

CHANGING THE CONSUMER BEHAVIOR UNDER THE INFLUENCE OF DIGITAL MARKETING

Case Studies

Keywords

*Online marketing,
Online consumer behavior,
Online consumer profile in the EU*

JEL Classification

X00

Abstract

In the last 10 years, the advent of the digital market has changed the trends and the consumer's purchasing preferences. Living under the influence of speed and changing their lifestyles, people increasingly allocate less time to shopping. Moreover, the need for information pushes consumers to carry out market research before purchasing a product via the Internet. Also, the economic situation determined by the global recession started in 2008, caused a profound change in the people's mentality on groceries. In this context, many persons have understood that the unjustified purchasing leads to waste and can have negative long-term effects, which is why they have decreased the procurement, turning themselves into "intelligent / rational buyers". This article deals with the influence of the online environment on the consumer behavior.

INTRODUCTION

The purpose of any economic activity is the sale of products. Without this purpose, no matter how good a company is in terms of other issues (promotion, human resources, manufacturing, distribution, etc.), its activity is doomed to failure. Therefore, the interest allocated to the consumer becomes paramount for any enterprise regardless of country, sector or size.

If large companies allocate significant funding to market research that provides information on the customer profile, with the advent of digital media, this type of research has become accessible to all kinds of companies.

In the future, "large companies will no longer carry out market research which can be inaccurate and expensive, but they will use data reflecting the reality taken directly from the clients to help shaping and optimizing their business" say Vlad Bombo and Dan Vlad Mărculescu, founders of Fullscreen Digital, a solution that analyzes the traffic and the behavior in stores or malls of the customers who have a Smartphone with Wi-Fi "(Seceleanu, 2014).

"According to the *Behavior of the Digital Consumer* survey, 67% of the Romanians have a positive attitude towards online shopping. The product quality (38%), the savings from the online purchasing of goods (21%) and the browsing experience while online shopping (19%) are the main factors which influence their purchasing decision" (România Liberă, 2014).

"Regarding the percentage of online shoppers in the EU, almost two thirds of those who used the Internet at EU level for personal purposes have made online purchases (65%). This percentage varies greatly between countries: from 84% in the UK to 38% in Portugal. From all the European online shoppers, 58% have purchased from their country, 19% from another EU country and 11% from a non EU country "(European Commission, 2015, p. 4).

"In 2010, P.B. Brandtzaeg conducted a study regarding the Internet consumer behavior. According to the study, he considered an appropriate classification of Internet consumer behaviors in categories based on: the frequency of Internet use, variety and content use items" (Brandtzaeg, 2010).

Another study indicates three types of factors that influence the online consumer behavior, namely:

- **„Functionality factors** - Factors enhancing the online experience by presenting the virtual client with a well functioning, easy to explore, fast, interactive Website. Functionality includes "Usability" and "Interactivity" elements.

- **Psychological factors** - Websites must communicate integrity and credibility in order to persuade customers to stop, explore them and interact online. Psychological factors are those playing a crucial role in helping online customers unfamiliar with the vendor or unfamiliar with online transactions to overcome fears of fraud and doubts as to the trustworthiness of the Website and vendor.

- **Content factors** - Factors referring to creative and marketing mix-related elements of the Website. These factors exercise a direct and crucial influence on the Web experience. They are divided in two sub-categories: "Aesthetics" and "Marketing mix" (Constantinides, 2004, p. 114).

The consumer behavior in the online environment is influenced by several factors, which cause a departure from the traditional purchasing model and change the purchase behavior of people.

According to this author, the **usability** and the **trust** are the most important elements which influence the online consumer behavior.

BELOW THERE ARE SOME OF THE CHARACTERISTICS OF CONSUMER BEHAVIOR IN THE ONLINE ENVIRONMENT.

1. Use of digital tools for identifying the digital consumer behavior

Digital tools like: Google Analytics and Facebook Insights allow the identification through both the consumer profile and its behavior, providing data about his geographic location, interests, used devices (laptop, smartphone, iPhone, ...), as well as about the time spent surfing the company's webpages.

So, having this information about the online consumer behavior, the company knows what content is sought by the customers and therefore what kind of content should use to determine the customers' turn on its website.

Moreover, the information technology enables to offer similar products to those sought by the customers, giving them many alternatives especially useful when the searched product is no longer available. Also, based on IP, mobile or GPS devices or other proxies it can be identified the geographic location of the customers.

In essence, "*in order to achieve the best possible customer experience, some information is needed about his intentions and preferences, and the online environment allows to build a strategy based on this concrete data.*

Prospecting campaigns can be implemented in order to reveal the interests of potential customers, as well as remarketing programs to enable the company to be listed on top on the customer

preferences, by delivering him relevant information, within a relevant context. In this context, the keyword is: customization! says Matthew Thomas, Head of Commercial in Veinteractive - the world leader in technology, working with over 10,000 worldwide customers in the e-Commerce field (Tecomm, 2016).

2. Reducing the time spent shopping

"During the weekdays, Romania's population aged 10 years old and over has less than 2:11 hours free daily time compared to weekends (4:01 hours to 6:12 hours on weekends). Women have less free daily time than men, both on weekends and weekdays (3:40 hours to 4:23 hours on weekdays or 5:41 hours to 6:46 hours on weekends).

Whatever the time of the week (working day or weekend), women allocate in average 2:19 hours for the household and the family care, while men work with 1:03 hours more than women" (National Institute of Statistics, 2013, p.1).

In this context, one of the main reasons why people prefer to purchase via the Internet is the lack of time and willingness to go into the physical store to purchase the desired product. Living in a speed time era in which time is very precious, the desire to win time for family, hobbies, relaxation determines people to purchase from online stores, an action that can be performed at any time of the day, from anywhere, without requiring physical movement at the sales point.

3. Search of the needed information before buying a product

If in the traditional marketing the consumer's information was fairly brief, allowing just to find more information at the sales point before purchasing the product, the digital marketing has created a new type of consumer, namely "*the absolutely rational consumer*".

"A fundamental assumption in the traditional economic theory is that individuals act as rational decision makers. These assumptions of rational decisions refer to costs and benefits of alternative products, before choosing the product that maximize its utility. To take a rational decision involves the use all the available information. (...) The focus on the consumer behavior analysis in the digital environment is the rational description of the procurement process ". (...)

The characteristics of rational consumers are:

- "Rational consumer searches and accesses the information;
- Consumer rationally analyzes the obtained information;
- Consumer acts reasonably in the acquisition process according to the available information" (European Parliament, 2011, p. 37).

"Considering that a consumer is not simply a buyer, but also a user of information technology (Cho and Park, 2001), it can be deduced that the online experience is more complex than the physical shopping experience. The web experience can be defined as the whole impression of the consumer about the company in online (Watch as re Whitepaper Series, 2000) resulting from its own exposure to a combination of digital marketing tools"... under the direct control of the digital marketers who want to influence the buying behavior of the online consumers" (Hossain, 2007, p.3).

4. Increasing the consumer's power and influence towards the seller

The feedback obtained in real time via social networks has increased the buyer power towards the company as he can easily transmit his positive or negative comments to the community on a certain product or service offered by the company. So companies no longer need to invest huge amounts of money to identify their customers and get direct feedback from them, on the contrary, they identify themselves as customers of a product via social networks and transmit voluntarily their points of view to the company.

This change in the consumer behavior through the digital marketing process is in fact a "win-win" process, since both parties (the company and the customer) win.

Moreover, while being within a network structure, each consumer can influence a significant number of potential customers, who can change their buying decision based on the online comments.

In fact, the "democratization of information was the most influential result of the development of the ICT." (Duguleană L; Duguleană C, 2008, p.2) and all businesses in a network are based on an essential premise: when information about goods is shared, the value of these goods increases, both for business and individuals, as well as for the community "(Gansky, 2011, p.29).

Moreover, "a recent study conducted by McKinsey concluded that a recommendation that comes from a "trusted source" such as a friend or a family member is fifty times more likely to convince someone to buy a product or try a new brand "(Gansky, 2011, p. 59).

In fact, "each network transaction represents an opportunity to meet the promise made towards the customer - to facilitate his convenient access to goods and personalized services. Whenever this promise is fulfilled, it reinforces the relationship based on trust with people, communities, partners or underserved markets "(Gansky, 2011, p. 46).

5. The possibility of establishing or distorting the price of the products by the online consumers

Having access to a unique market of global dimensions, as it is the case of the digital market, the online consumer has the opportunity to choose from a wide range of products, with similar functions. In this fierce competition, one of the factors influencing the purchase decision is the price. In order to identify the best price, the online consumers have at their disposal a number of web platforms which allow price comparison. In this context, in order to remain competitive on the market, companies must align their prices to the competitors' prices.

In the promotions hunters' case, they "purchase online first of all to find the best deals on the products that they want and they know already. Their online purchases include especially fashion products and health services. They appreciate a procurement process as concise, in fewer steps, with clear information about the product" (Velea, 2016).

6. The emergence of a new consumer category: the "prosumers"

In 1972, Marshall McLuhan and Barrington Nevitt suggested in the "Take Today" book that under the impact of electrical technology, the consumer will become the manufacturer. Eight years later, in 1980, Alvin Toffler uses in his book, "The Third Wave", the term of "prosumer". Toffler believes that the mass production and the standardization of products will affect the core of the consumer satisfaction, but in order to continue to increase profits, companies should customize their products according to the consumer's requirements. In this context, to reach a high degree of customization, consumers should participate in the production process (Ehrenfeld, 2015).

Thus, "the online environment brought new meanings of this term, prosumer being perceived today as a mix between the producer and the consumer. In other words, the consumer not only uses certain products, but also is involved in their production process, influencing the companies' direction of evolution and their communication strategies "(Serbian, 2013).

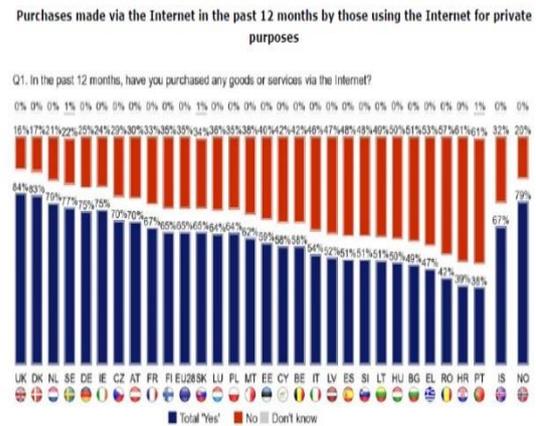
7. The online customer profile in the European Union

The socio-demographic factors play an important role in analyzing the online consumer behavior. At European level, the scale known by the E-commerce is worth being taken into account and the "percentage of those who made online purchases of goods and services in the past 12

months of 2014 increased by 27% since 2006 " (European Commission, 2015, p.7).

In the figure below, it can be observed the evolution of the percentage of population that carried out online purchases of goods and services in 2014, within the European Union (Figure 1).

Figure 1. The situation in EU countries, in the percentage of population that made online purchases in 2014.



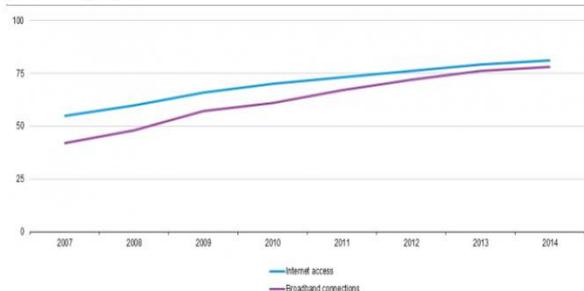
Source: European Commission, 2015, p.11.

The sample of the survey consists of 21 926 people in the EU, respondents who use the Internet for private purposes. As it can be seen in Figure 1. the population of the UK, Denmark, the Netherlands and Germany conducted most shopping using the Internet, while the population of Romania, Croatia and Portugal made the fewest online purchases in 2014.

Beyond the link between the Internet access and the volume of online purchases, it can be observed a linear relationship between the volume of online purchases and the purchasing power of these countries.

Regarding the evolution of the Internet access in the European Union, in the period 2007 - 2014, it rapidly increased as it is shown in the figure below:

Figure 2. Internet access in the EU in the period 2007 – 2014.

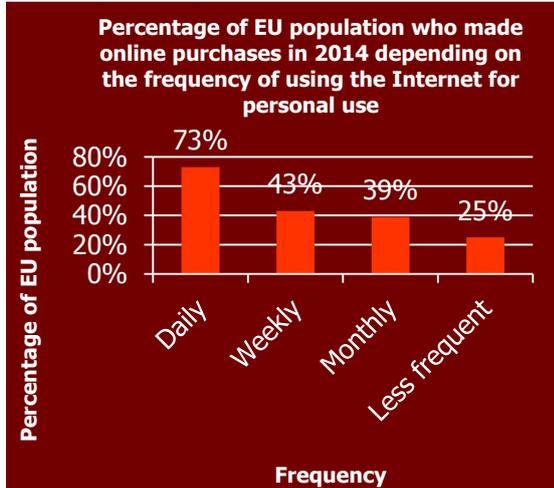


Source: Eurostat, 2015.

As it can be seen in the figure above, the increase in the number of people with Internet access in the EU had a very pronounced upward trend. It is

estimated that this trend will continue in the future, meaning a higher volume of online purchases in the EU.

Figure 3. Percentage of EU population who made online purchases in 2014 depending on the frequency of using Internet for personal purposes.



Source: European Commission, 2015, p.13.

According to the European Commission it is estimated that 73% of those who use the Internet daily, have made more online purchases than the rest. Moreover, the frequent use of the Internet for personal purposes increases the possibility of online buying of goods and services. Another study of the European Commission shows that men bought more via the Internet than women.

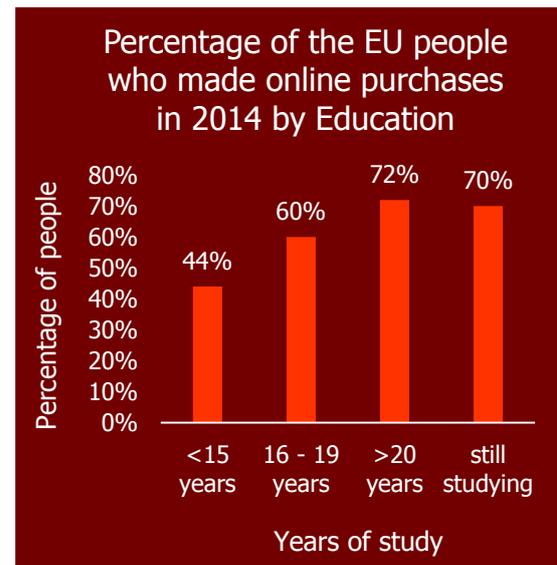
Figure 4. Percentage of the EU people who made online purchases in 2012 by Gender.



Source: European Commission, 2013, p.17.

Analyzing the education of online consumers at Community level, it is noticeable that people with more years of study purchase via the Internet more than those with fewer years of study.

Figure 5. Percentage of people who made online purchases in the EU in 2014, by Education.



Source: European Commission, 2015, p.13.

The difference between those who are still studying and those with the fewest years of study is significant in terms of online purchases.

By occupation, people who are working as self-employed or employee did mostly online shopping.

Figure 6. Percentage of people who made online purchases in the EU in 2014, by Occupation.



Source: European Commission, 2015, p.13.

Regarding the number of people who made online purchases in 2014 at EU level, the highest volume of online shopping was recorded in the Netherlands, Denmark and the UK, while Croatia, Portugal and Romania registered the smallest volume of purchases made at Community level, via the Internet.

The volume of purchases on the Internet is directly proportional to the individuals' access to the

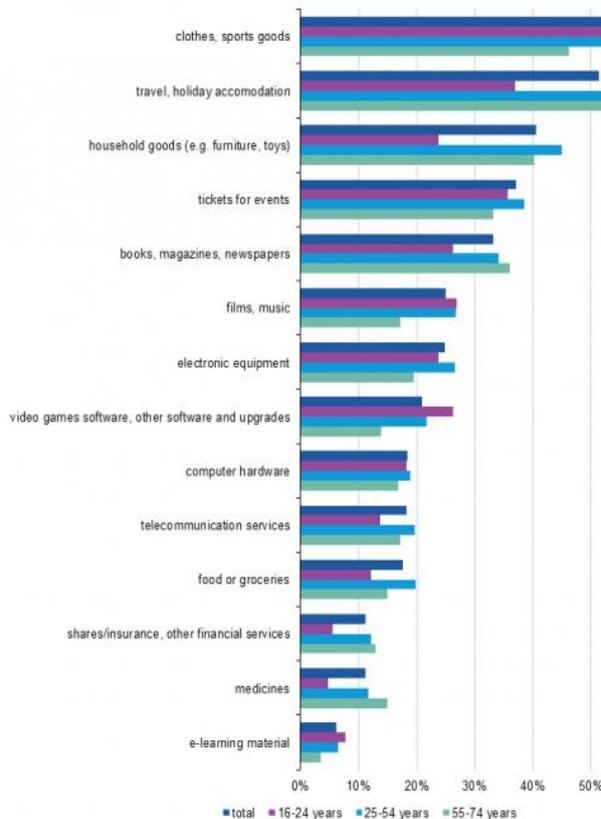
Internet. Thus, "in Denmark, 76% of people who accessed the Internet made online purchases / 88% of the population has Internet access at home, the Netherlands (73% of population made online purchases / 93% have Internet access at home), UK (72% made online purchases, 76% have Internet access at home) and Sweden (71% of population made online purchases / 91% of population have Internet access at home).

Countries that have a low volume of online purchases are those that have a low penetration of Internet at home: Portugal (28% of population made online purchases / 47% have Internet access to at home), Romania (31% of population made online purchases / 54 % have Internet access at home) and Greece (36% of population made online purchases / 55% have Internet access at home).

There are some exceptions to this trend: in Croatia, the volume of online purchases is low (29%), although the Internet penetration rate is 70%. Also in Slovenia - the volume of online purchases is 40%, while the Internet penetration rate is 73% "(European Commission, 2015, p.16).

As it can be seen in the figure below, the highest volume of online purchases is targeted on: Cloths, Travel and Holidays, as well as Home goods:

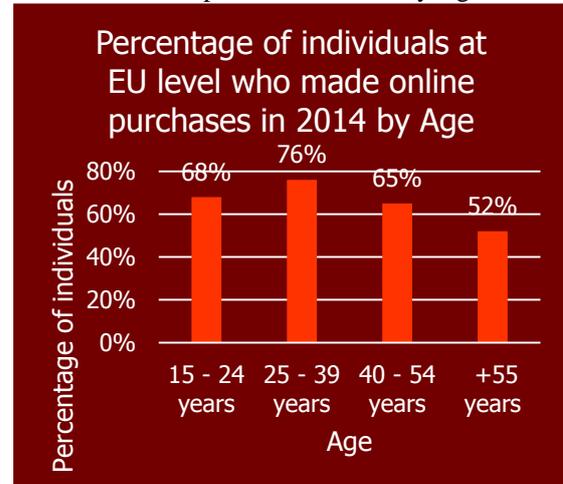
Figure 7. Top online shopping in the EU-28, in 2015.



Source: Eurostat, 2015.

Regarding the age of the did more online shopping than the aged population, as it can be seen below:

Figure 8. Percentage of individuals at EU level who made online purchases in 2014 by Age.



Source: European Commission, 2015, p.13.

TRUST IN ONLINE SHOPPING

Respondents who expressed the highest level of trust to purchase products via Internet from the suppliers in their country, come from "Denmark (80%), UK (80%), Ireland, the Netherlands and Sweden (all 75%). At the other end of the scale, only 32% of respondents in Croatia and Bulgaria and 43% of those in Portugal agree they feel confident making domestic online purchases"(European Commission, 2015, p. 29).

"Confidence in purchasing online from **retailers or providers in other EU countries** is less widespread. In fact, there are only four Member States where at least half of consumers agree they are confident to buy online from another EU country: Ireland (62%), Luxembourg (56%), Malta (55%) and Denmark (51%). (...) Since 2012, confidence has seen the largest decline amongst consumers in Bulgaria (-13), followed by those in Finland and Ireland (both -4)"(European Commission, 2015, p.29).

Respondents that comfortably use two or more languages for personal interests are more likely to have purchased online domestically (60%-68% vs. 53% of those using one language), cross-border (22%-34% vs. 14% of those using one language) and from a country outside the EU (11%-22% vs. 9% of those using one language)" (European Commission, 2015, p. 13).

Another characteristic of the online customer behavior in the EU is that he allocates a special attention to the product's environmental impact. Thus, "four of 10 people (41%) say that the environmental impact of a product or service

influences their purchasing decision" (European Commission, 2013, p.10).

CONCLUSIONS

As the digital era is characterized by offering customized products closer to the customers' demands and expectations, the analysis of the digital consumer behavior is the starting point of the digital marketing approach.

The existence of the digital tools that provide different pieces of information on socio-demographic characteristics or on the customers' behavior when they browse on a website, allows to collect more accurate information than the traditional marketing regarding the customer behavior.

As for the web customer experience and consequently his behavior, some experts believe that it is influenced by a number of factors that can be grouped into three categories: functionality, psychological and content factors.

Also, the desire to purchase via the Internet is related, on the one hand, by the desire to save time with the gradual reduction of the leisure time of the population, and on the other hand, by the desire to have access to more information about the product to be purchased, at the best price. In this context the online consumer is deeply rational and in the fierce competition he exercises a powerful influence over the manufacturer.

The power of the online consumer is greater as he acts within a network (using social networks), which gives him the opportunity to significantly influence the purchasing decision of other online consumers (family or friends).

Regarding the European online customer profile, it is determined by a number of socio-demographic factors such as: age, occupation, education, geographic region, frequency of Internet use, etc., the attitude towards online purchases, etc.

It must be noted that the online shopping comes from countries where the Internet access rate is high, especially in Denmark, the Netherlands, Britain and Sweden, and in contrast, in Portugal, Romania, and Greece. An exception is the case of Croatia, where it was recorded the lowest volume of online purchases, although the Internet penetration rate is high.

In 2012, men bought more than women in the online environment (59% versus 48%).

In 2014, the young people purchased goods and services more than the older population. 68% of individuals aged between 15-24 years acquired products via the Internet, 76% of individuals aged between 25-39 years purchased products online, 65% with age between 40-54 years purchased products via the Internet. For the people over 55 years old, the rate was 52%.

Also, 44% of the people who studied more than 15 years bought online, while 70% of those with over 20 years of study bought via the Internet.

Moreover 72% of self-employed people bought products and services via the Internet, 75% of employees, 61% of workers and 54% of jobless people.

The highest level of trust to purchase products via the Internet from suppliers in their own country was recorded in Denmark, Ireland, UK and Sweden.

Regarding the confidence to purchase products online from suppliers in other EU member states, the most open are the Irish, the Danish, the Luxembourgers and the Maltese. Relatively few people from Hungary, Germany, Estonia and Italy would be willing to buy online from suppliers in other EU countries.

Another characteristic of the online consumer behavior is related to the frequency of using the Internet. Thus, an increased frequency of the Internet use involves a greater volume of purchases made via the Internet.

Therefore, as E-commerce seems to change the people's buying trends, the analysis of the online consumer behavior represents the starting point for a new form of marketing, the digital marketing.

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