

# THE PROCESS OF BUYING AND THE DETERMINANTS OF CONSUMER BEHAVIOUR IN E-COMMERCE

M. Lewicki, M. Grzybowska-Brzezińska, M. Grzywińska-Rapca\*

## 1. Introduction

E-commerce is one of the fastest growing forms of retail. This situation has not changed since the beginning of XXI century making consumer behaviour in Internet the main subject of academic research. One of the most basic concepts in consumer behaviour is the process of buying goods. In this article, the main aim is to discuss the influence of Internet on the typical five stages of buying process. That includes defining the basic factors that could determine the whole process (both, internal and external ones) and determining their influence on each phase. According to various concepts in the process of purchasing we can distinguish between four to six phases. The difference in the number of phases is most often the result of combining or separation, rather than identification of a completely new stages (for example purchase and post-purchase evaluation is presented by some authors as a single step) [1, p.62]. In accordance with prevailing concept, it is assumed that the process comprises five stages, i. e.: need recognition / problem recognition, information search, information evaluation, purchase decision, post-purchase behavior [2, p.26].

It is emphasized that the customer does not have to overcome all the distinguished steps – some of them may be omitted, to the other the customer can return to [3, p.247]. Moreover, in practice, all phases are present mostly in non-routine (new) decisions, i. e. when the customer cannot rely on previously gained experience [4, p.45]. Characteristics of the steps is shown in Tab. 1.

**Tab. 1. Characteristics of the phases in the process of purchasing**

| Phase                                  | Description   |
|--|---|
| Need recognition / Problem recognition | Identification of the problem is clear from realizing the existence of unmet consumer needs and initiates any decision problem. The recognition of a need by a consumer can be caused in different ways, including marketing activities.  |
| Information search                     | Searching for information is to find ways (opportunities) to meet the needs. There are many ways of searching for information, depending on the type of product, past experience of the client, and the perceived risk of purchase  |
| Information evaluation                 | At this stage, the client processes the information on the different product variants. For different consumers, different product features are important and there are different sources of achieving satisfaction. Additionally, evaluation of alternatives require that the consumer created criteria for their evaluation. |
| Purchase decision                      | Purchase can be understood as a function of intent to purchase and the situation in which the customer is located. It is the climax stage in the decision-making process of purchase  |
| Post-purchase behavior                 | The last step in the process. The feelings after purchasing are result of the comparison between expectations related to the purchase and fulfillment of these expectations.  |

Source: Own work based on: [5, p.8–61; 6, p.109]

## 2. The process of buying in e-commerce

Significant in this article is the question – whether the purchase process is the same for e-commerce?

\* © M. Lewicki; Ph.D.; Poznan University of Economics (Poland);

© M. Grzybowska-Brzezińska; Ph.D, Associate Professor; University of Warmia and Mazury in Olsztyn (Poland);

© M. Grzywińska-Rapca; Ph.D.; University of Warmia and Mazury in Olsztyn (Poland).

The answer is – “yes”. In e-commerce, usually without any major problems, each of the previously identified five stages can be distinguished. Therefore, any attempt to present of this cycle in a completely new form is not required and it does not bring much to the scientific achievements. Nevertheless, it is worth to note that the use of Internet in e-commerce, raises very specific implications for almost every phase (Tab. 2).

**Tab. 2. The process of purchase by consumers and e-consumers – similarities and differences**

| Consumer  | E-Consumer   |
|---|--|
| <b>Need recognition</b>   |  |
| no differences  |  |
| <b>Information search</b>   |  |
| Traditional sources:<br>– Family<br>– Friends<br>– Seller<br>– Ads  | Traditional and Internet sources:<br>– Company websites<br>– Internet forums, blogs, price comparison sites<br>– Retail and Internet Auctions  |
| <b>Evaluation of alternatives</b>   |  |
| – Limited, harder and more time-consuming access to information<br>– Limited evaluation criteria:<br>– Product availability<br>– Price<br>– Delivery conditions   | – Easier and faster access to information<br>– More choices of evaluation criteria:<br>– Product availability<br>– Price<br>– Delivery conditions<br>– Opinions about the seller<br>– Opinions about the product   |
| <b>Purchase decision</b>  |  |
| – Buying in traditional stores<br>– Payment by cash, credit card  | – Buying from online stores<br>– Buying from online auctions<br>– Payment: online bank transfer, cash, card  |
| <b>Post-purchase behavior</b>   |  |
| – Low risk associated with buying the product contrary to expectation<br>– Opinions expressed after purchase: more often negative (a small range of influence on the decisions of others)<br>– The way, opinions are expressed: books of complaints, verbal, complaints | – High risk associated with obtaining product inconsistent with expectations<br>– Opinions expressed after purchase: negative and positive (a wide range of influence on the decisions of others)<br>– The way, opinions are expressed: Internet forums, blogs |

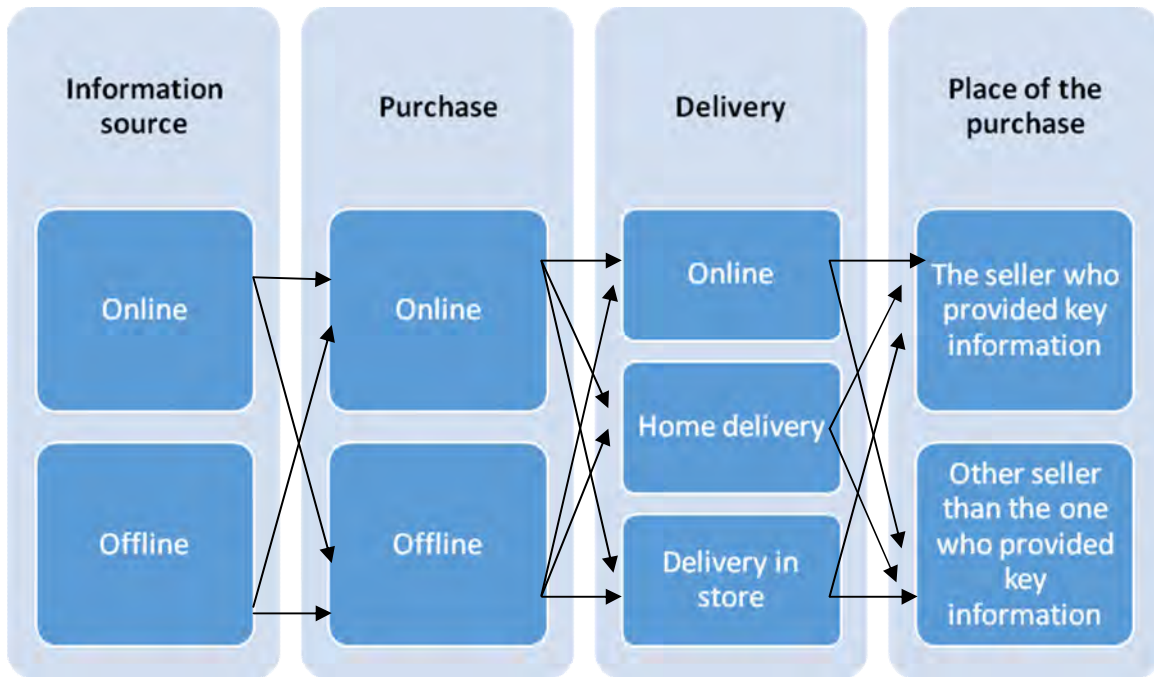
Source: [7, p.16]

While recognition of the need phase is virtually identical for both spheres of trading, the phase of searching for information, provides much wider spectrum of possibilities to obtain the necessary information by e-customer. In addition to traditional sources of information such as the environment (culture, social groups, economy, etc.), the marketing mix (product, price, distribution, promotion) and customer own experience, e-customers have access to essentially unlimited Internet information resources [8, p.63].

Although, the contemporary customer is able to access the content relevant to him in the context of purchase decision very quickly (thanks to powerful Internet search engines or price comparison sites), it is extremely important to understand and know the ways e-customers search for information, including the recognition of the basic information stimuli that lead to purchase.

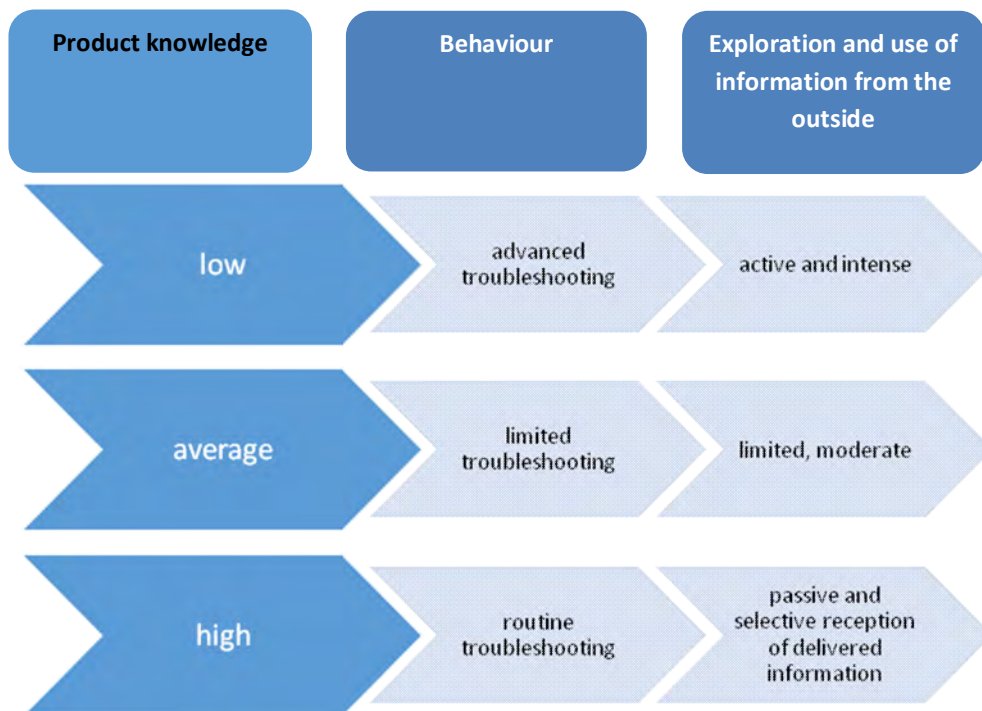
It may be assumed that these ways will differ, e. g. for the buyers of household items, detailed information on the product may have relatively greater importance, for the buyers of books, review of the item may be crucial etc. As a result, it is absolutely essential for e-shop, to adequately address these needs by customizing web page content.

Nevertheless, it should be kept in mind that the most valuable source of information for the customer often is not connected to the place the purchase was made [9, p.168–169]. In sum, there is no doubt that the situation of a client with the access to the Internet, clearly broadens the range of possible consumer behaviour in the purchase process (Fig. 1). It should be emphasized that, in the case of e-commerce (the same as is in the case with traditional commerce), the range of information searched by customers will depend on their initial knowledge (experience) associated with the product (Fig. 2).



**Fig. 1. E-customer buying behavior matrix**

Source: Own work based on [4, p.170]



**Fig. 2. Exploration and use of information from the outside depending on the client product knowledge**

Source: Own work based on [10, p.55]

As part of the next phase of the purchase decision, i. e. the assessment of information, consumer is making a selection, evaluating each of the available options in terms of specific criteria – the most common, features of the products which are the subject of choice. The number and scope of the criteria taken into account when assessing is influenced by certain factors (Tab. 3). It happens that the consumer is not able or cannot assess the characteristics of the product (for obvious reasons, this is especially the case with the purchase of some goods via the Internet), as a result, he uses then a simplified way of evaluating, using criteria such as: price, brand or country of origin. In addition, it should be noted that there is no single product assessment scheme, which would be used by all consumers or even just by one consumer in all situations [11, p.49].

The Internet undoubtedly facilitates any action taken by e-customers in the framework of this stage. Nevertheless it should be noted that back in year 2000, L. Garbarski did notice some Internet defects (most of them are already past) e. g. the amount of information in the Internet was too large and it was hard to look through it [8, p.64].

**Tab. 3. The main factors affecting the number and scope of the criteria for the selection of the product by the consumer**

| Factor                                      | The impact on the number and range of evaluation criteria  |
|---|--|
| Product                                     | <ul style="list-style-type: none"> <li>– Complex product – increase in the number and scope of the assessment criteria</li> <li>– Simple product – decrease in the number and scope of the assessment criteria</li> </ul>                                    |
| Individual characteristics of the purchaser | <ul style="list-style-type: none"> <li>– Consumers are fond of shopping – increase in the number and scope of the assessment criteria</li> <li>– Consumers are not fond of shopping – decrease in the number and scope of the assessment criteria</li> </ul> |
| The purchase situation                      | <ul style="list-style-type: none"> <li>– Urgent need – the number and scope of the assessment criteria is limited to minimum</li> <li>– Need not urgent – increase in the number and scope of the assessment criteria</li> </ul>                             |

Source: Own work based on [4, p.49].

Nowadays, e-customers are able to compare different e-shop offers quick and with ease using a number of tools available on the network. Most importantly – the comparison can be done on several different levels, from a global comparison of prices for the product on the Internet market, by a comparison of stores offering a category of products, ending on a detailed comparison of individual product variants as part of a e-shop website.

The possibilities of the e-shop offers comparison have certain implications for e-shop owners – on the one hand, it is much more difficult to hide the e-shop weaknesses in relation to competitors, on the other hand, exposing the e-shop advantages is relatively easier.

The fourth phase in the buying process – the purchase decision is a step in which the final decision to buy in a particular store is made. In reference to the traditional trade e-clients capabilities are much greater especially in two areas:

- execution of the contract – e-customers can fulfill their orders using only electronic channel – the case of digital products ((such as e-books, music and video files etc.) or using mixed channel with the physical delivery of the goods or personal reception at stationary shop (fixed place));
- payment methods – where e-customers get the opportunity to take advantage of many additional forms of payment that are absent in stationary shops.

The consequence of the purchase decision is the final stage of the whole process – the client's behaviour after the purchase. In the case of e-commerce, it is associated primarily with a relatively high risk of receiving product inconsistent with customer expectations. E-customers usually have no possibility to physically read the product until the time of its supply. Therefore, especially with the products such as clothing, food or cosmetics, for which a reliable evaluation is necessary to use

(other than a sight sense), the likelihood of non-compliance with the expectations is particularly high. From the point of e-seller, it is important to note that e-client is given the opportunity to express their opinion on that product and store after purchase via a variety of online tools like forums, blogs and social networking sites, where, these opinions, can influence substantially an unlimited number of potential customers.

### **3. Determinants of consumer behaviour in e-commerce**

The behaviour of buyers is always under impact of specific conditions. Starting from the pre-purchase behaviour through behaviour during the purchase and ending with the after-purchase behaviour. Consumers are subject to the influence of numerous internal and external factors, where the intensity and duration of their impact is different. Concerning internal conditions of consumer behavior some significant differences in relation to purchases of stationary outlets can be indicated. First of all, on pre-purchase phase, the relatively greater importance should be attributed to lifestyle (increasingly common phenomenon of lack of time and inclination to save it through routine activities like shopping, promotes the use of e-shopping and motives of doing online shopping in comparison to stationary sale). During purchase the relatively greater importance may have emotions and risk, especially in regard to new (unexperienced) e-consumers (it should be noted though, that their importance will naturally decrease with increasing experience of each online purchase). Moreover, the importance of having money in cash should be decreased since e-clients have other payment options which do not require it. In the case of the persons accompanying the buyer in purchase process (factor “Companionship”), the nature of e-commerce, makes the number of people affecting the purchase significantly bigger (to some extent, those who post their opinions about the product on portals within the e-shop site or forum, may be considered such companions).

After purchase stage, in relation to the stationary trade, it will be marked by a relatively higher probability of dissonance (e-clients are not able to get familiar with the product to such extent as clients buying products offline). In addition, particular importance should be attributed to the learning factor. Its influence should continue to increase with each successive e-purchase, clearly affecting the re-shopping. Also, it can be indicated that the complaints factor, especially for unexperienced customers, may be more important (e-customer would feel more safe when knew how to make a complaint in the Internet).

In relation to all the other factors, their impact and place on time axis should be similar to shopping in stationary outlets [4, p.110–112]. As part of the external conditions, at the beginning of the purchase process, relatively greater importance can be attributed to subculture and social class (particularly in the light of the generation Z consumers). In addition, opinion leaders should be much more visible in the context of e-shopping, their opinions, naturally, would affect wider, Internet audience. On the other hand, it should be emphasized that some of the highlighted factors almost completely lose their influence in e-commerce i. e. weather or location.

In the stage of purchase, far greater significance can be attributed to the price (comparison between the offer on the Internet is in fact very easy) and available assortment. It should be also noted that in relation to the product, acquisition of knowledge concerning given product will be much more difficult, so as the very perception of the product should change, for example, the functionality of the site may be seen as some part of product in the Internet. Similarly to the pre-purchase stage, some of the factors completely lose their significance i. e. parking and crowd presence in e-shop.

### **4. Conclusions**

No doubt, available online opinions, both on products and stores should grow in importance. A factor associated with the image of the e-shop should gain in importance as well – to verify the image of the shop is by far easier through online sources. In Internet environment some of the factors did naturally grow in importance (e. g. price or risk factor), the other did decrease in their impact (e. g. weather or having money in cash factor). Given the fact how fast the e-commerce is

changing through the first twenty years of its existence, the main conclusion of the article is the constant need for further research in the area.

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## **Summary**

The process of buying in e-commerce is similar to general concept where five main phases can be distinguished: need recognition, information search, information evaluation, purchase decision, post-purchase behaviour. The use of Internet in e-commerce, raises very specific implications for almost every phase. One of the main differences between consumers that are buying offline and online, concerns the ways of information acquisition, where Internet customers have access to many online tools that can stimulate the buying process, price comparison websites or blogs. Moreover, it is possible to name the factors that determine the whole purchase process and to present their possible impact on customer decision to buy given product.

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