A CATEGORIZATION OF NON-ONLINE SHOPPERS AND DRIVERS TO TURN THEM INTO E-SHOPPERS

Arun Barik, Thakur Keshav K. M., Manish G., Prabhat K. S., Sadique Nayeem

Department of Computer Science, RVS College of Engineering and Technology
Jamshedpur, Jharkhand, INDIA

ABSTRACT

In the recent years, trend of online shopping has gained momentum. But still there are many people who don’t prefer electronic channel for shopping. In this study, a survey was done to categorize the non buyers in the context of business-to-consumer electronic commerce (B2C-EC), on the basis of their motivations for not purchasing on the Internet and also to find out which factors would make them a dedicated online shopper. In the survey, response of 250 persons of different age group and education level living in Jamshedpur were recorded and the data was analyzed with Latent Class Analysis (LCA) approach for grouping the consumer’s motivations for the rejection of online shopping and possible motivations which would make them start buying from ecommerce websites. After defining both sets of groups, a mean clustering was performed in order to relate both groups in disjoint sets. From the result of the study we found that there are three reasons which discourage consumers for not shopping through the electronic channel. These reasons are: absence of physical presence of the goods or channel preference, security concerns and privacy risks, and lack of internet access and/or skills. Similarly, there are six reasons which can make these individual an online shoppers.

Keywords: Business-to-Consumer E-commerce, E-commerce, Internet, Latent Class Analysis.

[1] INTRODUCTION

In the last 10 years, the use of internet among the masses has facilitated the increase in economic activities through the e-commerce websites. Since this economic activities has been achieved by overcoming a number of difficulties, still a number of challenges which can derailment this increase. So, the study of buyers in business-to-consumer electronic commerce (B2C-EC) attitudes, belief and myth has become a research topic among researchers, marketers and company managers.

In a first stage, this interest focused on the area of barriers and drivers of Internet adoption. But during the last years the focus has been set in the study of the factors that affect purchase and repurchase behavior. Most of the research that deals with this topic is based on technology acceptance and marketing theories, using samples with previous experience with online shopping. Therefore, although they make a significant contribution to the understanding of the online purchase mechanisms, they fail to explain why there are people who do not want to shop on the Internet.

Yet, according to the reality/samples, there are still a great number of peoples who have not made any purchase on the Internet, and the main reasons behind this fact are under-researched to this date. Furthermore, even though the information that could be extracted from such analysis would be of great
value for researchers and marketers, so that actions could be taken for the promotion of B2C-EC, the literature about what are the characteristics of these non-buyers is scarce.

Thus, the aim of this article is to study the specific nature of the attitudes and behavior of non-buyers – or consumers who have not wish to purchase on the Internet yet. In order to do so, and due to the lack of recent research in this field, an empirical approach has been taken, expecting to confront the results from our analysis to those from B2C-EC acceptance related literature.

[2] THEORETICAL BACKGROUND

Customer segmentation always been a important tool in marketing for a long time, it allow to focus on the appropriate product while launching a new product or target [1]. However, at the present time the consumer behavior is well advanced including those of attitudinal factor which influence the purchase and repurchasing factor, the heterogeneity and diversity of Internet users has caused a strange scarcity of studies dealing with online consumer classification and segmentation even though this issue, when addressed, is considered a most beneficial tool in order to be able to address consumers’ needs and increase sales [2].

However, the Study of different approaches for internet shopper segment is [3]: management-imposed, with fixed sets of customers, and consumer revealed, from clustering after costumers’ self-reports. Both of the above approaches include a later demographic segmentation.

If customer segmentation is revealed to consumer, nonetheless, may be some customer need motivation to shop online [4][5][6][7] or shopping orientations [8][9], also psycho graphical, such as segmentation of lifestyle based on declared AIOs (activities, interests and opinions) [10].

In the last decade, the greatest effort made was the research of Swinyard and Smith [11], based on the lifestyle scale, Swinyard and smith developed an instrument scale to perform the segmentation of online non-shoppers and shoppers. Research of Swinyard and Smith’s, which discovered eight types on online customers, four of them such as shopping lovers, adventuresome explorers, suspicious learners and business users belonging to the Internet shopper segment, and the other four are classified as non-shopper types. Non-shoppers were further classified into:

- Fearful browsers: consumers with a relatively high level of computer literacy, usual Internet users who practice window-shopping, and with distrust towards online shopping.
- Shopping avoiders: consumers who prefer to see the products they purchase and tend to avoid mail delivery.
- Technology muddlers: consumers who have low computer literacy and are not excited about Internet shopping.
- Fun seekers: consumers who use the Internet for entertainment purposes but are afraid of online shopping.

In some studies in Belgium and China, three drawbacks where captured while considering the non-shoppers behavior:

1) They depend on a closed scale instrument – in this case of [11] non-shoppers behavior derived from the analysis of open questionnaires– which may not cover several aspects that may be analyzed/gathered from self-reported open answers;

2) They are applied to both shoppers and non-shoppers, thus increasing the range of possible situations;

3) They explain the behavior of non-shoppers and their market appeal but do not question the customer beliefs about what would drive them to start shopping.
The first drawback may be overcome with a latent class analysis approach such as the one performed by Bhatnagar and Ghose [12], who apply it to e-shoppers, while the second requires limiting the research to non-shoppers and the third implies trying to go beyond the explanation of the behavior and including and inquire about non-shopper motivations.

[3] RESEARCH METHODOLOGY

[3.1] SAMPLE SELECTION AND DEMOGRAPHICS

The sample was extracted from Jamshedpur city of Jharkhand, India of 250 people, who were contacted face to face and they were explained the purpose of the study during the March 2016. Of these, 250 people (16 percent of the total) claim to have not heard about any ecommerce website and (20 percent of the total) think that online shopping is a complex process. Then, to be non-buyers were asked two open questions, allowing as many answers as the respondents considered appropriate:

1. What are the reasons for not shopping online?
2. On what conditions that you will shop on the Internet in the future?

We received different answers on the basis of our survey, reasons for not buying on the Internet and motivations that will derive them for future purchases were classified into twenty-seven categories each, which were marked as present or absent in the interviewee’s answer.

[3.2] ANALYSIS METHOD

The usual methods for factoring—such as exploratory factor analysis—were not valid for our study because of the misleading parameter estimates that may introduce when using categorical data, and instead a latent class analysis (LCA) approach was performed. Latent class analysis is used for the analysis of categorical data, where there is no assumption of linearity, normal distribution or homogeneity of variance from input data [13].

When LCA is used on confirmatory analysis, the number of expected latent variables—or classes—is known by the researcher, but for exploratory purposes this number is unknown. LCA offers goodness of fit, such as the likelihood ratio chi-square (G2), and parsimony statistics, such as the Bayesian information criterion, or BIC [14] and the Akaike information criterion, or AIC [15], which help to determine the best model to explain the manifested data.

[4] DATA ANALYSIS AND RESULTS

From the figure 1, we can identify three types of non-buyers:

1. Physical-experiential (62.06 percent): these are those consumers which prefer the traditional commerce rather than electronic commerce. These people prefer the physical presence of the good or service, even though they a regular Internet users. This group includes various types of consumers; from the consumers who prefer to try and evaluate the good physically they want to buy to those consumers who prefer to have social presence in transactions he is having. There are some consumers who show security concern about the transactions, payments and personal data on the Internet.
2. Security concerned (17.24 percent): these types of consumers are very worried about the security and they have a special awareness of the risks associated having transactions on the Internet. The risks they find are both related to the vendor and channel.
3. Technology avoiders (20.68 percent): these are the consumers which are technologically illiterate, which do not have Internet access; they use it very occasionally or don’t know how to use it
Figure 1: Graph of Reasons for not shopping online
Figure 2: Drivers for future online shoppers

- Learn to use internet
- If I will have internet connection
- If it will offer better product than my usual shops
- If I have Cheaper internet connection
- If the product is available with more discount than my usual shops
- If I will find some interesting products
- If the product is not available everywhere
- If provide safer transaction for buying
- Easier to buy products online
- If I would have better knowledge of brand of the product
- If I am being advised by any e-buyers
- If cash on delivery will be available irrespective of product and place of...
- If there will be more clarity in the description of the product
- If I will have higher trust on online shopping
- I have much more time to check and compare the products
- If anyone would change my mentality
- If there will be another payment method/Less personal information
- I haven’t considered buying online
- If I will have a computer
- If there will not be any shipping charges
- If I will have credit card
- If I will earn more money
- I prefer to watch the product personally
- In any case I will not buy
- Will shop only during festive season

Positive...
The above figure 2 shows the reasons which motivate a consumer to do ecommerce in the future. When we evaluate the motivations for future online purchases, there six groups were identified; consumers stated the following reasons which will drive them to buy products on the Internet in the future:

1. Admitting they needed a change of mentality;
2. Demanding improved security systems;
3. Preferring to be able to see the product;
4. Real need for the product and no other means to buy it;
5. Do not know or are not

[5] CONCLUSION
In this paper a new categorization of non-online shoppers and drivers to turn them into e-shoppers has been carried out. Our categorization reflects three kinds of inhabitants who have not made an online purchase yet, and what could drive them to become online consumers. Our study presents a different approach for investigative studies dealing with attitudes and beliefs. Finally, we can point out that, although first time online purchasers tend to declare the relevance of price and ease on online shopping, non-buyers hardly ever mentioned it in their answers. The motivation behind this practice could be that Internet is already associated with those benefits, and even though non-buyers are conscious about them, it is not a motivation as strong as those exposed in this study.

REFERENCE

