

WHAT ARE THE ADVANTAGES OF INTERNET SHOPPING AS PERCEIVED BY CUSTOMERS?

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Abstract

Transactions realized with the usage of the Internet are regarded as more efficient both for sellers and customers. The benefits of the Internet exchange are presented with respect to their importance for the national economy as well as for consumers. This paper looks at the most important advantages of the Internet shopping and specifies them in comparison with traditional shopping. Based on a large survey, the perceived advantages are analyzed and compared, primarily among all customers and then among those customers who intend to increase and those who intend to reduce their purchases via the Internet. Thus, some theoretical and practical implications can be derived from this survey.

Introduction

There are many different definitions of e-business as well as related terms such as: Internet business, Internet commerce, network economy, and electronic commerce. For this article, a relatively broad definition of e-business has been chosen: the conduct of business with the assistance of telecommunication and telecommunication-based tools [3].

As the volume of business transacted over the web increases, at the same time, the value of goods, services, and information exchanged over the Internet seems to double or triple each year around the globe.

This fact enables companies to increase their efficiency with respect to business transaction processing. The question remains as to how the benefits of the Internet shopping are perceived by customers, wherein the potential of the Internet shopping lies and to where the effort of e-commerce improving should be directed. This paper provides some answers and also offers some recommendations.

1 General advantages of e-commerce

Undoubtedly, e-commerce stimulates economies by giving sellers the benefits of lower distribution and production costs, and hence the ability to transact with customers at lower prices [2]. Not only cost advantages, but also many other benefits result for the customers from e-commerce.

1.1 Importance for the economy

E-commerce has the potential to radically support and alter economic activities and the social environment [7]. It has redefined the way business is conducted by replacing the traditional intermediary functions, developing new products, and penetrating new marketplaces [5].

E-commerce has a positive effect on all economies, contributing to the mutually supportive goals of sustainable economic growth, enhancing the public welfare, and fostering social cohesion [4]. The available literature pertaining to business and economics indicates that e-

commerce provides an opportunity to increase revenue, streamline operations, and lower the costs. In turn, these consequences stimulate strong economic growth [7].

In addition, e-commerce redefines the rules of doing business by reducing transaction inefficiencies, reducing costs, and lowering barriers to entry. Businesses around the world have implemented a number of technologies and applications to use the commercialization of the Internet effectively [4]. The primary way that e-commerce has affected economies in general, is through its impact on productivity [12].

1.2 Importance for customers

Consumer purchasing decisions in e-commerce mainly depend on individual evaluations of the value of products or services offered [11]. In the B2C area, consumers will engage in Internet commerce when they perceive that they are getting a better deal [1]. Keeney [6] used a value proposition of e-commerce to represent consumer evaluations, defining it as the net value of the benefits and costs associated with the transacted products or services in the processing of finding, ordering and receiving, including the advantage for customer exploration. E-commerce lets consumers place digital orders remotely, thereby helping them to find goods more cheaply and saving them time in realizing the transactions [12].

Many benefits of internet shopping for customers have been identified in literature. Some of them are common for consumers worldwide and some are perceived in a different way. That is why the research and the subsequent implementation thereof should be carried out within the culture and a territory, although the general trend for the Internet market is that of globalization.

2 Methodology

A review of the available literature was conducted in order to capture the entire complexity of the Internet shopping. Thereupon, qualitative research was carried out. Firstly, two sessions with focus groups were organized in which the perceived advantages of the Internet shopping were discussed. Based on this, in terms of quantitative research, 11 statements concerning the advantages of Internet shopping in comparison to traditional shopping were formulated and one open question or “other” was added (including space for such a formulation). All questions examining the intensity of the perceived advantage were constructed on the Likert scale (the choice of 1-5).

The community of people realizing their purchases via the Internet (aged 15 and over) differs from the general population of the Czech Republic. Based on secondary data [8] where “Internet shoppers population” was described, the basic set of population for this research was modified (higher education achieved, lower age, higher income and higher share of students). These attributes also served as control quotas for data collection control. Since these criteria (and additional verification that the respondent realizes min. of one purchase via the Internet per year) the non-random selection of respondents needed to be kept. As mentioned, the quota sampling method was chosen for respondent sample creation as an appropriate method for this kind of research [10].

The questionnaire was placed on a web site and the link was distributed in the Czech Republic to people having experience with the Internet shopping (taking into account the required quotas). The total number of valid questionnaires is 503.

The data was processed by non-parametrical tests as not all conditions for parametrical test were fulfilled. Data testing and processing was carried out on 5% level of statistical significance with the usage of statistical software IBM Basic SPSS.

There are two research objectives: firstly, to determine the most important advantages perceived by Internet shop customers. The second task is to identify the most essential advantages for the future. The second objective was derived from an examination of those who intend to increase their shopping volume via the Internet in the coming year.

3 Situation in Internet shopping in the Czech Republic, Germany and Poland

Even though not every Internet user can be automatically regarded as an Internet shopper, the indicator of Internet users is widely used for the evaluation of the number of people engaged (actually or potentially) in Internet shopping.

Tab. 1: Overview concerning Internet usage in comparison between the CR, Germany and Poland

	Czech Republic	Germany	Poland
Population	10,190,213	81,471,834	38,441,588
Internet users	7,220,732	67,364,898	23,852,486
Penetration	70.9%	82.7%	62.0%
% of Users in Europe	1.4%	13.5%	4.8%

Source: [9]

As shown in Table 1, the highest penetration of Internet usage is in Germany (83% of the population has access to Internet), while in Poland it is only 62%. All together the Czech Republic, Germany and Poland comprise 19.7% of Internet users in Europe.

4 Findings surrounding the research in the Czech Republic

The findings were derived from a differing respondent base for data processing. Firstly, the data from all respondents was processed and then some individual groups were examined.

4.1 All current customers

The perceived advantages are ordered according to the strongest perception based on means (1-strongly agree). In the last column the percentage of the totally agree statement is displayed (1-strongly agree + 2-somewhat agree). It depends on the distribution of opinions (1-5) and almost corresponds with the results and was derived by means of comparison. According to those who totally agreed, the advantage of “References of other shoppers are at our disposal” should be three places higher.

As displayed in Table 2, the two most important advantages of Internet shopping in comparison to traditional shopping are home comfort and the possibility to shop anytime.

Czech customers also prefer Internet shops to traditional ones due to cheaper goods, enough time and space to reach a decision concerning the purchase, a better choice of goods, saving time, references from other purchases, etc.

One open question regarding the additional advantages was at our disposal and the answers are marginal but concern issues such as the possibility to compare prices, the possibility to purchase goods from other cities and countries, better accessibility, home delivery, etc.

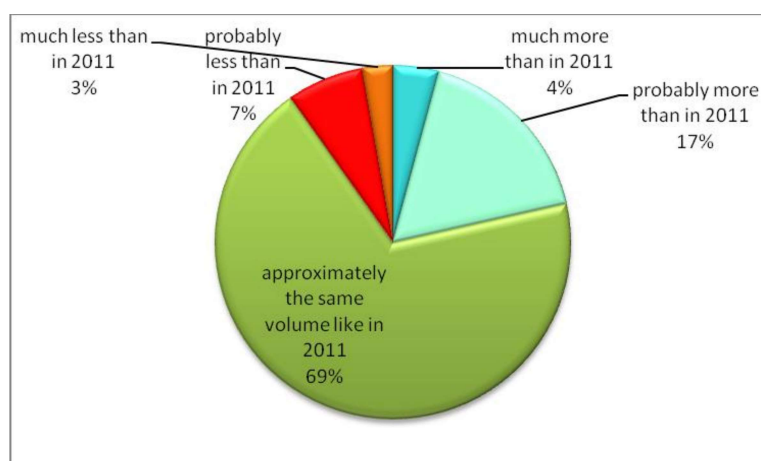
Tab. 2: Perceived advantages (stated in the questionnaire of the survey)

Advantages (statements)	Valid	Mean	Variance	Cumulative %
Home comforts while shopping	503	1.42	0.531	90.1
Possibility to shop anytime	503	1.44	0.530	89.9
Cheaper goods	503	1.71	0.692	81.7
Unlimited decision making	503	1.84	0.834	76.5
Better choice of goods	503	1.85	0.751	73.4
Time saving	503	1.90	0.973	71.2
References of other shoppers are at our disposal	503	1.92	0.752	77.7
Resistance to shop assistant influence	503	2.21	1.003	59.8
The obligation of refunding within 14 days	503	2.34	0.919	54.3
Energy savings	503	2.35	1.181	49.7
No necessity for personal attendance	503	2.58	1.232	40.4

Source: own calculation

4.2 Customers' plans to purchase on the Internet in future

Respondents were clustered into group one – with their response “much more” and “probably more” and group two with “probably less” and “much less”. Those customers intending to make purchases next year approximately in the same volume as the previous year were not examined in this part of the data processing. The grouping is displayed in Fig. 1:



Source: Own construction

Fig. 1: Structure of respondents according to their intention to increase-decrease their purchases via the Internet next year

To present the structure from the point of view of intentions in more detail, only 4.1% of respondents are certain to increase their purchases realized via Internet next year. However, together with those who regard an increase as highly probable, they constitute one fourth of all respondents. In summary, customers who will purchase in the same volume we are talking about a substantial portion of the 90% of respondents. Only 10% will (probably or surely) make their purchases via Internet at a lower level of volume.

Tab. 3: *Table 3: Intentions in Internet purchases for next year*

Plans for purchasing next year	Frequency	Percent	Cumulative %
Much more than in 2011	21	4.1	4.1
Probably more than in 2011	87	17.3	21.4
Approximately the same volume as in 2011	346	68.8	90.2
Probably less than in 2011	35	7.0	97.2
Much less than in 2011	14	2.8	100.0
Total	503	100.0	

Source: Own calculation

In order to understand the perceived advantages of Internet shopping, the examinations on differences between the above described groups were conducted.

4.3 Customers intending to increase and decrease their Internet purchases

In the next step, the differences on perceived advantages of Internet shopping between two groups were examined. Based on a question relating to respondents' plans with regard to the Internet shopping, a group of those who intend to increase the amount spent on purchases realized via the Internet was derived (108 respondents) and also a group of those who plan to decrease their Internet shopping was created (49 respondents). Respondents planning to realize their purchases in the same volume were not included in this data processing.

All the 11 original statements on perceived advantages of the Internet shopping were evaluated within the group and then tested on assessing the significance of the differences between the two groups. Testing was conducted on 5% level of significance. Table 4 presents only the statements where statistically significant differences were verified.

Tab. 4: *Test of some differences between those who intend to increase and those who intend to decrease their Internet purchases next year*

Hypothesis Test Summary	Test	Sig.	Decision
The medians of Cheaper goods are the same across categories of Plans	Independent-Samples Median Test	0.025	Reject the null hypothesis
The medians of Unlimited decision making are the same across categories of Plans	Independent-Samples Median Test	0.004	Reject the null hypothesis

Source: Own calculation (SPSS)

The verified differences between customers intending to increase and decrease their Internet purchases were revealed as a result. The test was based on a null hypothesis of no differences. The perception of 2 of 11 statements differs within these groups as displayed in Table 5.

Tab. 5: *Comparison of customers planning to decrease and increase their Internet purchases*

	Means	
	Plan to purchase more	Plan to purchase less
Cheaper goods	1.69	2.02
Unlimited decision making	1.87	1.54

Source: Own calculation

Customers who plan to increase their purchases realized by the Internet are significantly different in their perception of price and regard that as a much more important reason for the Internet shopping than those who plan to decrease their Internet purchases. The second significant difference is in appreciating the unlimited possibility for decision making whereby shoppers planning to increase their purchases are not so sensitive to this advantage.

Conclusion

One of the research objectives was to identify the most important advantages of the Internet shopping as perceived by the customers. The two most important advantages of Internet shopping perceived by all respondents identically are: “Home comfort while shopping” and “the possibility to shop anytime”. Czech customers stipulate lower prices as the third most important benefit of the Internet shopping. They also prefer not to be disturbed by a shop assistant, not to be under time pressure and prefer to be a long way from other factors influencing their shopping, as well as their decision making.

These advantages are followed by the perceived benefit of a better choice of goods (larger assortment) and time saving. The next advantage is the possibility to see references from other shoppers. The survey in its qualitative part also revealed that references would be much more desirable if they were more readily available and reliable (trustworthy).

Examination of differences of perceived advantages of the Internet shopping results in the finding that customers planning to increase their Internet purchase volumes differ in appreciating the issue of price of offered goods. Customers intending to decrease their purchases via the Internet are much more addressed by the issue of “unlimited decision making”. That might be an important factor to attract such customers for the Internet shopping.

With regard to a recommendation for Internet shop providers, the survey revealed the customers’ focus on price among those who intended to increase their Internet purchases. Since 90% of the respondents expressed their interest in the Internet shopping, next year at least at the same level of volume as currently, a much closer examination of the perceived advantages has become an important marketing task.

Acknowledgements

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JAKÉ VÝHODY INTERNETOVÉHO NAKUPOVÁNÍ VNÍMAJÍ ZÁKAZNÍCI?

Transakce uskutečňované prostřednictvím internetu jsou označovány za efektivnější, a to jak pro prodávající, tak kupující. Výhody směny uskutečněné prostřednictvím internetu jsou pojímány jako přínos pro národní ekonomiku i spotřebitele. Tento příspěvek se zabývá identifikováním nejdůležitějších výhod plynoucích z internetového nakupování. Je založen na rozsáhlém výzkumném šetření a zákazníky vnímané výhody jsou analyzovány a srovnávány, konkrétně mezi těmi zákazníky, kteří mají v úmyslu své nákupy přes internet zvyšovat a snižovat. Z toho jsou pak vyvozeny některé teoretické závěry i praktické implikace.

WAS FÜR VORTEILE DES INTERNETEINKAUFES SEHEN DIE KUNDEN?

Im Internet durchgeführte Transaktionen werden als effektiver bezeichnet, und das sowohl für den Verkäufer als auch für den Käufer. Die im Internet getätigten Tauschergebnisse werden als Beitrag für die nationale Ökonomie und den Verbraucher aufgefasst. Dieser Beitrag befasst sich mit der Identifizierung der wichtigsten Vorteile, die sich aus dem Interneteinkauf ergeben. Er basiert auf einer umfangreichen Untersuchung, wobei die von den Kunden wahrgenommenen Vorteile analysiert und verglichen werden, vornehmlich in Hinblick auf diejenigen Kunden, welche sich mit der Absicht tragen, häufiger bzw. seltener im Internet einzukaufen. Daraus werden dann einige theoretische Schlüsse gezogen und auch praktische Implikationen abgeleitet.

JAKIE KORZYŚCI WIDZĄ KLIENCI W ZAKUPACH DOKONYWANYCH PRZEZ INTERNET?

Transakcje przeprowadzane za pośrednictwem internetu są postrzegane jako efektywniejsze zarówno przez sprzedających, jak i kupujących. Zalety zamiany dokonywanej przez internet są uważane za korzystne dla gospodarki krajowej i konsumentów. W niniejszym artykule zidentyfikowano najważniejsze zalety wynikające z zakupów dokonywanych przez internet. Oparty jest on na szerokich badaniach a zalety postrzegane przez klientów poddano analizie i porównaniu pod względem klientów, którzy zamierzają swoje zakupy internetowe ograniczyć lub zwiększyć. Na bazie przeprowadzonej analizy i porównania sformułowano niektóre teoretyczne wnioski oraz praktyczne implikacje