

A consumer centric internet based e retailing business model in B2C market: the relation between consumer and shopping website

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Abstract - By this conceptual research paper we are addressing one of the important activities of e commerce i.e., online shopping in B2C market. Consumers are playing an important role in online shopping. Analyses relationship between consumers and shopping website facilitate new online shopping service providers to approach the consumers effectively so that the consumers also could get benefit. The main purpose of this model or framework is to simplify and classify online shopping process and creating a basic general model for all type of consumers and products. Consumer needs and expectations are not same for all customers. The limitation of this conceptual research paper is, Even though individual/consumer characteristics, environmental influences, product/service characteristics, medium characteristics etc are all important influencing factors (variables), we are considering only consumer's approaches to shopping websites during online shopping process.

Keywords - e commerce; business model; consumer behavior; b2c market.

I. INTRODUCTION

The global nature of the internet, its vast reach and different interactive capabilities have made it an important marketing and trading medium for many firms. (Turban et al., 2000; Wang et al., 2000). Online shopping or e-shopping is a form of electronic commerce which allows consumers to directly buy goods or services from a seller over the Internet using a web browser [2]. One of the important activities of internet as well as e commerce is e shopping or online shopping. E shopping has been growing, mainly because consumers find some benefits includes, convenient and easy to shop goods, shop comfortably from their office or home etc., and vendors have some benefits includes product promotion, cost saving, shortened remittance time, better customer service, customization of products, competitive advantages, and convenience of doing business. As per Forrester McKinsey report of 2013, India has 137 million internet users with penetration of 11%. Total percentage of online buyers to internet users is 18%. Global analytical agency Crisil has crunched data to reveal that E-commerce or online retail shall prosper hitting Rs 50,000 by 2016 by growing at a rate of 50–55% over the next 3 years. This shall be 30 times over the size at the end of FY'08 (financial year 2007–08). Businesses often make an effort to adopt online shopping techniques without

understanding them and/or without a sound business model. A business model is a set of ordered and planned activities for the smooth functioning and results. Here we are trying to make a basic business model for online selling vendors.

II. LITERATURE REVIEW

By integrating Fishbein's attitudinal theoretical model (Fishbein 1967) and the expectation-confirmation model (Oliver 1980), Christy M. K. Cheung, Lei Zhu, Timothy Kwong, Gloria W.W. Chan and Moez Limayem (Online Consumer Behavior: A Review and Agenda for Future Research) attempt to associate the three elements together and form a base model – Model of Intention, Adoption, and Continuance (MIAC) for the development of an online consumer behavior framework. Technology Acceptance Model (TAM) and the Theory of Planned Behavior (TPB) are the dominant theories in this area. Expectation-Confirmation Theory (ECT) and Innovation Diffusion Theory (IDT) have also been repeatedly tested in the study of online consumer behavior [4]. The widely used technology acceptance model (Davis 1989) argues that the perceived usefulness and ease-of-use are key factors in the user's acceptance of e-commerce. Perceived usefulness has been defined as a user's subjective perception of the ability of a computer to increase job performance when completing a task. Perceived ease-of-use is a person's subjective perception of the effortlessness of a computer system, which affects the perceived usefulness, thus having an indirect effect on a user's e-commerce acceptance. A more recent addition to the technology acceptance model is the "enjoyment" construct, or the extent to which the activity of using the new technology is perceived to provide reinforcement in its own right, apart from any performance consequences that may be anticipated (Davis et al., 1992) [4].

In this model online shopping process may classify into five are attraction, intention, adoption, satisfaction and continuance. These are the elements of this online shopping frame work. Consumers' attitude toward Internet shopping first depends on the direct effects of relevant online shopping features (Davis, 1993). As usefulness, ease of use and enjoyment are coming under consumer-website relationship we are considering these three variables throughout this mode

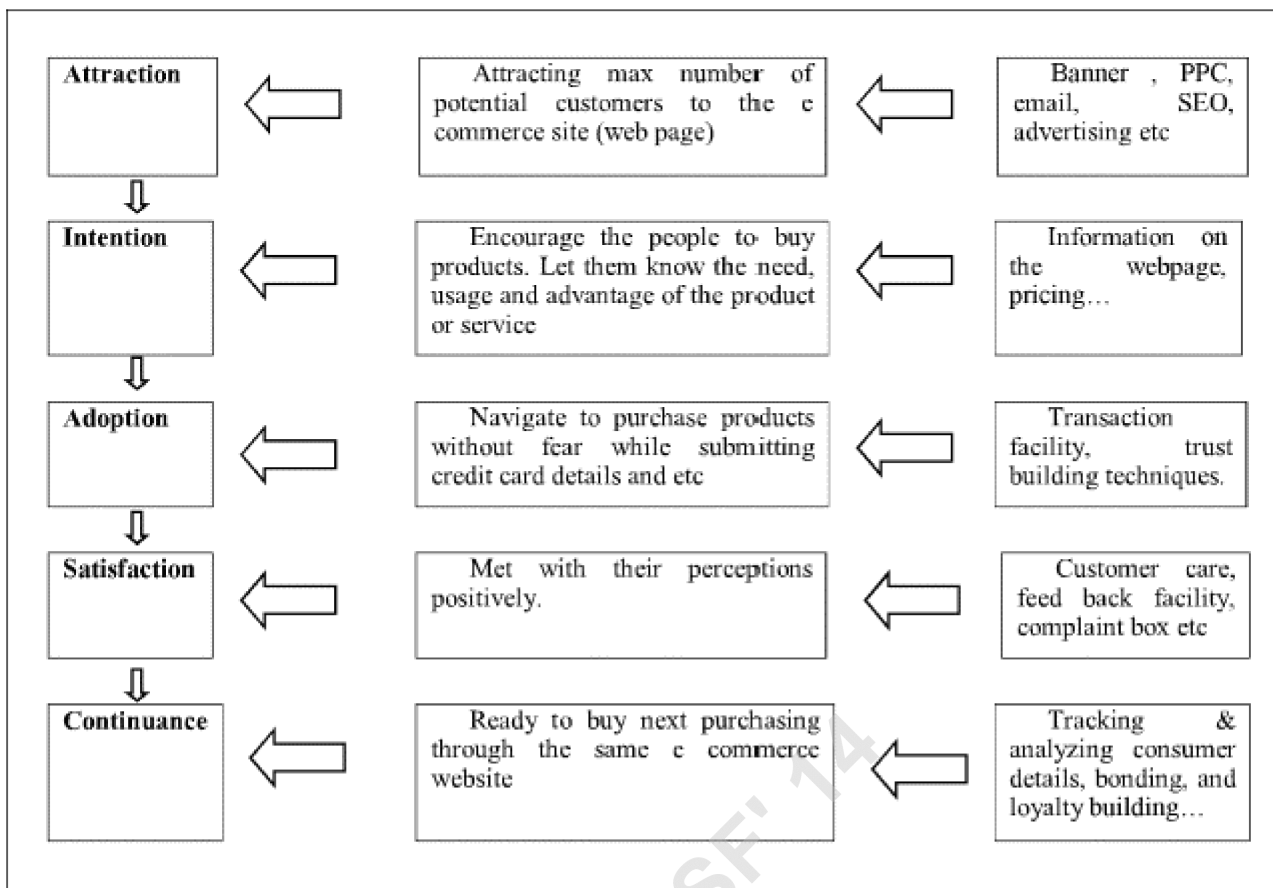


Figure.1. ALASC model (frame work) for e-retailing in B2C market

By this figure we are illustrating the simplifying process of e-retailing in B2C market. Here are 5 rows and 3 columns. In the third column some of the tools and activities which are currently used by the online shopping providers are depicted. Second column explains the effect of these tools and activities in the process.

1. Attraction

The first process of this model is attracting consumers to the web portal or web page of online shopping website. People want to be aware of the website as well as the product which the vendor has been using and selling. This process ended by introducing the product or products to the customer.

According to the previous researches, people are giving some preferences in some factors. First of all they want to reduce the searching time i.e., they wanted the needs as soon as possible. Therefore marketers need to get almost first attention. The most effective strategies to attract new customers to the site are making better website's placement in search engine rankings. Search engines are programs that search documents for specified keywords and returns a list of the documents where the keywords were found [9], so it's worth investing some time in learning about search engine optimization

People are prompt to choose familiar things as the first choice. Therefore, spend time for putting name of the website page (URL) and promote the company name, promote the web address as well to maximum number of people. Every word and sign should make the feeling of familiar. The vendor wants to get the attention of the potential consumer.

Website design is concerned with how information is constructing on the website. It is the first impression that counts. It is primarily concerned with the information that is put up on the site, the art beauty of the website, the ease of navigation through the site and the time taken for navigation for improving availability. The quality of website design is very important for any online store to attract customers. Attractive website designs, presentation mode, words used in the pages, color and graphics of the pages are also very important and it should be professional to attract people to the website and products.

There are a lot of techniques used by online shopping service providers to get awareness and attention of the people. Online advertising, also called Internet advertising, uses the Internet to deliver promotional marketing messages to consumers. It includes email marketing, search engine marketing, social media marketing, many types of display

advertising (including web banner advertising), and mobile advertising [2]. For advertising their product and websites companies are using electronic media like television, radio etc. they want to familiarize their products and websites in the mind of potential customers.

2. Intention

The next element of this model is intention. After attracting people to the e-commerce website or front page of the website the quality of website should encourage people to buy their products. Customers should feel the need, usage, benefits and advantages of the product which are displaying in the site. Price, reputation, features, etc are to be tested by this time. Consumers may do a comparative study because they want to confirm that the product is worthy for them. Information search and information evaluation are the two important activity of consumer at this stage. But this time most of them are not thinking about the mode of payment or mode of money transaction.

Before purchasing a product, consumers look for information on it: brands, variety, price and quality. Different consumers have different information needs. B2C websites can offer information through hyperlinks, so that the consumers can drill down to further detailed product information as needed [1]. The contents of a B2C website play an important role in influencing the purchase decision process of a consumer. They should allow the consumers to locate and select the merchandise that best satisfies their needs. Thus, the usefulness of a b2c website not only depends on the information content, but also on the tools provided for navigating through and evaluating the use of the information [1]. The information given in a B2C website should be just sufficient for the consumers to make a decision, and care should be taken to avoid giving too much, as this is likely to result in information over load [1]. Hammond et al. (1998) suggest that novice Web users tend to appreciate the Web's informational value more than its entertainment value, compared to more experienced Web users [6]. Considering the entertainment value of customers through this type of internet activity has its own importance.

3. Adoption

This is the most substantial process in the e-commerce activity. In this stage the potential customers are thinking about the mode of payment and delivery and service terms. Privacy and trust become the most important factor which are affecting in this stage. One of the frequently cited concerns about online shopping is the security of monetary transactions. While creating digital environment where buyers and sellers can transact, marketers should think consumers perception of doing payment. Lack of trust on the online transactions and the e-retailers has been identified as one of the major obstacles in the adoption of online shopping in a large number of discussions.

The most salient source of trust in a retail setting is the salesperson, where consumer trust is dependent on the salesperson's expertise, likeability, and similarity to the customer (Doney and Cannon, 1997). However, with online shopping this physical salesperson is replaced by help

buttons and search features, thus removing the basis of consumer trust in the shopping experience (Lohse and Spiller, 1998). Even though, various technical advancements in internet security, like cryptography, internet security software, digital signature and certificates and authentication, consumers are still concerned. To reduce such fears in the mind of potential consumers, many B2C websites offer alternative payment modes, like telephonic transactions or checks. In order to allay the consumer concerns, websites may also offer individual accounts with a logon id and pass word. Displaying security and privacy policy of the company, shipping policy and physical address and phone number prominently is positively affecting trust in consumers.

In this stage marketers should reduce the fear of consumers for buying untouchable from an unseen vendor. To overcome this drawback, many online retailers have adopted online reviews systems that provide relevant information to consumers in order to affect their purchase decisions.

Secure Sockets Layer (SSL) encryption has generally solved the problem of credit card numbers being intercepted in transit between the consumer and the merchant. Quality seals can be placed on the Shop web page if it has undergone an independent assessment and meets all requirements of the company issuing the seal. The purpose of these seals is to increase the confidence of online shoppers.

4. Satisfaction

Satisfaction is one of the most important consumer reactions in the B2C Online environment. Satisfaction defined as the extent to which consumer's perceptions of the online shopping experience confirm their expectations. The whole shopping experience may affect the satisfaction of the customer. Customers have an expectation about the result of the activity. If their expectations are met, they will have satisfaction. The degree of satisfaction is directly proportional to the expectations they met. However, as per the survey result, 87% of dissatisfied consumers would permanently leave their Internet retailers without any complaints.

The expectation-confirmation theory suggests that if the perceived performance meets one's expectation, confirmation is formed and Consumers are satisfied. Mummalaneni (2005) found that pleasure and arousal during online shopping navigation strongly influence satisfaction, operability and willingness to purchase online can also affect online shopping websites (Gammack and Hodkinson, 2003). Milliman and Decker demonstrated that the use of post-purchase communication could significantly reduce dissonance and improve direct marketing effectiveness. Cho and Park (2001) have found in their study that customer satisfaction in e-commerce is related to the quality of website design. Outstanding customer care service can make satisfaction on the mind of customers. This satisfied mind will be ready to do same activity with relaxed mind.

5. Continuance

The intention part could again apply at this time. Ease of use, trust, usefulness and other positive factors in the all process are directly proportional to the satisfaction level and the satisfaction is directly influencing continuance process. But the most important thing is that creating a bonding with customer by the previous purchase. By satisfying customers, companies can nurture long-term relationships and customer loyalty. Customer loyalty is the degree to which a customer will stay with a specific vendor or brand for repeat purchasing. Loyalty brings a deep commitment to buy again or to patronize preferred products with friends. Helping online businesses understand which factors encourage consumers to remain loyal a shopping website is critical because acquiring new customers may cost five times more than retaining existing ones (Crego and Schiffrin 1995; Petrisans 1999). According to the relationship marketing literature, customers are motivated to maintain relationships with a service provider either because they really want to or because they believe they have no other option. (Bendapudi and Berry, 1997) [5].

We want make sure that we should encourage consumers to return by making special offers and letting them know what the vendors are doing at the store. Bhattacharjee's (2001a) proposed model was formulated on the basis of expectation and confirmation theory (ECT), and postulated satisfaction, confirmation, and loyalty incentives as salient factors affecting consumer online repurchasing. Lee (1999) focused on online repurchase and contended that consumer trust and consumer satisfaction was the key antecedents of continued purchase. Fornell (1992) demonstrates that firms adopt both offensive and defensive strategies for choosing their position to locking-in customers [5].

One of the important factors determining whether customers return to a website is ease of use and the presence of user-friendly features. Usability testing is important for finding problems and improvements in a web site. B2C websites use a number of mechanisms to gather information about their visitors. Explicit modes of gathering, such as registration forms, web surveys, and implicit means, like the use of cookie files, Analysis of log files, Spyware, Web Analytics are track customer satisfaction are commonly used. Measure everything you do, and try to find out where all your leads and customers come from. This type of research results and information about the consumers approach to website features will use for better approach and for taking decision making regarding shopping websites different features. A small increase in customer loyalty can make a big difference in company profits.

Total process

These all process is not step by step and all consumer behavior and approach are not in order. Mostly of them are interrelated and merged. For the purpose of simplification only we are classifying this type. These processes are cyclic in nature which starts with attraction followed by intention, adoption, satisfaction and continuance.



Figure 2. Cyclic nature online shopping process.

The quality of website design, i.e. business content, clarity of purpose, accessibility, ease of navigation, friendliness, is affecting the consumers overall process of online shopping. We all love promotions. Promotions are usually consisting of different type of motivation which add value and attract customers toward the products [8]. Therefore including or displaying promotional messages and quotes in the webpage is valuable for attracting people through website design.

Different consumers have different tastes and perception and attitude. So personalization and customization is very important while approaching consumers. Another thing that will help to attract many users is an outstanding customer care. McKinsey revealed that 70% of buying experiences are based on how the customer feels they are being treated.

Ease of use is also very important to attract more customers because there is no consumer (or at best few) willing to purchase a product or service using complicated procedures. One of the attractions of online shopping is that it can save time (not having to go the mall) so this type of business should be free of any barrier to customer easy use the services provided. This is especially in the case of consumers who lack IT skills [7].

III. CONCLUSION

In this model we are taking common consumer behavior and website characteristics which is directly influencing consumer. Marketer should consider other variables like product characteristics, consumer characteristics, environment characteristics, vendor characteristics, intermediary characteristics and product and service characteristics etc are influential factors. The emergence of E-Marketing does not only benefit businesses but also consumers by providing many aspects of convenience that is not quite available in traditional shopping [3].

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