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**An Investigation of factors influencing online shopping behaviour of customers  
in London: A Comparative Analysis of eBay and Amazon**

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# An Investigation of factors influencing online shopping behaviour of customers in London: A Comparative Analysis of eBay and Amazon

## Chapter 1 Introduction

### 1.1 Introduction

Internet is changing the way buyers shop and purchase items and services, and has quickly developed into an international phenomenon. Different businesses have begun utilising the Internet with the objective of chopping trading charges, therefore decreasing the cost of their goods and services in alignment to stay ahead in highly comparable markets. Companies furthermore use the Internet to express communicates and disseminate data, to deal the merchandise, to take response and furthermore to perform approval reviews with buyers. Buyers use the Internet not only to purchase the merchandise online, but furthermore to contrast charges, merchandise characteristics and after sale service amenities the will obtain if they buy the merchandise from a specific store. Several professionals are hopeful about the outlook of online trade (Keen, 2004).

Additionally to the marvellous promise of the E-business market, the Internet presents an exclusive opening for businesses to additional effectively come to living and promise buyers. Even though most of the income of online dealings arrives from trade-to-enterprise business, the experts of trade-to-buyer business must not misplace self-assurance (Keen, 2004). It has been more than a ten years since trade-to-buyer E-commerce first developed. Experts of electrical devices business certainly struggle to achieve an advanced insight into buyer actions in cyberspace. Together with the improvement of E-retailing, investigators extend to interpret E-consumers,, behaviour

from distinct perspectives. Many of their investigations have posited new emergent components or assumptions which are founded on the customary forms of buyer behaviour, and then analyze their validity in the Internet context.

## **1.2 Background of the Study**

Online shopping is also recognised as electronic shopping or internet shopping, described as the shopping procedure where customers acquire services or goods from any company via online (Keen, 2004). Moreover, online shopping also described as assessing, searching, and browsing internet for shopping any service or product. Because of the technological development and enhancing the number of internet users, consumers from London are focused to do online shopping (Giuseppe, 2008). There is still considerable study gap exist to recognise the essential aspects to motivate online shopping behaviour among consumers in London. Earlier studies defined supposed usefulness and considered ease of use are affected considerably to implement any technology related trade. It was also observed that considered usefulness and supposed simplicity of use impact customers to perform online shopping. In earlier literatures under particular sample, it was observed that supposed hazard is connected with customer trust on technology related dealings. It is true that some other factors are also there that might be affected customer's online shopping behaviour, for example subjective value, customer technology applying skill, race, gender so on so forth which could be recommended for additional study (Chen, 2005). As whole this study attempts to reply what are the important factors are influencing online shopping behaviour among London' consumers. As a consequence, the aim of this research is to investigate the

factors that are influencing customer's online shopping behaviour under customer's perception.

### **1.3 Research Background**

E-commerce defined the selling and shopping of services, products via electronic network. Online shopping was one of the most considerable activities of E-commerce. Online shopping activity was widely described, contained getting online products and retailers, looking for product knowledge, deciding payment styles, communicating with other customers, and shopping services or products (Yunjie, and Shun, 2006). Different online retail companies established a considerable attempt to reach customers, but most of them have experienced loss and have detracted their investment due to inadequate consumer base. So, the online shopping behaviour of British customers required to observe (Giuseppe, 2008). The usage of the Internet for selling and shopping activity has transformed the path to the buyer-sellers association. Earlier literatures were concentrated on established nations of their consumers' online shopping behaviour and influencing factors. The online shopping behaviour and aim of different nation's customers would be the focused problem to solve. British consumer's online shopping behaviour can participate to current studies of online shopping behaviour.

## 1.4 Organization Background

### 1.4.1 Amazon

Amazon.com, Inc. (Amazon.com) established on May 28, 1996, performs services for customers by its retail websites and concentrates on price, selection, and convenience. Amazon also prepares and sells Kindle devices (Yunjie, and Shun, 2006). It presents plans that allow companies to sell their products on its websites and their particular branded websites and to achieve orders through them, and plans that support musicians, authors, filmmakers, app developers, and others to sell and publish their content. Amazon designs its websites to allow millions of products to be sold through the Company and through third parties across dozens of product groups. Company provides its consumers the minimum possible prices through low daily product pricing and shipping offers, containing through membership in Amazon Prime, and to develop its working efficiencies so that it can prolong to lower prices for its consumers. It also presents simple functionality, reliable and fast fulfilment, and timely consumer service.

### 1.4.2 eBay

eBay is The World's Online Marketplace with an international consumer base of 233 million. Established by Pierre Omidyar in 1995, eBay has formed a strong marketplace for the sale of services and goods through an obsessive group of small businesses and people. Now, eBay has a global recognition in 37 markets. As an Internet fan, Pierre understood that individuals required a central place to sell and buy all types of products on a level playing field and to fulfil other users with same intentions. On any defined day, millions of products listed are on eBay across thousands of categories, like computers, antiques, toys, books, sports, photography and electronics, amongst several others (Chen, 2005).

### **1.5 Rationale for the Chosen Topic**

The ever-rising use of the internet in modern world presents an improving hope for online traders (Machiraju and Sahai 2001). This awareness of traders of the aspects influencing buyers' behaviour can additional improves their strategies of marketing in converting potential online consumers into active ones, where as sustaining their existent online buyers. This paper sets out to observe the features effecting buyer's behaviour towards online shopping. Different analysis explained the most important determinants of consumers' behaviour towards online shopping. The outcomes defined that practical direction, price, convenience and a wider selection effected buyers' behaviour towards online shopping. So, e-traders must focus an additional user-friendly function in order to present useful buyers a method to know what they require professionally (Chen, 2005).

### **1.6 Purpose for Undertaken the research**

If people monitor the development of Internet Subscribers, it is getting increase two-fold year by year. Online shopping is getting expanded gradually as the charges of computers are declining and snare penetration is rising. The cost of internet usage is furthermore getting smaller, with good affray amidst the presenters (Yuan, 2005). This will boost the usage as it proceeds additional on wireless internet. People are verifying every time that they can trounce the world when it arrives to numbers of online shopping. Many persons are going to online shopping and the frequency of UK's online purchasing is traversing the general international averages.

### **1.7 Statement of the Problem**

Internet has improved into a latest channel of distribution and transactions of online are quickly improving. This has produced a requirement to understand how the buyers observe online purchasing. Cost, faith and ease were recognised as major features. Cost was supposed as to be a most significant aspect for many pupils. The internet has produced a concept shift of the usual method individuals shop. A buyer is no longer restricted to initiating a times or particular place. So he can become dynamic at almost any place, any time and buy the services or products (Bagdoniene, & Zemblyte, 2009).

The internet is relatively a latest means for contact and the knowledge swap that has there in daily life. The internet user is continually rising which is also defines that online shopping is rising. The fast expanding is clarified by the buyer behaviour (Keen, 2004). The internet is advised a mass intermediate that presents the buyers with buy features as no other intermediate. Certain features are producing it more befitting for the buyer in evaluation to the customary way of shopping. Online shopping is the approach of buyer proceed through the when they define the shop on the internet.

The internet has evolved into a new circulation conduit and the evaluation of this channel. E-commerce has now recognised. With the internet to purchase online has become one of the important motives to use the internet blended with seeking for goods and finding the information about them (Sakkthivel, 2009). Therefore internet evolve the Companies furthermore use the Internet to express, broadcast and disseminate data, to deal the merchandise, to take response and furthermore to perform approval reviews with customers. Customers use the Internet not only to purchase the merchandise

online, but furthermore to contrast charges, merchandise characteristics and after sale service amenities they will obtain if they buy the merchandise from a specific shop.

Many professionals are hopeful about the outlook of online business. Due to the fast improvement of the techniques with the Internet, a business that is involved in trading goods from its world wide web location will certainly have to seek for demonstration in the fierce opposition. Since there are so numerous potential buyers, it is of the utmost significance to be adept to realize what the buyer likes and requirements (Hansen, and Percy, 2006).

### **1.8 Aim**

Aim of this research is to investigate the factors influencing online shopping behaviour of customers in London: A Comparative Analysis of eBay and Amazon

### **1.9 Research Question**

1. What are the characteristics of online shopping behaviour?
2. What are the factors influencing online shopping behaviour of customers in London?
3. What is the importance of eBay and Amazon in London' customers?

### **1.10 Research Objectives**

- To understand the characteristics of online shopping behaviour
- To identify the factors influencing online shopping behaviour of customers in London

- To review the importance of eBay and Amazon in London customers

### **1.11 Significance of the Study**

The increasing use of Internet presents an evolving outlook for online purchasing (Bhatnagar, & Ghose, 2004). If E-traders understand the components influencing online purchasing behaviour, and the connections between these components and the kind of online purchasers, then they can farther evolve their trading schemes to alter promise clients into hardworking ones, as keeping living online buyers (Scott, Chad and Swinyard, 2008). This task is a part of research, and emphasises on components which online purchasers hold in mind where as shopping online. This study discovered that data, seen utility, alleviate of use; seen pleasure and privacy/security are the five superior components which leverage buyer insights of online shopping. Customer behaviour is described to be a directed control and esteem as some conclusions are considerably influenced through their behaviour or anticipated actions (Scott, Chad and Swinyard, 2008). Internet is altering the method buyers shop and purchase items and services, and has quickly developed into an international phenomenon. Several businesses have begun utilising the Internet with the objective of chopping trading charges, thus decreasing the cost of their goods and services in alignment to stay ahead in highly comparable markets (Keen, 2004).

This research is signified on the basis that an insufficiency of data exists in factors that might influence (motivate or de-motivate) customer online shopping intention from eBay or Amazon. This research proffered will participate to the body of information about the

selling and shopping of products online. So, this research will participate to the online shopping literature both practically and theoretically.

### **1.12 Structure of the dissertation**

This paper will pursue the structure of Harvard citation style in this research.

*Chapter one* will define the subject, essential background, research significance, problem, aim, objectives and questions of the research.

*Chapter Two* aims to present literature review of existing literature.

*Chapter Three* will describe the methodology of this research by elaborating the design of the study, the approach to the research and methods of data collection.

*Chapter Four* contains outcomes of the methodology and comprehensive results on the support of those outcomes.

*Chapter Five* has the conclusions that have been drawn and recommendations for the subject.

### **1.13 Summary**

This chapter defines foundations for this study. It has established the study problem and objectives, study questions, research justification, study rationale, study significance and outline of the research. Based on these research foundations, the researcher can proceed to a literature review as defined in chapter two.

## Chapter 2 Literature Review

### 2.1 Introduction

In the area of electronic commerce, more obstacles hindering the deployment of e-business (Kamakura, and Wedelm, 2003). The lack of security and reliability network, the lack of consumer confidence, the especially poor quality web site at the product description leaves the reluctant consumer to this mode of communication. But this reluctance is also largely dependent on several factors related to consumer (attitude, habit, innovativeness, peer pressure, risk perception and benefits). This literature review attempts to identify key variables that influence for consumer online shopping behaviour. It distinguishes the individual variables, those related to the environment and those related to the new medium.

### 2.2 Adoption of Online Shopping

In this literature review, we present main results concerning the adoption of a share purchase Web and secondly continued shopping behaviour (Yunjie, and Shun, 2006). Regarding the issue of the adoption of the online shopping, Salkin (1999) indicates that a major obstacle that slow acceptance of e-commerce by the consumer is the lack of safety and reliability. Gattiker et al (2000) provide security as the variable that influences consumer' attitudes. It suggests that the impact of several other factors on behaviour (such as purchasing context) is explained via the perception of security and respect for privacy. The brand name (reputation) and quality site design (connection speed, professional website, well done, interactive, etc.) also influence rating of confidence to the consumer. Dholokia et al. (1998) emphasize that the design and content of Web site decide its popularity. It attached importance to the quality of writing, its graphic design

and its visual quality. Lohse and Spiller (1998) indicate that the quality visual sites, navigability, the degree of interactivity and quality of information about the products on sale influence the number of visits and sales volume. Butler and Peppard (1998) emphasize the importance of ease of use and its safety. They argue that these two success factors allow the diffusion of the principle of online shopping and encourage consumers to adopt it. Resnick (1995) draws attention to the importance of pleasure should provide the consumer during his visit site. In this same vein, Rowley (1996) states that navigating the site should be enjoyable and provide a pleasure.

On the other hand, Liang and Huang (1998) noted that the adoption of online shopping depends on the type of product, risk and experience of consumer. Empirical research conducted by Phau et al (2000) shows that intangible products are better understood as informational products are physical and tangible. It also shows that the product highly differentiated fit better with the Internet and that assets generating frequent purchases and low market value are better perceived than real high market value and low frequency of purchase. On experience, the Leyzour (1996) indicates that the consumer's ability to master new technology is a key element influence the adoption of the Internet as a way of trade. In this same vein, Nantel (1992) states that decrease the computing experience level of risk perceived by the individual in connection with e-procurement. Unlike, Salkin (1999) indicates that familiarity with the Internet does not diminish necessarily fear the consumer and the experienced are more aware than novices risks and limitations of this type of trade.

### **2.3 Online Shopping Trends in the UK**

Online shopping trends in the UK are quite similar to America. 97% of Internet users in the UK have established purchases over the Internet with 82% of them being common online buyers (Kamakura, and Wedelm, 2003). A survey performed in 2009 by the National Statistics Office, defines an improvement in internet users in the UK by 10.3 % (3.5 million adults) from 2008. It was also revealed that 94% of internet users accessed the Internet from their homes and 6% through a wireless hotspot. This improvement in internet users in the UK and relieve of access has supported to the improvement in common online shoppers. In addition to simplicity of access; established online payment systems through the use of credit cards, debit cards, and other methods; innumerable online vendors; have also supported to the implementation of online shopping in the UK (Stead, 2005).

### **2.4 A Comparative Analysis of eBay and Amazon**

Though, Amazon.com has acquired most of the publicity and hype surrounding online business, eBay has quietly constructed a modern business really suited to the Internet (Takahashi, 2008). At first, Amazon sought to simply copy a catalog trade model online. Its technology can have been modern- but its corporate approach was not. Conversely, eBay identified the exclusive style of the Internet and supported both selling and shopping online with spectacular outcomes. Its auction structure was a winner. eBay also apparently defined that profits do not have to come in the approach of development (Stead, 2005). Initially, Amazon was concentrated on BN.com as an opponent. Over period, Amazon came to identify eBay as the opponent. Its early venture into auctions was a spectacular failure. At present, Amazon is attempting to compete with eBay

through supporting strengthening and selling its affiliates program (Kamakura, and Wedelm, 2003).

It is unusual in some manners to be comparing eBay and Amazon. To most individuals, Amazon is a retailer selling products to customers and eBay is an auction house where customers meet to sell to one another. A considerable assessment defines that these two organizations are direct opponents. For example, the single site to acquire more visitors than Amazon throughout the 2002 holiday season was eBay (Takahashi, 2008). Now, it is recognised that Amazon believes eBay to be its main opponent.

Perhaps, Amazon.com is the organization that is most nearly tied with the e-Commerce phenomenon (Yunjie, and Shun, 2006). The Seattle, Washington based organization has developed from a book seller to a virtual Wal-Mart of the Web selling products as diverse as cookware, music CDs, toys, games, tools and hardware. Similarly, this organization provides selling facilities either by auctions or through a fixed-price style. This organization has also become an important provider of technology to partners like Toys 'R Us and Target. Amazon has established at an outstanding rate with income rising from about \$150 million in 1997 to \$3.9 billion in 2002. The growth in income has directed to a commensurate enhancement in working losses. At the end of 2002, the organization had cumulative losses in excess of \$3 billion.

Conversely, eBay has had a concentrated and slower development path. The core style of the organizational trade has always been auctions. Though this organization has developed quickly, it is still a comparatively small organization with income of about \$750 million (Giuseppe, 2008). Beginning with the Initial Public Offerings (or IPOs), the

stock trajectories of Amazon and eBay have given an amazing contrast. On the first day of its IPO, Amazon's stock rose from the focused price of \$18 to \$30. In an extraordinary coincidence, eBay shares were also priced at \$18. The closing price was much higher—\$47.37.

## **2.5 Theoretical Foundation**

Technological improvements have turned internet into a distribution channel and online transactions have also improved. This has provided an opportunity for researchers to observe buyers' online purchasing behaviour (Keen, 2004). Cost, faith and ease have been identified as major factors. Cost is found to be the most prominent aspects for many people. The internet has shifted the concept of individual shops as a whole. The limits of timing and place have vanished. Therefore the buyer has become dynamic and he can now buy products or services anywhere anytime (Scott, Chad and William, 2008).

The internet is relatively a newer means for contact and exchange of knowledge in daily life. The number of inter users is continuously rising thereby increasing the number of online buyers. Fast growth is clearly observed in buyers' behaviour (Alan and William, 2003). As an intermediate internet offers unique features that no other mediums have. Certain features make it more beneficial as compared to the customary means of shopping such as the time proficiency in shopping, visual images of the desired goods and discussions of goods and services with other buyers (Gabriel, and Lang, 1995).

## 2.6 E-Commerce

E-commerce refers to business activities in a wide range conducted through internet. E-commerce is the process of using electronic communications and digital information processing systems to conduct business transactions to create value addition in redefining relationships among customers and organisations. Electronic Commerce (e-commerce) uses computer networks for the process of selling, shopping, exchanging or transferring products and/or information. According to Schneider (2008) many activities such as trading among businesses such as shopping selling as well as internal processes such as hiring, planning and other activities of a firm belong to e-commerce. E-commerce is divided into several categories such as business-to-business (B2B), government to business (G2B), business to consumer (B2C), consumer to business (C2B) and consumer to consumer (C2C). This shows a huge increment in online shopping transactions in future in UK. This is because there is a huge potential in the youth population in city areas which belong to age group 18-40.

## 2.7 Consumer Innovativeness

Innovativeness is a construct that we add in the Triandis model (1979). We equate consumer behaviour on the Web an individual facing a new product since the Web and its terms are still perceived as an innovation. Research on innovativeness and influence on the adoption of new products maker also the importance that should be given to constructed. Thompson (2000) states that the adoption of an innovation does not depend on the quality or viability of innovation, as they depend on the acceptability innovation by the individual. According to these remarks, it seems appropriate to consider the provisions of the individual to accept an innovation in understanding its

behaviour via screw purchase on the Internet (Foxall, 1994). In addition, Thompson (2000) states that the consumer behaviour facing Internet technology is similar to its behaviour in response to a new product. So people assumed that innovative people are more likely other people to adopt this mode of purchase (Ruijang, and Sanjoy, 2006).

The process of new product or new services adoption is associated with the concept of consumer innovativeness. Rogers and Shoemaker (1971) explained consumer innovativeness as the degree of adoption of an innovation by an individual before rest of the members of his/her social circle. Hirschman (1980) explained consumer innovativeness as a personal characteristic that produces the tendency of an individual to search new stimuli. Consumer' innovativeness is the excess of eagerness of an individual than other members of the society to adopt an innovation (Chen, 2005). These early adopters are the source of initial sales of the product and provide valuable word of mouth communications for the product (Olson, & Peter, 1996).

## **2.8 Perceived Benefits**

Wu (2003) defined perceived benefits as the advantages and satisfactions derived from online shopping in fulfilling needs and desires of the customer. Perceived benefits are the subjective perception of gain of the consumer in online shopping. Kin et al. (2008) explained perceived benefits as the belief of a consumer about the extent to which he/she would be better off by shopping through online shopping. According to Bagdoniene and Zemblyte (2009) “the major motivation for Lithuanian online shoppers are variety, convenience, information brand and purchase surrounding” (78). Forsythe et al. (2006) presented four dimensions of perceived benefits of the online shopping

consumers are product selection, shopping convenience, enjoyment/hedonic and ease or comfort of shopping. Convenience is a very important dimension of online shopping's perceived benefits. Product variety is the range of products that are available for choice along with accumulated amount of product information such as consumers' comments about any particular product. The ease or convenience is defined as reduction of physical and emotional input in shopping process as compared to other channels. Enjoyment is the fun and excitement derived from online shopping due to new experience and custom designed products, etc (Scott, Chad and William, 2008).

## **2.9 Perceived Risk**

This is the degree of uncertainty that a consumer perceives about the consequences of online shopping. Forsythe and Shi (2003) defined perceived risk as the expectation of loss subjectively determined in the mind of online buyer. Pavlou (2003) explained subjective fear of facing a loss by a consumer in the attempt to get desired outcome. Perceived risk is the belief of a customer about an uncertain negative outcome of an online transaction. Perceived risk is the major barrier to the growth of online shopping. Bhatnagar et al. (2000) identified perceived risks as a significant factor that decreases the chances of online purchase of goods and services by consumers.

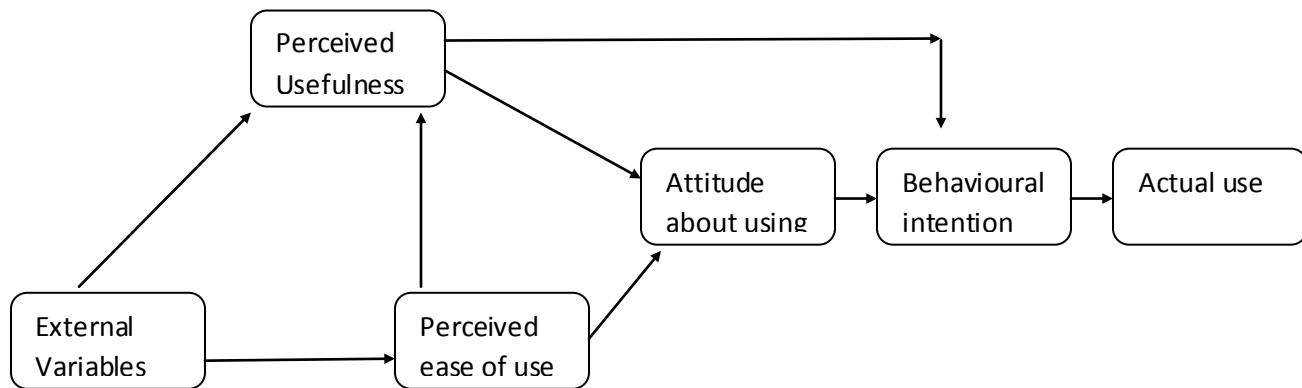
There are several classifications of perceived risks such as typical risk dimensions of perceived risks are economic risks, performance risks, and personal risks. Bhatnagar et al (2000) classified perceived risks as product risk and financial risk. Vijayasarathy (2003) found two dimensions of perceived risk which he called privacy risk and security risk. Personal information of a customer can be obtained from browsing history and

shopping habits of the customer. This information can be misused and this phenomenon increases significant privacy risk up to unacceptable level. Vijayasarathy (2003) explained security risk as the level of security in the perception of a customer in online payments.

## **2.10 Online Shopping Attitude**

Attitude is the tendency to behave consistently favourable or unfavourable towards a product or service or the method of committing commercial activities (Saunders, Lewis, & Thornhill, 2003). Vijayasarathy (2003) explained the attitude as the extent to which a consumer involves in online shopping and identifies it to be a significant factor to understand customer attitude towards online shopping. It assists the marketing manager to estimate the rate of online shopping and growth of online shopping in future. Davii (1989) suggested that “Technology Acceptance Model” (TAM) can be used to explain the potential of internet user to the adoption of “Information System” (IS) or new information technology (IT). TAM is founded on the theory of reasoned action (TRA). It is believed that users’ tendency to accept technology can be evaluated by two particular beliefs including perceived usefulness and ease in the use (Constantinides, 2004). The determinants of attitude towards using and intentions to use technology are shown in

Figure 1

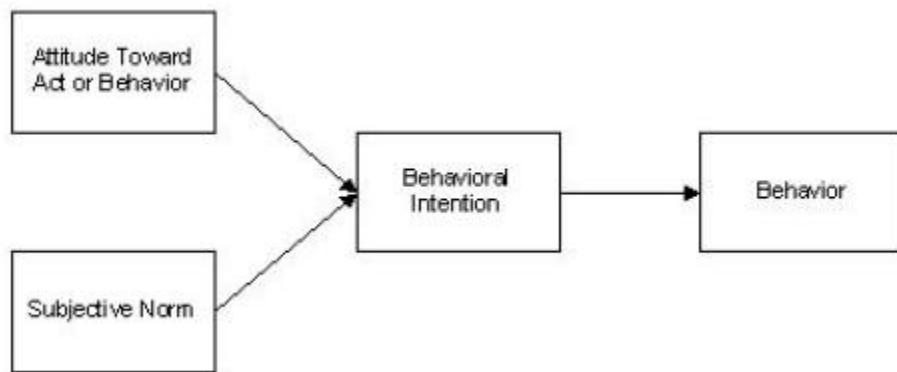


## Technology Acceptance Model

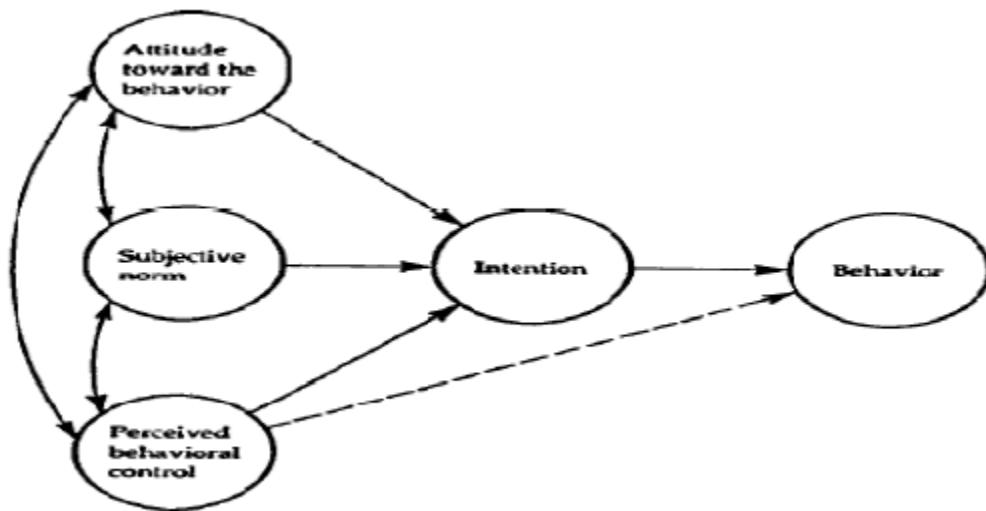
TAM proves that consumers' attitude towards information technology influences the actual usage of the system. The attitude is the degree to which a person acts favourably or unfavourably or in other words it is the appraisal of the behaviour. Jarvenpaa and Todd (1997) found that there is a positive relationship between the attitude and intentions towards online shopping and online shopping benefits.

### **2.11 Online Shopping Intention**

Shopping intentions are not equal to actual purchase behaviour but this has been established that intention to purchase does impact predictive usefulness. Fishbein and Ajzen (1975, 1980) proposed the theory of TRA as shown in Figure 2 which explains that behavioural intention is a function of attitude towards subjective norms and behaviour. TRA suggests that people make intentions to adopt a technology or behaviour according to their beliefs about the implications of the adoptions.



TRA was extended by the “Theory of Planned Behaviour” (TPB) which explains that attitude towards, subjective norms, behaviour and controls of perceived behaviour are prerequisites of intention to perform behaviour as shown in figure 3



Theory of Planned Behaviour

Ajzen and Fishbein (1980) confirmed that intentions can predict the behaviour and attitude and subjective norms can determine intentions. The strength of an individual to conduct specific behaviour is represented by intentions. It is assumed that intentions can capture the motivational influences of behaviour. Consumers indicate the level of requirement to try or the level of efforts people plan to exert in order to conduct the behaviour (Thomson, 2003).

## 2.12 Online Shopping Attitude and Intention

TPB and TAM have been extensively used by the researcher to explain the attitude of consumers towards online shopping and consumers' intention towards online shopping.

Chang et al. (2005) conducted six studies to determine online shopping and all studies demonstrated that the attitude towards online shopping has a significant positive impact on the intention and behaviour of people about online shopping.

Vijayasarathy (2003) also conducted a study in which he augmented TAM to examine customers' intention of online shopping. The outcomes showed that a positive relationship is there between attitude and intention of consumers towards online shopping. Donthu and Garcia (1999) demonstrated that consumer innovativeness positively influences online shopping behaviours and online shopping intentions, attitude acts as a mediator for the direct effects. Goldsmith's study (2002) indicated that consumer innovativeness influences online shopping attitude positively.

### **2.13 Rising Connectivity**

People should monitor the growth in internet subscribers per annum. It is increasing two-fold each year (Saunders, Lewis, & Thornhill, 2003). Online shopping is expanding gradually as the costs of computers are declining and snare penetration is rising. The cost of internet is also decreasing and it is proceeding towards wireless internet and therefore a boost is expected in future. A great number of people are adopting online shopping and UK's frequency of online shopping is traversing general international averages (Yuan, 2005).

### **2.14 Few Factors that Boost Online Shopping in UK**

- Fast development of cybercafés across UK

- Access to knowledge
- The enhance in number of users of computer
- Reach to services of net through broadband

There is a rise in the people with spending who belong to middle class. About 200 million of middle class population have sufficient spending power as well as time to spend for shopping (Saunders, Lewis, & Thornhill, 2003). A lot of people are beginning to rely on internet to fulfil their shopping needs.

## **2.15 Traditional Shopping Condition**

The marketing theory suggests that in tradition method of shopping the factors that influence include culture factors (subculture culture, social stratum), social factors (reference group, role or status of consumer, family of consumer), personal factors (career, age, lifestyle, economic status, self concept), and psychological factors (sensory, motivation, belief, attitude, learning, knowledge) (Paul, 2005). But they are not useless in marketing policy of online buyers. In the light of psychology, the researchers believe that the conduct of the consumers' identity is confined by the social group particularly family, groups, economic class and nation (Alan, 2009). Consumers' psychological tendencies and shopping conduct are absolutely independent (Alan and William, 2003). Though external factors affect the decision of shopping yet the purchase is ultimately dependent on the individual. The conduct in the process of purchasing may change due to the internal and external factors. The effects of internal and external factors shape self-image and lifestyle which ignites corresponding desires and needs (Saunders, Lewis, & Thornhill, 2003).

## 2.16 Comparison of Consumer Behaviour in Tradition Shopping with Online Shopping

The research on consumer behaviour in traditional shopping conditions i.e. reaching a shop to make purchases, explains that factors that influence the conduct are cultural, social, personal and psychological etc (Posthuma, 2000). Similarly these factors also influence consumers' conduct and attitude in online shopping environment. The details are shown in the table "Influencing factors of online shopping and traditional shopping":

| Influence factors     | Traditional Shopping  | Online Shopping   |
|-----------------------|---|---|
| Retailer              | Place, distribution, traffic condition,<br>Promotion<br>Shops credibility | web site visibility<br>online shops credibility<br>information comparison |
| Service factor        | Service quality<br>Service mode   | Payment security,<br>privacy  |
| environmental factors | Shopping environment  | Web site interface  |
| Purchasing motivation | Experience  | Convenient time   |
| Personal Factors      | Shopping preferences,<br>Experience<br>background                         | Education level,<br>The experience of network                             |

(Ruiliang, and Sanjoy, 2006)

Influencing factors of online shopping and traditional shopping

## **2.17 Influencing factors of Online Shopping**

Online shopping conditions are also affected by cultural, social, personal, and psychological factors however; relevant factors show different characteristics in online shopping environment as compared to the past (Posthuma, 2000). This is because; firstly the network through which consumers and retailers conduct online transactions bears significant risks. These risks have discouraging influence on consumers to attend online shopping (Brassington, 2007). The present state of immature medium of payment and credit plus the means of online shopping have made safety or protection a major risk factor that influence online shopping. Secondly the protection of privacy of the consumers is also a significant concern (Gillensonb, Chen and Sherrellb, 2002). The transmission of personal information of the users can easily be intercepted and could be used illegally. Due to personal privacy considerations a significant number of potential consumers are showing a “wait and watch’ attitude towards online shopping (Rowley, 2000).

Thirdly, consumers’ reviews also played an important role to affect consumers’ cognitive tendencies (Mika, 2003). In deep-rooted traditional shopping conditions such as clothes-shopping, customers made shopping decisions after judging the products personally by using sensory abilities such as hearing, touching, tasting etc. but in case of online shopping only visuals are facilitated which affect the decision of purchase by a consumer. Lastly, the computer of the consumer and the internet connection also affect online shopping (Posthuma, 2000).

Studies have explained numerous factors that influence online purchasing activities. In this research, the conductor has summarised on those factors that have empirical

evidences for their association with online shopping behaviours. Gefen, (2003) has also concluded that perceived usefulness reinforces the intention of an online shopper to continue suing a website. This is because if a person employs new information system it means that the person is willing to change previous practices and spend time plus efforts to use the technology. Customers may also continue to use a particular website just because it is useful though the customers are not satisfied with the product or service that was sold to the client (Rowley, 2000).

A very important feature is design and content of the website (Machiraju, and Sahai, 2001). The quality of the site and user friendly interface enhance in the creation of customers' trust. According to McKnight (2002), if the customers find the vendor's website to be of high quality, this perception helps in creation of vendor's trust, competency, integrity and benevolence. In online shopping area customers' trust is the major factor for the retailers because trust is one of the major determinants in the purchasing decision of buyers. Subjective norms are also directly influenced by a person's belief which is also affected by the perception of other members of the society. Thus a person is likely to involve in e-shopping if the rest of the society thinks it is a better option (Rowley, 2000).

Perriman et al, (2007) suggests that there are two types of aspects that affect buyers' purchases. First on is the internal which include personal and psychological approach of the consumer and second one is the external which consists of cultural and social factors. These factors are key developers of product and brand preferences.

### **2.17.1 Internal Influences**

#### ***Psychological***

A person's online shopping options are affected through four important psychological aspects which are as follows.

#### ***Motivation***

Kotler et al. (2003) propose that motivation is the requirement that pushes an individual adequately to proceed. Maslow's hierarchy of desires is a well known theory which comprehends the interpretation of inspiration of online buyer to explain the reasons that propel particular desires at particular time (Maggie, 2007). A person wishes to persuade his elementary aims before developing to new position. The purchase decisions of a person are inspired by purposeful and figurative drives which are premiere to appeals of sexy requests in commercial world (Raman, Gupta, and Ahuja, 2003).

#### ***Perception***

There are certain reasons through which a person comprehends physical inputs by glimpsing, savouring, touching, hearing and smelling (Mika, 2003). These factors inspire the person to make choices, to coordinate and translate the diversity of the stimulus in the environment. The significant factor is what the listener learns rather than what the speaker speaks (Raman, Gupta, and Ahuja, 2003). This method is significant to understand purchasing manner of consumers.

### ***Learning***

A person's alterations in considering and demeanour are due to ecological knowledge.

An online buyer discovers about goods and services founded on data input and later changes in shopping methods (Mika, 2003). The learning process develops an experience in consumers which acts as a motivational factor in buyers' behavior towards a product. It encourages the buyer to overcome all fears that are creating resistance. Traders create a requirement for an item by making connections with powerful drives by offering affirmative support and striking cues of motivation.

### ***Habit***

According to Triandis (1979), the resulting patterns of learning refer to situations and behaviour repetitive and automatic and occur without auto-instruction. Nantel (1998) states the experience of the individual in respect of a product has an impact on the complexity of decision-making. Gattiker et al (2000) propose as a research matter to study the relationship between attitude and experience in shopping or test products online.

### ***Beliefs and Attitudes***

Kotler et al, (2003), defined that by discovering and portraying, people need their approaches and mind-set which, actually influence shopping behaviour. An online buyer can understand that a little Olympus camera takes large pictures, is important and cost

under £400. These ideas can be revealed on real knowledge, approach or a process of belief, and they can or cannot convey emotional changes. Moreover, people have approaches in the direction of political groups, beliefs, diversity of music and in the direction of trade with brands. As both approaches and ideas normally developed over a long period, it would cost a costly aim for companies to transform an individual sentiments and convictions regarding a product (Neal, & Hawkins, 2002).

According to Triandis (1979), attitude is defined as the feeling of joy, pleasure, joy, disgust, discontent and hatred that associates the individual to given behaviour (translation Limayem et al (1999)). Petrof (1988) indicates that a given attitude increases probability that the behaviour follows a predictable path.

Duhaime et al. (1996) classify the behaviour as an internal factor that influences the individual's behaviour. Henault (1973) argues that the behaviour of individuals can be described, understood and predicted by attitudes of these and these attitudes are shaped by inter-personal relations, and inter intragroupales. Gattiker and al (2000) assume that the behaviour on the Web is influenced by the attitude of the individual towards technology information.

### ***Personality and Self-Concept***

Character can be useful in assessing online shopping behaviour for particular product or brand options. This will impact their shopping behaviour that they would persist to get the products brand that they are reliable to encourage their self-image (Neal, & Hawkins, 2002).

### ***Personal***

An online customer's option is also inclined through personal features as following:

#### ***Age and lifecycle stage***

Customers buy various goods in their life. Moreover, purchase preference normally depends upon on consumer's phase in the family life cycle. Every phase has different spending approaches that have to be supposed when establishing a marketing mix for considerable market segments; marketers will define their target markets in regards of life-cycle stage and develop suitable products and marketing strategies (Sakkthivel, 2009).

#### ***Education***

A person' education level is one element that determines social class (Kotler et al., 2003). Those with higher education positions lean to use internet most commonly as their searching methods for knowledge or shopping products online.

#### ***Economic situation***

Financial position of a customer will impact product choice. Those with enough earning, savings or borrowing power will consider shopping a costly product (Sakkthivel, 2009). Otherwise, she or he will acquire a lower standard or cheaper product with limited features.

## 2.17.2 External Influences

### *Cultural*

Cultural features implement the broadest and deepest impact on customer behaviour.

Marketing managers must understand the role performed by culture, subculture, and social class (Kotler, et al., 2003). Culture is a most considerable aspect on online consumers' common manner and desires. Defined the pervasive and broad condition of tradition, research normally requires a very wide written check of the aspect of the total humanity, containing these elements as language, knowledge, beliefs, regulations and other objects that define the society its feature (Ogenyi, and Alan, 2006).

### **Subculture**

Subcultures are lesser homogeneous parts of the superior culture and are of concern to companies when they require differential trading undertakings as their exclusive approaches of life (Neal et al., 2002). Different subcultures are there in modern society (Kotler, et al., 2003). Sub-cultural belief and backdrop, geographical position, or those of partners and family, influence the problem of online buyers in different services and items. These elements will impact apparel options, recreational pursuits, and even motivations.

### **Social Class**

Kotler et al., (2003) defined that social classes are comparatively disciplined and stable aspects in a culture whose members share same concentrations, principles, and approaches. Kotler et al. (2003) also defined social elements also impact a consumer's behaviour, like household style of consumer, group of reference, with social status and roles. So, online companies have to consider this feature when establishing their marketing strategies as this feature strongly impacts buyer responses online.

### **2.18 Restrictive Factors of Online Shopping**

Online shopping had several advantages, but there was a great uncertainty. Earlier literatures have defined that the risk view of customer was greater in non-store sales than store sales. Website as a new approach of non-store sales incapable consumer contact with the real businesses and products which established online transactions lacked of public confidence. So, the risk of consumer was greater through online shopping than common shopping. Compared with the pace of growth of networks, online shopping still lagged behind (Ogenyi, and Alan, 2006).

In addition, Jones and Vijayasarathy (1998) show that consumers act differently to the content and presentation of product information according the nature of their personality. They also share the same opinions and perceptions that people in their entourage are important. Thus, we see that the factors influencing the adoption of e-commerce are very varied (Tomomi, and Takashi, 2009). Some are related to the quality of the site and its security. Other factors are related to the consumer and his entourage. However, Tornatzky et al. (1983) argue that factors influencing adoption may affect direction on subsequent decisions to continue using innovation.

Hence the importance that we attach donations in this study to distinguish between factors influencing the adoption and the factors influence the pursuit the realization of the behaviour (Mogens, 2005). Among the results that distinguish the phases of pre-adoption and post-adoption, Davis et al. (1989) showed that the ease of use of the technology has significant impact on the pre-adoption and has no effect on the post-adoption stage. Thompson et al (1994) show the influence of social norms and attitudes on the use of IT is higher among users non-experienced than experienced. Cooper and Zmud (1990) suggest that "contextual" factors such the characteristics of the technologies can be different impacts depending on the adoption stage. Triandis (1971) assumes that the attitude is rather related to the intention pre-adoption only intend to use. In contrast, Karahanna et al (1999) show that attitudes prevail in determining the intention to use IT and their effect is less on the intention of adoption. For their part, Klonglan and Coward (1970) suggest sociological variables that are most relevant to explain the acceptance of innovations while variable economic factors are more important in explaining the continued use of innovations. Note that the research does not suggest the influence of innovativeness on purchase behaviour from Web. Yet in 1980, Hirshman says "Innovativeness is the concept of behavioural sciences most relevant in the study of behaviour consumer". Later, Lung Chau and Hui (1998) show that innovativeness and opinion leadership characterize the early adopters' new technologies. Goldsmith and Flynn (1992) and Manning et al. (1995) argue that these two factors affect the diffusion and adoption of new products. Thompson (2000) states that the behaviour of consumer facing Internet technology is similar its behaviour in

response to a new product. Roehrich (1994) concluded that the group of early adopters of new product contains a percentage higher than the average innovators.

## **2.19 Facilitators Conditions**

According to Triandis (1979), the facilitating conditions are the environmental factors of the individual that facilitate behaviour to be performed. In fact, it is the factors that will enable (or optionally preventing) the realization of behaviour once every other promote the model variables. For example, Katz (1997) showed that the inability to use the Internet, high cost of equipment, the difficulty of access, complexity of the technology and discomfort with the use of the computer represent obstacles Internet adoption. We suppose that there exist conditions should be checked to ensure that the individual is not obstacles and form a positive purchase intent from Web.

## Chapter 3 Methodology

### 3.1 Introduction

Research methodology is an important part of any research. Research methodology is a systematic approach in which data is gathered so research question can be replied (Luo, 2005). In easy and simple words, research methodology is a strategy that takes researcher from establishing research question till getting replies to them. Research approaches are separated into three wide categories; qualitative, quantitative, and participatory research approach. These research approaches have particular techniques, approach, and tools to perform a research. Quantitative approaches are the major concentration in the development research whereas participatory and qualitative research approaches based on required results. This chapter discusses the study procedures and describes the sample population, research design, instrument, development, data collection method, and data analysis employed.

### 3.2 Need

This methodology evaluates and obtains aspects that are considered by the online buyers when they shop on the internet. Additionally, this methodology will enable the reader to determine the factors that affect buyers' behaviour. The basic aim of the research is to recognize the important aspects that impact the customers in their decisions to make a purchase through internet (comparative analysis of eBay and Amazon).

### **3.3 Research Approach**

The paper articulates two different manners of the study; deductive manner and inductive manner. A deductive manner of the study is for the rectification of technical study through which the investigator would be able to present a theory which is further analysed and checked (Gurley, 2005). The investigator performed step by step to emphasise and articulate the idea of the study by critical evaluation of the difference of the study. The inductive procedure of study is employed to analyse data for the development of the idea. Besides, the inductive study process is used to increase flexibility which should allow the investigator to change the study focus ground work on the constructed outcomes throughout the study technique.

### **3.4 Research Methodology**

Survey method is used for the collection of information for the study. The size of the sample is 100 customers of eBay and Amazon. The questionnaire was developed to examine the model suggested for the manner regarding online shopping. The study contains both tentative and expressive sorts. The foundation of the study is Likert five points range from strongly agree to strongly disagree. Research upon existing models of customer manners generated eleven distinct aspects that are crucial in online shopping and then we presented a guideline to a model of online shopping.

### **3.5 Research Strategy**

A device or a set of devices formulated to address the study question that is called a study plan. There are six generally recognised schemes in publications; trial, review, grounded hypothesis, case study, activity study and ethnography. This paper is based on grounded hypothesis. The investigator heavily emphasises on the extraction of information by studying the phenomenological research. The grounded hypothesis plan is generally appreciated as suitable for inductive reasoning or in other words is well known in publications to those study contexts which are based on step by step development of theories and propositions.

Although this paper is adequately leveraged through the scheme of the study, additionally the investigator has also used prime study scheme of detailed meetings for the accumulation of data. The primary plan is presented in detail in the minutia in the 'Data Collection' section. There are two modes of data collection available in the direction to pursuit the aim of the study. First procedure is for a wide range of data related to the issue with lesser facts and numbers which is most commonly used as a procedure for data collection in related studies. The second process consists of accumulation of data through prime statistics to meet the needs of the study. Generally, lesser data is insufficient to complete the needs of the study and prime statistics are obtained through research to fill in the gaps.

### **3.6 Time Horizon**

Another important characteristic worth mentioning is the time horizon procedure (Hakim, 2000). There are two types of time horizons generally recognised in publications;

longitudinal and cross sectional. A cross-sectional procedure observes a specific moment while a longitudinal process monitors exceptional occurrences over a period of time. According to the nature of study objective and researcher's resources, cross sectional process suitably fits the requirements of the study. The investigation had a limited span of time due to which the proficiency of longitudinal process was doubtful and secondly the inquiry in the present study does not involve the reconsideration of the variance of the variables of the study over a period of time. The study concentrates on revealing and unravelling newest framework insight by suggestions for the newest interpretations and theoretical assumptions.

### **3.7 Descriptive Research Method**

The study contains a sequence to collect the primary information in pursuit of the objective of the paper. The study also presents the arguments by applying different sorts of methodologies. Since the character of the study is expressive the main purpose is to obtain secondary information and evaluate it. The evaluation brings forwards three aspects; Trust, Convenience and Price. The study moves to gather primary information through survey. The objective of the survey is to collect information about online customer behaviour as well as on the significance of the established aspects of Price, trust and Convenience. In order to obtain and create segments of online customers, behaviour of online customers and traits of customers must be evaluated (Adams, and Schvaneveldt, 1991). The application of these elements will help in the recognition of the effects of Price, Trust and Convenience on the segments of online buyers.

### **3.8 Data Collection Method**

This is a tentative method of study. It targets to unravel insight and reconsider the phenomenon in newest point of views. Furthermore, the paper has used a flexible process to generate its theoretical propositions, which do not confine the paper to use clear main headings and structure. Since tentative methods of the study (of searching out the phenomenological publications) and the extraction of know-how from professionals in the area and meetings ideally present the paper as integration of scheme of the study i.e. grounded hypothesis and in-depth interviews (Havlena, 2008).

#### **3.8.1 Secondary Data**

The lesser facts and numbers involved can be characterised as distinct sources for lesser data. On the other hand multiple sources of lesser facts and numbers can be divided into two groups; locality funded: which consists of time sequence founded and learned causes allow the investigator to provide an analytical and balanced paper. To explain the learned situations of customer's shopping demeanour, learned publications are used. Current positions are identified by the utilisation of financial causes. These positions can probably contain a dispute with the learned construct.

#### **3.8.2 Primary Data**

This paper is an integration of multi-methods method of the study in which the investigator has made a connection between prime and lesser facts and numbers in the similar study. The design has been chosen under the establishment that both procedures are significantly reliable on each other in the current perspective of the study. This means that the lesser facts and numbers provide solid theoretical base and

prime facts and numbers endure that the proficiency of the researcher with respect to the most important matters of the current situation. These prime facts and numbers are obtained from in-depth interviews mentioned earlier.

### **3.9 Relevance and Validity**

The reliability and validity of the conclusions and results are the integrity of the every study task (Leunis, and Poel, 1999). In other words a study is appreciated as dependable of it produces identical outcomes in different occasions. This connotes that a dependable study is clear and replicable. Additionally, the validity of a study task depends upon the degree of success in achieving the aims of the study and proper locating inquiry of the study.

The current paper has accomplished the dependability of the study and strength of the outcomes through application of following methods. Firstly, the investigator has used a funnelling scheme to summarise the variables of the study which adds high degree of transparency and interior validity. Moving forward the investigator presents a framework structure that measures the external validity of the results. In other words the investigator has offered a structure to guide other study endeavours to obtain identical outcomes in different situations. Finally the investigator adds positive value to the integrity and reliability by conducting numerous in-depth interviews with learned and financial experts in the context of the study. This has proved supplemental for the researcher to bypass malfunction in addressing to key study thesis.

### **3.10 Research Limitations**

This research used a wide range of well-established, credible and modern financial sources. The register of quotations is not a restricted one and different other causes are there, in time of technical locality and domain, which could be implemented. In this regard, this research is managed by a particular publications purpose, which could alter counting on the publications causes used. One more limitation is that because of the detail that the publications are developed on correct framework particularities it could be suggested that a particular phase of subjectivity used in literature. It would be fair if this research is recognised to be influenced through a particular allowance of framework bias.

### **3.11 Sample Design**

Different features in this research are planned to review and observed at any society that uses the Internet and purchases online. Since there are resources and time limitations, a considerable population had to be identified to establish useful sectors. We decided that the sample size should comprise about 100 participants and collected responses from 100 participants. The research populations are customers of e-Bay and Amazon. Sampling of convenience relates applying samples that are the easy to obtain and is maintained unless the size of sampling that is demand is acquired (Brassington, 2007). The sampling method for participants took also position on basis of convenience since the participants that agree to reply the survey are those that were chosen research type:

Descriptive Research

## Sample Size: 100

### **3.12 Sample Size**

A general purpose of survey is to collect information representative of a population.

Investigator used data gathered from the survey to make simple outcomes from an established sample back to a population, within the limitations of random mistake.

Within quantitative survey, determining sample size and managing with non response bias is essential.

### **3.13 Summary**

This methodology is reliant on requirements, which establishes research limitations.

This method obtained incessant support and assistance, and was provided with a great richness of data. This methodology was performed under research criteria, which ensued in different research limitations like: research methods, resources, and time horizons.

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## Appendix

### Questionnaire

Q. 1. Name \_\_\_\_\_

Q. 2. Age

- 1) 15-20 2) 20-25 3) 25-30 4) 30 above

Q3. Gender

- 1) Male 2) Female

Q4. Address

- 1) Rural 2) Urban

Q5. What is your occupation?

- a) Student
- b) Professional
- c) Govt employed
- d) Self Employed
- e) Other

Q6. What is your monthly income?

- a) Less than 10000
- b) 10000 to 20000

c) 20000 to 30000

d) 30000 to 40000

e) More than 40000

Q7. Do you have your own internet connection?

a) Yes

b) No

Q8. How frequently do you purchase online?

a) Once a week

b) More than once a week

c) Once a month

d ) more than once in a month

Q9. What motivates to buy products online?

a) Easy payment

b) No hidden cost

c) No travel to shop

d) Wide range of products

e) Other

Q10. Do you feel that the online e-Bay and Amazon are providing competitive prices

a) Yes

b) No

c) Can't Say

Q11. What products you buy on internet?

a) Books

b) Music CDs

c) T-shirt

d) Mobile

e) Laptop

f) Other

Q12. Do you feel that online shopping is better than shopping at physical brick & mortar store?

a) Yes

b) No

c) Can't say

Q13.Which of the following stores has you ever visited for shopping online?

a) e-bay

b) Amazon

c) Other

Q14. What factors help you to decide which site to use for online shopping?

a) Search engine

b) Personal recommendation

c) Special offers on sites

d) Online advertising

e) TV advertising

f) Other

Q15.How do you make your payments on internet?

a) Credit card/Debit card

b) Bank transfer

c) Pay Pal

d) Any other

Q16. Have you face any problems while shopping online?

a) Yes

b) No

c) Specify