

# Factors that Influence Online Shopping Behaviour

**A Gordon  
K Bhowan**

## Abstract

Online shopping has increased dramatically as marketers have taken advantage of opportunities presented by the Internet. However, in spite of significant potential benefits, many of these Internet efforts have failed. Nevertheless industry watchers advocate there is still hope for e-commerce in South Africa. Because the behaviour of consumers is intrinsic to the success or failure of an e-commerce website, the purpose of this study was therefore to establish, by means of quantitative analysis, the online buying behaviour of South African consumers.

The results of the study indicated that 34% of web users shopped online. The study was conducted in September 2003 on a convenience sample of selected MBA students. The results further revealed that of these relatively young, busy, working, elite people, who constituted the entire sample, those 34% who did buy online strongly valued all matters of convenience provided by online purchasing. However, another group within the same sample, exhibiting the profile of the typical South African online shopper, was significantly deterred from purchasing online, mainly due to inadequate security online, and web site difficulties.

Recommendations for online marketers, policy-makers and media owners are suggested.

# **1 Overview**

## **1.1 Background**

The Internet is set to change the way in which many companies conduct business. Having an online presence does more for a trader than just selling goods over the Internet. It also serves as a customer service and marketing tool (Burrows 2001).

Amongst the significant benefits offered by the Internet, Chronis (2001) advocates that online marketing enables a company to reach diverse target consumers ranging from a mass audience to a specific, demographically targeted audience. Furthermore, following the Internet's ability to capture user data, segmented marketing is easily and cost-effectively facilitated. Information can be quickly and easily gathered from potential customers resulting in faster lead times. Interaction with customers and immediate ordering online is possible, while far more extensive advertising coverage can be achieved for a relatively small outlay (Rowley 1996). For the consumers, the Internet makes it easy to buy online and provides a convenient buying method (Procter 2000a). Customers have access to a broader and deeper product selection and a greater variety of stores, prices are possibly lower resulting from lower overhead, and the Internet is fun (Abramson and Hollingshead 2000).

Internet marketing endeavours for many companies have nevertheless failed, in spite of all the evidence of steady increase in online shopping and the significant benefits that are to be gained by companies, (Kenny and Marshall 2000). Following their first-world counterparts, South African companies have also adopted the web as a marketing medium, although South Africa is lagging in technology. It is therefore apparent that an investigation of consumer online buying is necessary to enable South African companies to optimise use of their web sites, and realise the benefits of online trading.

*Reproduced by Sabintek Gateway under license granted by the Publisher (dated 2010).*

## **1.2 Rationale**

In South Africa, online shopping is showing definite growth as South Africans are growing increasingly confident about shopping on the Internet (Burrows 2001; Procter 2000). Webchek's November 2000 study conducted on a random sample of Web users living in Gauteng, Cape Town and Durban, revealed that the trend towards online shopping is growing (Procter 2000). According to the study, 31% of South African web users shopped online in 2000. This indicates an increase from 25% in March 1999 (Procter 2000a). In keeping with this steady increase, Webchek's most recent study revealed that the number of South Africans who had shopped online increased to 41% (Webchek 2004). Using the current Internet World Stats figure of 4.78 million Internet users in South Africa, this translates to approximately 1.96 million people who have shopped online (Internet World Stats 2005).

The Webchek November 2000 study went on further to report that, of the people who had shopped online, there had been an increase in the number of people that had shopped more than once from March 1999 to November 2000 to 94%. This translates into a significant increase in the sales generated by online trading.

Given this apparent trend of increased shopping online in South Africa, it is imperative for companies to take heed of using the Web as part of their business strategy. Furthermore, most of the traditional marketing principles will still apply, including the marketing concept, even though the Internet is a relatively new marketing channel (Abramson and Hollingshead 1999). Application of the marketing concept means that merchants must endeavour to perceive things from the perspective of the consumer to be successful. It is the consumers that visit a website who significantly influence the utilisation of and the benefits yielded by the web site. Thus it is imperative to determine the online buying behaviour of South African consumers.

This study is expected to benefit educational institutions in a few ways. Firstly, in the teaching arena, results of the research may contribute to the education of students, who eventually enter industry, by

assisting in updating teaching curricula in areas such as web design, HCI, and e-marketing. Secondly, in the research arena, new studies may be inspired, some of which are described at the end of this paper. These are two academic ways in which this study may benefit educational institutions. However, it must also be noted that these institutions are actually in the business of selling education, and must therefore, as business enterprises, have marketing plans. Hence, thirdly, the results of this research may also give academic institutions insight into employing their web sites to add value to the services they render to their existing and potential customers, who are their students.

This study is also expected to benefit various other parties. Marketers may be able to increase sales by first understanding the buying behaviour of the 25-34 year old category of consumers provided by this study and then refining their online marketing strategies accordingly. Marketers and IT consultants may be able to adapt their web site designs by taking into cognisance the results of this study to facilitate better and easier web usage by the sample population, which may then increase traffic and sales on the web site. Policy-makers bodies will be made aware of different communications interactions between seller and consumer online in order to help put relevant regulations into place. Consumers will be made aware of what is being offered by online trading and may be encouraged to increase use of the online shopping facility.

### **1.3 Problem Statement and Research Objectives**

In response to the opportunity presented by the Internet, many companies adopted web sites as part of their marketing efforts, and online shopping has increased. However, in spite of significant potential benefits, many of these Internet efforts have failed. The purpose of this study was therefore to determine the online buying behaviour of South African consumers with a view to help traders to harness e-business potential advantages. The scope of this study was restricted to a quantitative analysis of selected South African Internet users.

In particular, the study was conducted based on the following research objectives.

- To investigate the online buying traits of South African Internet users (i.e. products purchased, how often purchased, from where access to the Internet was obtained)
- To identify the online retail sites that they bought from
- To investigate demographic factors (LSM, age, income) of these Internet users
- To investigate demographic factors (LSM, age, income) of Internet users who purchase online
- To determine reasons why these consumers buy online
- To determine reasons why Internet users do not buy online
- To determine the perceptions of South African Internet users towards online purchasing.

## **2 Literature Review**

Trends on the new medium of communication, the Internet, are fast and increasing, not only in the nature of communication but also in the nature of products, and the delivery of them. Indeed all four factors of the marketing mix, the four 'P's being product, price, place, and promotion defined by Kotler (2003), are influenced. Marketers such as Kotler (2003) and Abramson *et al.* (1999) indicate that traditionally, the first task in developing a marketing mix is to define the target market to be able to delineate a category of consumer wants and needs that must be satisfied.

Thus this literature review goes on to describe the online shopper, followed by an examination of various factors that influence consumers to purchase online, as well as an examination of those factors that dissuade online purchasing.

## **2.1 The Online Consumer**

According to Abramson and Hollingshead (1999), when marketing to consumers on the Internet, the most important characteristic of the targeted consumer group is that they are people who are connected to the Internet. In terms of demographical information, they tend to be younger with above average education and income. They receive product information from each other or from narrowly focused publications.

These demographics were similar to that of Project SA Web User 2001, a tracking study that was conducted annually from 1999 to 2001 on South African online consumers by Webchek, a South African research company. The study revealed that, although online shoppers were skewed toward males, the gap between males and females was closing. Furthermore, online consumers tended to be between the ages of 25 and 34, English-speaking, had university degrees, were self-employed rather than full-time/part-time workers and those not working. These figures were from the study conducted in November 2001 (Webchek 2001), and were confirmed by Webchek's November 2004 study to still hold true (Webchek 2004).

## **2.2 Factors Influencing Consumers to Purchase Online**

Advantages enjoyed by consumers who buy online are the significant convenience, being able to conduct a wider information search, being able to make a broader product selection, buying at better prices, and having fun shopping experiences([www.gctech.net/articles/shopping/guide/index.html](http://www.gctech.net/articles/shopping/guide/index.html)).

Kotler (2003) and Abramson and Hollingshead (1999) advocate that consumers shop online because it is convenient in terms of being quick and easy to shop and to make product and price comparisons 24/7 from wherever they are. Customers can order products twenty-four hours a day wherever they are, and do not have to walk through countless aisles to find and examine goods (Kotler 2003; Strauss *et al.* 2003).

According to Evans and Wurster (1999), millions of people exchange massive amounts of information directly, quickly, and for free. This search for information is one of the fundamental steps in the consumer's distinctive decision-making process (Hoyer and MacInnis 2001; Schiffman and Kanuk 1997). Consumers can search much more comprehensively and at negligible cost. Furthermore, Abramson and Hollingshead (1999) indicate that consumers will benefit from the Internet by having access to a broader and deeper product selection and to a greater variety of stores.

Prices for goods on the Internet may be relatively low for various reasons. For example, the overhead cost of maintaining a web site is much less than that of a regular retail outlet, yielding a cost saving which may be passed on to the consumer (Abramson and Hollingshead 1999). Prices are driven down by a larger number of competing stores, since the Internet closes the geographical distance of physical stores (Strauss *et al.* 2003).

Abramson and Hollingshead (1999) state that consumers who buy online, do so because of the novel and fun experience of it. It is a relatively new, innovative way of shopping that distinguishes online shoppers from regular shoppers.

### **2.3 Factors Discouraging Consumer Online Purchasing**

Although the Internet offers many benefits for consumers to purchase online, as discussed above, there are also factors, which deter consumers from buying online. These are identified as poor security online, the influence of inadequate web design and technology, delayed delivery of products ordered, no product sampling, and dealing with unknown merchants.

Security online is significantly an ongoing issue concerning online merchants for several reasons. Consumers have concerns about providing credit card numbers online due to unauthorised use thereof, hackers and viruses (Kunkel 2003). They are also concerned that online vendors may not satisfactorily deliver the goods ordered or that

the merchandise may be inferior, incorrectly selected, or may never arrive (Abramson and Hollingshead 1999).

Consumers frequently have difficulties using web applications (Hager *et al.* 1999). It is often difficult to find a desired item or difficult to move between successive phases of a transaction; or it just takes much longer than a similar transaction by using the telephone.

Abramson and Hollingshead (1999) draw attention to other influences that dissuade consumers from buying online. The time lag between consumers making the purchase by conducting the transaction and the final delivery of the goods can be too long. Another problem is that consumers are unable to examine or sample the product to make sure that they are satisfied with what they will get for the purchase. Consumers are also hesitant to buy online because of the risk of dealing with unknown and possibly unreliable merchants.

#### **2.4 Summary of Literature Review**

More consumers are going to use the Internet in the future for shopping (Abramson and Hollingshead 1999). Moreover, consumers will patronise suppliers who provide more benefits than deterrents in the shopping experience. Thus the above literature review highlights the profile of the online consumer, various factors that influence consumers to purchase online, and those factors that dissuade online purchasing. However, these factors are characteristic of primarily American consumers, which means that the question still remains as to what influences the South African consumer to buy online. This was the question that this study attempted to answer.

### **3 Research Methodology**

The empirical investigation of this study focused on the online buying behaviour of South African Internet users in particular, with the aim of determining the reasons that have encouraged them to do so, and those factors that have discouraged web users from making online purchases. It also attempted to establish the attitudes of South African Internet users toward online buying.



### **3.1 The Sampling Procedure**

The sampling frame used comprised all the MBA students in the first year of study at the Graduate School of Business at the former University of Natal, Durban in September 2003, and comprised a total of 218 students, 80 of which constituted the sample measured. The sample was selected by using a non-probability convenience sampling technique.

The selected sample appeared to fit the profile of South African web users as determined by the studies conducted by Webchek (2001, 2004). They were of the desired age group, were working business people, who could be assumed to be reasonably computer literate, who had Internet access at least from university as students, and potentially also at work, and held at least undergraduate degrees. Thus the sample was deemed to be suitable for this study.

### **3.2 Data Collection and Analysis**

A self-administered questionnaire, comprising mainly closed-ended questions and a few open-ended questions, was used as the measuring instrument to collect the data. The questionnaire design was intended to yield nominal and ordinal data to facilitate quantitative analysis, which was accomplished by making use of descriptive and multivariate techniques computed by using SPSS software. In particular, the techniques used included frequency distributions, cross-tabulations, and factor analysis.

### **3.3 Validity and Reliability**

Validity was established by expert opinion that the questionnaire for the present study had a high degree of content validity, and was pre-tested to ensure that it measured what it was supposed to measure.

The study was measured for reliability in order to determine if the results of the present study were comparable to those resulting from similar studies conducted by Webchek in 1999, 2000, 2001 and 2004 (Webchek 2001, Webchek 2004). According to the Webchek study, 31% of South African Internet users purchased online in 2000, whilst

the present study revealed that 34% of the respondents made online purchases. Because of this similarity in results, the present study was deemed to contain reliability to a certain extent. Reliability testing was also done for inter-item internal consistency for factors that influenced decisions to buy online, factors that deterred consumers from buying online and perceptions of consumers towards online buying. Results of the tests revealed very high alpha and Spearman-Brown reliability coefficients.

## **4 Findings**

The findings of the statistical data analysis in respect of the buying traits of those who have purchased online, factors that influenced their online purchasing, factors that discouraged their online purchasing, and the perceptions of Internet users toward online purchasing, are discussed below.

### **4.1 Online Buying Traits**

Reasons for using the Internet, points where access to the Internet was obtained, and the products that were bought online were analysed by frequency distributions, as illustrated in Table 4.1. Results of the study showed that the main reason for the respondents using the Internet was to search for information on a particular topic of interest (85% response rate). Other significant reasons included work-related reasons (56%), surfing the Internet for pleasure or recreation (55%), and to a lesser extent, gathering information on products and services (49%).

Reproduced by Sabirul Gateway under licence granted by the Publisher (dated 2010).

**Table 4.1:** Purposes for Using the Internet (n=80)

| Purpose   | No. of Respondents | % of Respondents |
|---|--------------------|------------------|
| To search for information (investigation, research or work) | 68                 | 85               |
| For work reasons  | 45                 | 56               |
| To surf the net (for leisure or recreation)                 | 44                 | 55               |
| To gather information on products (i.e. goods and services) | 39                 | 49               |
| For social reasons (e.g. communications)                    | 32                 | 40               |
| To purchase goods and/or services                           | 19                 | 23               |

These identified reasons for using the Internet appeared to be in keeping with the points from where the respondents had Internet access. Seventy five percent of these respondents had access to the Internet from work, whilst 48% had personal computer access from their homes, as illustrated in Table 4.2. Furthermore, 65% of the respondents accessed the Internet every day, whilst 26% of them accessed the Internet weekly.

**Table 4.2:** Access Points to the Internet (n=80)

| <b>Point of Access to Internet</b> | <b>No. of Respondents</b> | <b>% of Respondents</b> |
|------------------------------------|---------------------------|-------------------------|
| Work                               | 60                        | 75                      |
| Personal computer at home          | 38                        | 48                      |
| Internet café                      | 11                        | 14                      |
| Friend/Neighbour/Relative          | 4                         | 5.0                     |
| Other                              | 0                         | 0.0                     |

It appeared that these respondents were busy working people who frequently accessed the Internet, mainly to look for information on various matters. Thus it seemed reasonable to assume that these people would value convenience, as it would assist them in making their busy lives easier. This assumption was confirmed by the factor analysis of variables that influenced online shopping discussed in section 4.2. That the respondents value convenience highly was also confirmed by the factor analysis of the respondents' perceptions about online shopping as discussed in section 4.4, where respondents noted the significance of online shopping as providing a means of easier and low-effort buying. For traders, this means that any way in which they can improve the convenience of the online shopping experience is likely to increase online buying, and consequently turnover.

Respondents were also asked by means of an open-ended question to indicate which shopping web sites they visited. The results, represented in Table 4.3, showed that the most commonly visited site, having a frequency of 6, was Kalahari.net, an online media mall selling products such as books, videos, DVDs, gaming and music. Other frequently visited sites were Amazon.com, selling mainly books; Pick 'n Pay, selling groceries; and Kulula.com which allows consumers to

make reservations and buy airline tickets. ABSA, which provides banking services, and Amway, which sells home products, followed with 2 visits each. A variety of 25 other sites had a frequency of only 1, and is not indicated in Table 4.3. On the whole, only 34% of the respondents visited shopping sites on the Internet.

**Table 4.3: Shopping Web Sites Visited (n=80)**

| <b>Shopping Web sites Visited</b> | <b>No. of Respondents</b> |
|-----------------------------------|---------------------------|
| Kalahari.net                      | 6                         |
| Amazon.com                        | 5                         |
| Pick n' Pay                       | 4                         |
| Kulula.com                        | 4                         |
| ABSA                              | 2                         |
| Amway                             | 2                         |

Results of the study showed that the most frequently purchased items were entertainment including music, videos, books, and travel bookings. It also suggested that the respondents had not visited a web site unless they intended to purchase from it, and did little or no “window shopping”. One reason for this could have been that consumers were still reluctant to purchase online, as indicated in section 4.3 below. Another reason could have been that web sites had not been advertised enough and were difficult to find.

On examining the various web sites visited, groceries were also found to be a relatively frequently purchased item. It is worth noting that these are items that do not require sampling before purchase, and are likely to be known items and/or brands. This is a significant point as further analysis in the present study conducted on factors determined to be potential deterrents from online purchasing showed that one of these deterrents was that online shoppers were not able to sample items before making a purchase - hence they bought known items and brands online.

## 4.2 Factors Encouraging Online Buying

Factors identified by the literature review as potential variables influencing consumers to purchase online, together with additional factors identified by the researchers, depicted in Table 4.4, were statistically examined by means of factor analysis.

**Table 4.4:** Factors Encouraging Online Purchases

- Buying online saves time
- Buying online is convenient (no traffic/crowds/parking/24-hour access)
- Buying online offers anonymity
- Prices are cheaper online
- Items purchased online are delivered
- There is a greater selection of products to choose from online
- Products not available or scarce in South Africa can be bought online
- Buying online offers a greater variety of stores to buy from
- Buying online allows one to rapidly survey a wide range of options
- Buying online is a fun and/or novel experience
- My children influenced me to purchase online

The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy, an index used to examine the appropriateness of factor analysis (Malhotra 1993), yielded a value of 0.534, suggesting that factor analysis was useful for those variables identified in Table 4.4. The method used for initial extraction of the factors was principal components analysis, which resulted in a relatively high percentage (67%) of the total variance explained. As suggested by Kinnear and Taylor (1991), the initial extracted solution was then rotated to yield a solution that was more amenable to interpretation by using both the Varimax and Equimax rotational methods.

**Table 4.5:** Interpretation of Rotated Factor Loading Scores for Factors Influencing Online Purchases (n=27)

| <b>Factor A (Shopping Convenience)</b>      |         |         |
|---|---------|---------|
| Influencing Factor                          | Varimax | Equimax |
| Saves time                                  | .897    | .897    |
| Rapidly survey many options                 | .890    | .888    |
| Convenient (parking/traffic/crowds/24hours) | .774    | .768    |
| Fun and novel experience                    | .626    | .616    |
| Greater variety of stores                   | .596    | .592    |
| <b>Factor B (Better Product Selection)</b>  |         |         |
| Influencing Factor                          | Varimax | Equimax |
| Cheaper prices                              | .809    | .807    |
| Scarce products are available               | .795    | .794    |
| Greater selection of products               | .785    | .783    |
| <b>Factor C (Useful Delivery Mode)</b>      |         |         |
| Influencing Factor                          | Varimax | Equimax |
| Anonymity                                   | .821    | .822    |
| Influenced by children                      | .683    | .688    |
| Goods are delivered                         | .437    | .407    |

Of the eleven factors that were investigated, three underlying factors emerged, namely shopping convenience, better product selection and useful delivery mode, as depicted in Table 4.5. The first factor included variables such as timesaving, the ability to survey many options quickly, no parking, traffic or crowd problems, whilst being able to shop twenty-four hours daily, and the ability to shop at a greater number of stores. This shopping convenience factor explained almost half (44%) of the explained variance, making it the most significant factor that influenced the respondents to purchase online. This suggests that any manner, in which the trader makes the online shopping experience more convenient for the consumer, is likely to yield more sales. The second factor included variables such as the benefit of cheaper product prices online, the ability to source scarce or locally unavailable prod-

ucts online, and the availability of a broader range of products to choose from. This factor explained one third of the explained variance, and is therefore also fairly significant in encouraging the respondents to purchase online. The third factor included variables such as the consumer taking delivery of the goods whilst retaining his/her anonymity, and the convenience of the goods being delivered. This factor explained 23% of the variance.

### 4.3 Factors Discouraging Online Buying

Factors identified by the literature review as potential variables discouraging consumers from purchasing online, together with additional factors identified by the researchers, depicted in Table 4.6, were statistically examined by means of factor analysis.

**Table 4.6:** Factors Discouraging Online Purchases

- There is a long time delay between placing an order and delivery of the item
- The item cannot be examined or sampled before purchase
- There is a risk of dealing with potentially unreliable or phantom merchants
- The atmosphere and ambience of the traditional shopping experience is lacking
- Web page is not user-friendly (easy to use)
- Slow loading web pages
- Computer and/or technical malfunctions
- Difficulty in finding shopping web sites and what products are for sale online
- Poor and/or lacking customer service
- Unable to communicate personally with a customer support representative
- Shipping and handling charges are expensive
- Merchandise may be of inferior quality
- Merchandise may be the wrong items
- Merchandise may be not delivered at all
- Payment facilities are difficult to use
- Too much personal information is asked to make a purchase
- No confidence in the security of confidential information
- Concern over potential misuse of credit card



After using both the Varimax and Equimax rotational methods, five underlying factors emerged as those discouraging online purchases, namely inadequate security, web site difficulties, problematic product deliveries, inadequate personal attention, and a lack of store atmosphere, as depicted in Table 4.7. Of these, the two most significant influences were identified as inadequate security, and web site difficulties. Inadequate security, accounting for 23% of the total variance explained, included variables such as concern over misuse of credit cards, no confidence in the security of confidential information, the risk of dealing with unreliable or fictitious merchants, and too much personal information being asked for in order to make a purchase. Web site difficulties included factors such as web pages taking too long to load, computer errors and malfunctions, and web pages not being designed to be user-friendly. This factor accounted for 23% of the total explained variance.

**Table 4.7:** Interpretation of Rotated Factor Loading Scores for Factors Discouraging Online Purchases (n=80)

| <b>FACTOR A (Inadequate Security)</b>                 |         |         |
|---|---------|---------|
| Discouraging Variable                                 | Varimax | Equimax |
| Concern over misuse of credit card                    | .890    | .888    |
| No confidence in security of confidential information | .863    | .858    |
| Risk of dealing with unreliable or ghost merchants    | .785    | .772    |
| Too much personal information required for purchase   | .598    | .590    |
| <b>FACTOR B (Web Site Difficulties)</b>               |         |         |
| Discouraging Variable                                 | Varimax | Equimax |
| Slow loading web pages                                | .880    | .867    |
| Computer and/or technical malfunctions                | .870    | .858    |
| Web page is not user-friendly (easy to use)           | .674    | .616    |
| Difficulty in finding shopping web sites and products | .611    | .598    |
| Time delay between placing order and delivery         | .572    | .580    |
| <b>FACTOR C (Problematic Product Deliveries)</b>      |         |         |
| Discouraging Variable                                 | Varimax | Equimax |
| Goods delivered may be wrong items                    | .826    | .809    |

|  |         |         |
|--|---------|---------|
| Goods ordered may not be delivered   | .754    | .752    |
| Payment facilities are difficult to use                                    | .743    | .726    |
| Goods delivered may be of inferior quality                                 | .636    | .607    |
| Shipping and handling charges are expensive                                | .435    | .411    |
| <b>FACTOR D (Inadequate Personal Attention)</b>                            |         |         |
| Discouraging Variable  | Varimax | Equimax |
| Inability to communicate personally with a customer support representative | .847    | .833    |
| Poor or lacking customer service   | .798    | .830    |
| Item cannot be examined or sampled before purchase                         | .561    | .570    |
| <b>FACTOR E (Lacking Store Atmosphere)</b>                                 |         |         |
| Discouraging Variable  | Varimax | Equimax |
| Atmosphere and ambience of traditional shopping experience is lacking      | .866    | .896    |

#### 4.4 Perceptions of Internet Users toward Online Buying

Factors identified in the literature review relating to perceptions of Internet users toward online purchasing, depicted in Table 4.8, were investigated by factor analysis in order to establish whether there were any underlying perceptions amongst those identified.

**Table 4.8:** Perceptions of Consumers towards Online Purchases

- It is easier to search for information online than to sift through magazines and books.
- It is easier and more convenient to acquire services (e.g. banking) online rather than standing in long queues.
- It would be much easier to sit to order items online than go to the shops.
- I obtain valuable information about day-to-day issues on the Internet.
- I prefer to shop online from known retailers than to buy from 'new agents' or 'unknown agents'.
- I prefer to buy well-known brands online rather than buy new or unfamiliar brands that are equally priced.
- I prefer to buy well-known brands online rather than buy new or unfamiliar brands that are offered at a better deal.

- If I see a special offer for a popular brand online, I would purchase it online immediately instead of going to the shops physically.

The KMO measure of sampling adequacy yielded a relatively high value of 0.768, suggesting that factor analysis was appropriate for those variables identified in Table 4.8. Furthermore, the principal components analysis used for initial extraction of the factors also yielded a moderately high percentage of 66% of the total variance in the data being explained.

**Table 4.9:** Interpretation of Rotated Factor Loading Scores for Perceptions of Consumers towards Online Purchases (n=80)

| <b>FACTOR A (Product and Store Brand Loyalty)</b>   |                |                |
|---|----------------|----------------|
| <b>Perception Variable</b>  | <b>Varimax</b> | <b>Equimax</b> |
| Prefer to buy well known brands online rather than buy new or unfamiliar brands which are offered at a better deal          | .912           | .912           |
| Prefer to shop online from known retailers than to buy from 'new agents' or 'unknown agents'                                | .843           | .843           |
| Prefer to buy well known brands online rather than buy new or unfamiliar brands which are equally priced                    | .842           | .842           |
| Would purchase a popular brand online at a special offer online immediately instead of physically going to the shops for it | .555           | .555           |
| <b>FACTOR B (Reduced-Effort Shopping)</b>   |                |                |
| <b>Perception Variable</b>  | <b>Varimax</b> | <b>Equimax</b> |
| Would be much easier to sit to order items online than to go to the shops   | .846           | .846           |
| Is easier to search for information online than to sift through magazines and books   | .845           | .845           |
| Is easier and more convenient to acquire services (e.g. banking) online rather than standing in long queues                 | .830           | .830           |
| Obtain valuable information about day to day issues on the Internet   | .503           | .503           |

From the analysis, two underlying perceptions emerged, namely product and store brand loyalty, and reduced effort shopping, both of which about equally explained the variance and are depicted in Table 4.9. Regarding the first factor, respondents indicated that they preferred to purchase known brands from known merchants even if other brands of similar items were offered at lower prices. Regarding reduced effort in shopping, respondents perceived it being much easier to order items online than to go to the shops, being easier to search for information online than to sift through magazines and books, being easier and more convenient to acquire services such as banking online rather than standing in long queues, and being able to obtain valuable information about day to day issues on the Internet. It is worthy to note that of these perceptions, product and store brand loyalty reduces the deterrent identified as inadequate security, whilst the perception of reduced-effort shopping is an embodiment of the convenience of online shopping: a factor identified as strongly influencing consumers to buy online.

## **5 Recommendations for Online Marketers**

From the preceding analysis, it is clear that web site security is the main factor that deterred the target consumers from purchasing on the Internet. This concern was shared by both existing and potential online consumers. Presently, there are organisations that are implementing security mechanisms in an attempt to protect consumers who engage in online shopping. Some of these organisations are VeriSign, SecuGen, Veridicom, TRUSTe, econsumer.gov and Better Business Bureau Online. These organisations implement their own various codes of conduct for their own participating members who trade on the Internet.

Taking into account that the world is fast becoming a small global village, it is suggested that all these organisations be merged into a single international agency that enforces a universally known and accepted code of practice for online consumer protection; a code that

consumers will understand and trust. Many consumers lack the time to study privacy policies of Internet marketers, and some do not know how to evaluate an Internet site for security. Thus, consumer protection for online shoppers needs to move towards global standardisation. This could be a function for a UN agency or a private enterprise consortium. In the meanwhile however, every online marketer should be a member of at least one relevant online consumer protection organisation and should display that affiliation conspicuously on their web sites.

Furthermore, media owners have a responsibility to educate consumers on online shopping security issues. Any medium that includes advertising relating to online shopping should conspicuously provide online shopping security guidelines. This is an issue that policymakers could consider for protection of consumer rights.

Regarding the second major concern identified in this study, namely that consumers experience web site difficulties, it is recommended that online marketers conduct market research amongst their online consumers to gain feedback about usability of their web sites. Providing an opportunity on the web site for consumer feedback is useful, but cannot be deemed sufficient because some consumers are not inclined to comment unless they are specifically asked to do so. Hence formal market research is recommended.

Online marketers should also be aware that there exist numerous web sites, such as <http://www.website-awards.net/howtowin.htm>, that monitor and present awards in recognition of consumer-friendly web sites. These award-givers not only identify criteria that make web sites attractive to consumers, but also make available articles on how to design a good web site. Such criteria should be incorporated by online marketers in their web site design.

## **6 Conclusion**

The results of this study showed that the online buying behaviour of the sample population investigated closely resembled the profile illus-

trated by the literature review. The overwhelming factor that influenced consumers to buy online was identified as significant convenience benefits. Furthermore, only one third of the respondents had made online purchases.

The study also revealed that the sample of Internet users were relatively young, elite, working adults who strongly valued every convenience provided by online purchasing. These demographics were found to be true of the entire sample population as well as of those who bought online. Thus they delimit the target market whose wants and needs merchandisers need to satisfy in order to capitalise on opportunities presented by online trading.

It notably emerged that there yet remains a significant group within this target market, who, despite the valuable conveniences of online shopping, are nevertheless strongly deterred from buying online, mainly due to negative perceptions of inadequate security online, and web site difficulties. Thus it is apparent that merchandisers need to intensify and capitalise on the factors influencing consumers to buy online, especially that of convenience. Furthermore, they need to institute ways to overcome the deterrents, particularly security concerns, that discourage other consumers from buying online, and convert them into online buyers.

## **7 Recommendations for Further Research**

It is apparent that other research in the area of the present study can be undertaken. Firstly, it follows that further research could investigate what would convert non-buyers, especially those who display the profile of the buyers, into buyers online. Secondly, it could be investigated why only the high-income earners buy online, given that shoppers buy online for better prices. What will make the lower income market buy online? Thirdly, further research could investigate whether more computer literacy at the school level of the youth would lead to more Internet usage, and consequently more online purchasing. What are the perceptions of the youth, i.e. future buyers, about online buying? Fourthly, given that the constitutional mandate of the country

is to provide socio-economic rights including telecommunications infrastructure, it is suggested that this study be conducted again in the future to determine whether online purchasing has improved and the possible reasons for it.

## **8 References**

- Abramson, J & C Hollingshead 1999. Marketing on the Internet – Providing Customer Satisfaction. *Marketing Mix*. August 1999.
- Burrows, T 2001. Online Shopping Still Has a Future in SA, Say Retailers. *ITWeb*. 2 November 2001.
- Chronis, M 2001. Cyber-media. *Advantage*. October 2001.
- Evans, P & Wurster, TS 1999. Getting Real about Virtual Commerce. *Harvard Business Review*. Nov-Dec. Vol. 77 Issue 6 p85.
- Hager, D, C Kibler & L Zack, 1999. The Basics of User-Friendly Web Design. *Journal for Quality and Participation*. May/June 1999. Vol.22 Issue 3. P58.
- How to Win Awards 2005.  
<http://www.website-awards.net/howtowin.htm> [Last accessed on 12 September 2005]
- Hoyer, WD & DJ MacInnis 2000. *Consumer Behaviour*. United States of America: Houghton Mifflin Company.
- Internet World Stats: Usage and Population Statistics 2005.  
<http://www.internetworldstats.com/af/za.htm>  
[last accessed on 12 September 2005]
- Kenny, D & JF Marshall 2000. Contextual Marketing – The Real Business of the Internet. *Harvard Business Review*. November-December.
- Kinnear, TC & JR Taylor 1991. *Marketing Research – An Applied Approach*. Singapore: McGraw, Inc.
- Kotler, P 2003. *Marketing Management*. Eleventh Edition. New Jersey: Prentice Hall.
- Kotler, P & G Armstrong 2004. *Principles of Marketing*. Tenth Edition. New Jersey: Pearson Education, Inc.

- Kunkel, J 2003. Reducing Risk, Maximising Return in Online Retailing. *Chain Store Age*. September 2003. Issue 9 p3.
- Malhotra, NK 1993. *Marketing Research – An Applied Orientation*. New Jersey: Prentice-Hall, Inc.
- Procter, K 2000. How Can We Target SA Web Users – Market Related Findings. *Webchek*,  
[http://www.webchek.co.za/library\\_media.html](http://www.webchek.co.za/library_media.html)  
[Last accessed on 13 August 2003]
- Procter, K 2000a. Is online shopping growing in popularity in South Africa? *Webchek*,  
[http://www.webchek.co.za/library\\_shopping.html](http://www.webchek.co.za/library_shopping.html) [last accessed on 13 August 2003]
- Rowley, J 1996. Retailing and Shopping on the Internet. *International Journal of Retail and Distribution Management*. Vol. 24 Number 3.
- Schiffman, LG & LL Kanuk 1997. *Consumer Behaviour*. New Jersey: Prentice-Hall, Inc.
- South African Institute of Race Relations 2003. *Fast Facts*. No. 9 p3.
- South Africa Survey 2002/2003. p423.
- Strauss, J, R Frost & A El-Ansary 2003. *E-Marketing*. Third Edition. New Jersey: Prentice-Hall, Inc.
- The GCTech.net Guide to Online Shopping.  
[www.gctech.net/articles/shopping/guide/index.html](http://www.gctech.net/articles/shopping/guide/index.html) [Last accessed on 10 September 2005]
- Webchek 2001. What is Holding Internet Growth in South Africa.  
[www.webcheck.co.za/library\\_holdback.html](http://www.webcheck.co.za/library_holdback.html)  
[Last accessed on 13 August 2003]
- Webchek 2004. Online Shopping Trends – October 2004.  
[www.webcheck.co.za/library\\_holdback.html](http://www.webcheck.co.za/library_holdback.html)  
[Last accessed on 12 September 2005]



## **Authors' Contact Details**

A Gordon ([Gordona3@ukzn.ac.za](mailto:Gordona3@ukzn.ac.za))

School of Information Systems & Technology

University of KwaZulu-Natal, Durban, South Africa

K Bhowan ([Bhowan@ukzn.ac.za](mailto:Bhowan@ukzn.ac.za))

School of Management Studies

University of KwaZulu-Natal, Durban, South Africa