 182] and the Theory of Reasoned Action (TRA) [183] in order to investigate the behavior of online consumers.
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These theories were initially developed for other contexts, but they have found their way into the online purchase studies to examine the use and adoption of online shopping. Despite their differences, they suggest that individual beliefs are antecedents of intention to have behavior in a particular way, and when individuals form the intention to have a particular behavior, they are free to exhibit that behavior without any limitation.

In this context, these models depict the way individual characteristics, such as attitude and perceived behavioral control, influence the intentional and actual behavior of online consumers; and also how these characteristics are formed by beliefs themselves. They concentrate on beliefs, norms, attitudes and feelings. TAM was developed to predict computer usage [180, 184]. The original TAM and its extended version have been used to study Internet usage [185, 186] and online purchase [187, 188, 43, 186, 189, 190, 191, 192].

Alongside studies of TAM, an area of literature has used the Theory of Planned Behavior (TPB) [181, 182, 193] to predict consumer online purchase behavior [190, 194]. This theory suggests that attitude toward behavior; subjective norm and perceived behavioral control are the three antecedents of intention to exhibit behavior.

This theory has been used to assess online search [195, 191, 196, 197]. The importance of search behavior on purchase behavior has been supported by [191]. It again emphasizes the importance of analyzing the entire process, as the behavior at one stage affects the behavior at other stages of the process.

These two models have been compared [198] and comparable explanatory power has been found for them. However, in the case of usage prediction, TAM might be more powerful, while TPB is able to provide a better understanding of behavior. Both theories suggest that attitude towards E-Commerce is one of the main influential factors of online consumer behavior [192, 195, 194, 191, 188].
The relations between individual factors of attitude and perceived behavioral control on intention, and consequently actual behavior, have been supported by studies of TPB. However, findings on the impact of subjective norms have been contradictory in different research. Terry & Hogg, [199] suggested that norms should be investigated in relation to social identity and be measured for the behavioral relevant reference group.

2.2.5.2. Using the Internet to Enhance Customer Value

The internet provides opportunities for improved marketing by almost all businesses. These extend from the micro level of valuing electronic contacts to the macro level of new business opportunities it makes possible. Perhaps the most fundamental level of change is the way businesses interact with customers. Internet capabilities both reveal differences and create a marketing channel well suited for low-cost individualized interaction [76].

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 on to purchase or exit. Successful online companies such as e-Bay carefully evaluate their customer acquisition methods, identify the best performing methods and reallocate spending appropriately.
2.2.5.2.1. Customer Value

2.2.5.2.2. Web Chain of Events

A web chain of events is the sequence of steps taken as the result of an online contact. It can be as short as a single click, or a hundred different page views. At various steps, different directions and choices are possible. These are event nodes. Eventually the web chain leads to one of the possible end points, labeled as result nodes. Web chain can start in many different ways. A user may visit Yahoo! or Alta Vista looking for companies selling golf equipment [76].
2.2.5.2.3. Internet and Consumer Price Sensitivity

One of the tasks of an online marketer is to understand the implications of the price sensitivity factors for online content. Different companies will have different objectives. A low-price firm wants to use its online presence to enhance price sensitivity and create a focus on price. A premium service-oriented firm, on the other hand, wants online content that reinforces that position and reduces the focus on price. Each of the price sensitivity factors helps the “reverse engineering” from price sensitivity factor to online content [76].

2.2.6. Purchase Behavior in the context of E-Marketing Revolution

Surfing the Internet, texting a mobile message or reading an online magazine is available to and even used by elderly, children or unemployed and technologies have become more mobile, real time and interactive to support those behaviors [201]. Internet World Stats shows that, in 2010, 92.5% of Sweden’s population was using the Internet, making it, one of the most developed Internet and broadband markets in the EU, a so called “online nation”[23]. All members of the age group of 15 to 24 year old are using the Internet on a daily basis with an average of 155 minutes online per day[24], but it is only the 3rd biggest age group that is actually shopping online. 72% of Swedish males aged 16 to 24 have purchased online in 2010, whereas 82% of the 25-34 female users have purchased in the last year[25].

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23 http://www.internetworldstats.com/eu/se.htm
25 http://www.scb.se/Pages/TableAndChart____281500.aspx
Chapter 2

The rapid spread of online shopping is clearly seen in statistics, over 875 million consumers shopping online, with a 40% growth in just two years [202]. The most purchased products and services include books, clothing, music, films, airline tickets, as well as electronic equipment and groceries. Internet is changing the way consumers shop and buy goods and services, and has rapidly evolved into a global phenomenon.

There are product types, which are more likely to be sold online such as software, books, electronics and music. Reason for this is that when purchasing these types of products, one does not require personal inspection and most, if not all features, can be outlined in the product description and images. Most products in the mobile phone family belong to this category [203].

The internet is considered a mass medium that provides the consumers with purchase characteristics as no other medium. Day by day, the numbers of online users are increasing which shows that online purchasing is increasing. Certain attributes of internet shopping are making it more convenient for the consumer compared to the traditional way of shopping, such as the ability to any time view and purchase products visualize the needs with products and discuss products with other consumers [166].

2.2.7. Online Purchasing Products

The most profitable products and services sold online are consumer goods such as books, videos, music, computers and other tech products, and travel [204]. Furthermore, the most common set of products sold online are console games, CDs and DVDs [205]. Consumers that engage in online business to consumer transactions can find another provider to meet their expectations just by the click of a mouse [206].

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26 www.nielson.com/nielsenglobalonlineshoppingreport/2008
2.2.8. Facts about Online Shopping in India

The figures from IAMAI show that the internet users in India have grown beyond 200 million. Around 25% of regular shoppers in India are in the 18-25 age groups, and 46% are in the 26-35 year range.

- Indian online matrimonial sector is worth around $230 million.
- Worldwide E-Commerce is only growing at the rate of 28%, since India being a younger market, the growth of E-Commerce is expected at 51% in the coming years.
- In line with global trends finally India has also started shopping online these days. As per the study by IAMAI online shopping in India has rose from $11million in 1999-2000 to $522 million in 2007 and has risen above $700 million by end March 2010.
- Online Shopping - Review and Outlook in 2013, released by Industry Chamber Assocham showed that India’s E-Commerce market rose from about $2.5 billion in 2009 to $6.3 billion in 2011, $8.5 billion in 2012 and further to $16 billion in 2013. It is expected to touch $56 billion by 2023- 6.5 percent of the total retail market\(^7\).

2.2.9. Positive and Negative aspects of Internet Shopping

The most important benefit of internet shopping was convenience, while poor customer service, poorly designed websites and perceived risk were cited by online shoppers as negative factors [207]. Consumer shopping experiences on the internet were both enjoyable and frustrating;
significantly, consumers acknowledged the saving of time and efforts compared to traditional shopping, but were not satisfied with online customer service.

The role of online convenience, merchandizing (product offerings and product information), and site design and transaction security on consumer’s satisfaction online [208]. They found that convenience, product information, site design and transaction security had a statistically significant influence on satisfaction with online shopping. The positive and negative aspects of internet shopping experiences and concluded that different customers would have different priorities for internet shopping [138].

2.2.10. Online Shopping Vs Traditional Shopping

Availability of huge amount of information on the websites makes online shopping very popular. It makes a great platform for the e-Marketers and consumers to directly buy goods and services. E-commerce websites are growing rapidly. Millions of products and services are sold all over the world daily. There are numerous benefits of online shopping over traditional shopping. Customers can use both off and online sources to seek, evaluate and purchase products. Today’s marketer must develop their marketing efforts in order to make best advantage of the off and online buying process that customers go through. Some benefits of Online Shopping are:

2.2.10.1. Advantages of Online Shopping

**Freedom of choice:** Freedom of choice is very high in online shopping than shopping from a nearby store. In online shopping, customers have information available on a vast range of
products and service on the websites, which help them to find the suitable product they are looking for.

**Products can be cheaper:** To attract more consumers, some websites offer products and services at low cost. In this case it would be wise to shop online to save some money.

**Save time and energy:** This is the most important advantage of online shopping. Consumers do not need to go out because all the information is just a click away from them while in offline shopping, consumers need to go out for making a purchase.

**Easy to find:** Finding a product online is much easier than looking for it in the local store. Any product can search easily on an online shopping website, but in offline shopping, customers have to physically look for the products.

**High satisfaction percentage:** Nowadays, people are finding online shopping very reliable. The percentage of satisfaction is very high. This is why most of the sellers have 99% positive feedback.

**Buyer protection:** Some websites provide buyer protection to motivate people to buy from their site and also money back facility, if any seller does not deliver the item/ deliver an item which does not match with the description.
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**Rare products:** Some E-commerce websites have rare products available on their websites.

**E-Business:** The progress of online business is actually helping millions of people. Now people can buy and sell from their home. People who cannot afford to buy or rent a shop, can easily open an online store and sell items from their home. This is playing a very important role in reducing the unemployment rate.

2.2.10.2. Disadvantages of Online Shopping

**Delays:** people cannot receive the product immediately in online shopping. They have to wait until the product arrives. Sometimes it is better to have an item instantly than keep waiting for it for many days.

**Inferior products:** Sometimes the description of the product might be different than the actual product. As a result customer might end up with inferior quality products, because at the time of placing an order, they were unaware of the actual quality of the product.

**Shipping charges:** Shipping charges and shipping delays are one of the main disadvantages of shopping online. Items are generally cheaper in an online web store. But sometime the addition of shipping charge makes the price similar or more expensive than the nearby local store.
**Delivery problems:** Sometimes customers may face delivery risk. Delivery risk occurs when the seller fails to deliver the original product or delivers a damaged (inferior/duplicate) product due to shipping problems.

**Scams:** As online shopping is becoming very common, the number of online scams and frauds are also increasing. This is why a buyer should always buy from trusted websites only, because trusted websites would take care of any fraud to maintain their reputation.

**Privacy issues:** Sometimes buyers do not feel comfortable in sharing their personal details on the websites while shopping online.

**Miscellaneous trouble:** There are some other rare disadvantages such as credit and debit card frauds, spyware etc\textsuperscript{28}.

\textsuperscript{28} http://invrstar.hubpages.com/hub/online-shoppingtips