

PURCHASING BEHAVIOR OF IT&C PRODUCTS AMONG YOUNG PEOPLE – poster presentation

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Abstract

Young people have rapidly adopted the practice of using a variety of channels through which to shop, especially for products that require thorough information on features and price. IT&C products fall into this category, and buyers using multiple channels benefit from the advantages of information from online stores and reduced risks associated with the acquisition from traditional stores.

The aim of this article is to identify young people preference for buying IT&C products from companies that distribute them across multiple channels. In this regard, an exploratory research was conducted on a sample of 340 students. The main results showed the high frequency use of Internet as a means of searching the information needed for purchasing IT&C products, the low share of exclusively online purchase, the fact that they are being perceived by students as both a need and a desire, and weak expression of views about products purchased in the virtual environment. Price and quality are the main criteria in choosing them.

Originality is determined by identifying youth preference for firms practicing multi-channel distribution strategy for IT&C products. Basically, people that we investigated gather online information about these products, from companies' sites, but they mainly buy them in traditional stores.

Keywords: multi-channel strategies, retail, IT&C products, buying behavior, e-commerce

JEL Classification: L81, M30

Introduction

Retail environment is transformed along with the introduction of multi-channel operations, designed to provide a variety of buying experiences for consumers (Mathwick, Malhotra and Rigdon, 2001). Although multi-channel system is not new, it has become attractive with the development of new technologies and the growing importance of electronic commerce. Traditional traders, especially the big chains, diversify their distribution strategy

through online channel, and some online IT&C retailers open stores where customers can test and buy the products. Multi-channel strategy allows companies to build stable relationships with their customers, while providing information, products, services and support (or any combination thereof) through two or more synchronized channels (Rangaswamy and Van Bruggen, 2005). Such an approach offers advantages for both retailers and consumers: more distribution channels can increase sales and reduce costs for penetrating new markets (Neslin et al, 2006; Cheng et al 2007), and consumers can take advantage of the characteristics of each channel separately (Verhoef, Neslin and Vroomen, 2007). However, the integration of electronic channels in traditional enterprise involves substantial costs and increased risks, as well as potential conflicts with traditional channels, which could lead to cannibalization of sales (Kollmann, Kuckertz and Kayser, 2012). These multi-channel systems offer a wide range of buying experiences and the result is an increased number of customers and their increasing loyalty.

Previous studies (Xinyu, 2010) concluded that online stores can replace physical stores or can lead to their visit. Thus Internet and traditional shops become two important areas for consumers, both during information search and evaluation of alternatives stages, as well as during the stage of the actual purchase. Another study (Heitz-Spahn, 2103) shows that the buyers' change of option for a particular retail channel (free-riding) is a growing phenomenon. The author of the study shows that two thirds of consumers tend to adopt a free-riding behavior for the purchase of a durable good, which results in a reduction of customer loyalty.

Therefore, the aim of this study is to discover the behavior of young people using multiple channels of retail for IT&C products acquisition.

1. Literature reviews on the multi-channel retailing strategies

Nowadays, retailers offer products through both electronic and traditional channels through the adoption of multichannel strategies. *Multichannel retailing* is the set of activities involved in selling merchandise or services to consumers through more than one channel (Levy and Weitz 2009). Multichannel retailing is not a new phenomenon, but to a large extent, the emergence of integrated multichannel retailing was driven by the rapid expansion of the Internet as a new selling channel (Zhang et al., 2010). In today's retail environment, consumers may browse catalogs for products, search for information online, make purchases in brick-and-mortar stores, and get their post-purchase services through call centers. In fact, most consumers are cross-shoppers, using online and offline channels in the same shopping process. For example, to purchase a product, a customer would prefer browsing and searching through the online store but would rather drive to a brick-and-mortar store to avoid paying shipping and delivery. Conversely, consumers could visit the physical store to inspect products and decide offline, in the bricks-and-mortar store, and then they could conduct their purchases online through a web site that offers their desired product at the lowest price (Lazaris and Vrechopoulos, 2014). Among economic factors relevant to a consumer's channel choice are search cost, evaluation cost, delivery time, and price (Gupta, Su and Walter, 2004). The retailer may influence a consumer's channel choice by changing some or all of economic factors mentioned above. For example, the retailer may consider raising price but at the same time reducing search cost through advertising and/or reducing evaluation cost by providing more product information and demonstration (Gupta, Su and Walter, 2004). But we have to bear in mind that consumer choice it is not just a rational assessment of information on quality and price, because other

issues can count, such as brand beliefs, personal interest, habits, culture, social class, motivation, religion, and attitude.

The increasingly multichannel nature of consumer shopping and purchase behavior calls for a better understanding of their decision processes and new approaches to monitoring and measuring their experience, satisfaction, and loyalty with a retailer (Rangaswamy and van Bruggen, 2005). Retail operators applying a multichannel strategy need to understand the distinct characteristics of the Internet shoppers and non-Internet shoppers. For instance, Donthu and Garcia (1999) found that Internet shoppers were more likely to be convenience seeking, innovative, less risk averse and impulsive than the non-Internet shoppers. The distinction between the Internet shoppers and non-Internet shoppers is needed to tailor marketing and sales strategies to the different segmentations of the shoppers. As pointed out by Brashear et al. (2009), customized strategies are required to reach the target customers effectively. Also, the findings of a recent study (Lim and Cham, 2015) suggest that online businesses should focus on convenience, price, branding, degree of risk aversion, and product varieties in order to attract and retain online shoppers and they should emphasize on these factors to motivate non-Internet shoppers to purchase online.

However, the retailer's concern today is not only about managing different channels made available by a company, such as bricks-and-mortar stores, catalogues, website, mobile application, TV commercials, call centres etc., but is also about considering the consistency between different channels that facilitates and streamlines customer interactions. On this line, Chatterjee (2010) notes that retailers using multiple channels have two strategic options, namely: to operate multiple channels as independent entities; in this case the channels are segregated, operated separately and are different profit and loss units with no alignment of goals (Steinfeld, Bouwman and Adelaar, 2002) (is a *multi-channel strategy*, such as the alternative of ordering and picking up in-store managed differently from the variant of order online and get product delivered home) or to integrate multiple channels allowing cross-channel movements of products, money and information and the company aims for maximization of profitability in total (is a *cross-channel strategy*, such as the possibility to order online and pick up in store or to order in store and get product delivered home). While the decision to sell through additional channels prompts concerns about cannibalization (Deleersnyder et al. 2002), recent researches (Geyskens, Gielens and Dekimpe 2002; Zhang et al., 2010) indicates some sources of the improved financial performance for multichannel retailers, such as low-cost access to new markets, increased customer satisfaction and loyalty, and creation of a strategic advantage.

Consumers acquire information necessary to purchase decisions by looking for information of products in an attempt to decide what, when, and from whom to purchase. Consumers frequently engage in online pre-purchase search to extract up-to-date information for their purchase decisions. In this context, Internet has risen to become one of the most interactive tools that influence the decision of consumers in the context of shopping. Online search is an essential part of online comparison-shopping and decision-making process as it reduces purchase related uncertainty and increases the likelihood of purchase satisfaction (Lauraćus-Niinivaara, Saarinen and Öörni, 2015). Security and privacy issues, the design of the website and ease of use are also important (Järveläinen, 2007) given the fact that the ease of the online purchasing process is a combination of perceived ease of use of a website and the ability to find the desired product at the desired price and purchase it from the website.

2. Research methodology, results and discussions

To illustrate the practical aspects of IT&C products marketing an *exploratory research* was carried out on a sample of 340 students of the Faculty of Business and Tourism, third year of study at undergraduate or master. The students voluntarily participated in this research, which was conducted in early January 2015, as they were invited to fill the questionnaire posted on the website isondaje.ro. Although the sample is not representative, it may be considered relevant, because the selected students were taught disciplines related to information systems applications, e-commerce, sales, and also consumer protection. In addition, they represent a customer segment that is very active on IT&C market, as they use the products both for personal and professional purposes.

Five research hypotheses were formulated, namely:

1. The people investigated frequently use the Internet to search for information about IT&C products.
2. Respondents prefer to purchase IT&C products in the online environment.
3. People who use the Internet to search for information needed for acquisition of IT&C products do not express their opinions in the online environment after they have purchased.
4. Even if they use the Internet to search for information, there are differences between the interviewees regarding the place of purchase of IT&C products.
5. There are differences between respondents in terms of exposure of views in the online environment according to the place of purchase of IT&C products.

Respondents were asked to indicate the extent to which they use the Internet to find information about IT&C products. The responses clearly indicate the frequent use of the Internet for this purpose. The average of scores obtained in this case is 1.9, which corresponds to a frequent use of the Internet. Therefore, the first research hypothesis "*The people investigated frequently use the Internet to search for information about IT&C products*" was confirmed. Consequently, companies that sell such products should be particularly attentive to both the choice of products, as well as disclosures about them. Also, correlation with promotional campaigns for such products is a method of quickly capturing young people's interest and easily reaching them. High frequency of using the Internet to search for information about IT&C products should guide companies' concern to the use of multi-channel strategies for the distribution of products.

Another question was designed to identify the orientation of IT&C products' procurement, outlining certain habits. In this case, the distribution of responses indicates a preference to companies with both traditional and on-line sales, followed by those who sell only in stores. Companies that sell IT&C online only are preferred by the fewest respondents, approx. 12%.

This distribution may seem surprising, especially if we are making a connection with using the Internet to search for information related to these products. In addition, individuals investigated have knowledge of information technology. The explanation could lie in the lack of confidence for information conveyed in the virtual environment, the difference between images on websites and the actual product, the lack of harmonization between products on various websites and the promotional campaigns running on different media, as well as the malfunction of e-commerce - only companies. Also, the high price can justify

the need for additional tests and demonstrations of the product functionality, which the traditional trade can satisfy. Therefore, the research hypothesis *"Respondents prefer to purchase IT&C products in the online environment"* has been invalidated.

The use of testing pairs of samples method was intended to highlight the relationship between people who use the Internet as a means of finding information about IT&C products and expressing opinions about purchasing these products in the virtual environment. The test results indicate that there are differences between people seeking information and the ones expressing opinions online (Table no. 1).

Table no. 1. Statistics of the paired samples

	Mean	N	Std. Deviation	Std. Error Mean
Paired Internet use	1.9000	340	1.06514	.05777
Paired Expressing opinions	4.7118	340	1.30999	.07104

Paired Samples Test

Paired	Paired Differences				t	df	Sig. (2-tailed)	
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower				Upper
Internet use - expressing opinions	-2.81176	1.53422	.08320	-2.97543	-2.64810	-33.793	339	.000

The difference between the averages of the two variables is 2.81, with a direct correlation, but with rather low bond strength, respectively $r = 0.178$, at a significance level of 1%. T-test value of -33 793, for 339 degrees of freedom is significant, leading to the acceptance of the hypothesis of the existence of differences between information seekers and those expressing opinions online, meaning that the latter are far fewer. As such, the research hypothesis *"People who use the Internet to search for information needed for acquisition of IT&C products do not express their opinions in the online environment after they have purchased"* was confirmed.

The same method was followed to verify the hypothesis about the relationship between Internet use and place of purchase of IT&C products. The two variables are inversely correlated with a reduced intensity of the relationship ($r = 0.152$, at a significance level of 1%) (Table no. 2). This means that although most respondents use the Internet to search for information about the IT&C products, they don't mainly buy them in online shops. Also, the value of the t - test = - 3,444, for 339 degrees of freedom is significant, indicating that there are differences between people seeking information about IT&C products on the Internet and people buying online, the latter being less. Therefore, the research hypothesis *"Even if they use the Internet to search for information, there are differences between the interviewees regarding the place of purchase of IT&C products"* was confirmed.

Table no. 2. Statistics of the paired samples

Pair	Mean	N	Std. Deviation	Std. Error Mean
Internet use-	1.9000	340	1.06514	.05777
Product purchase	2.1824	340	.92282	.05005

Paired Samples Test

Pair	Paired Differences					t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Internet use - product purchase	-.28235	1.51189	.08199	-.44363	-.12107	-3.444	339	.001

Also, the relationship between the place of IT&C products' purchase and online exposure of opinions about these products was monitored as a specific direction in the research investigation. Data (Table no. 3) indicate a negative correlation, of rather low intensity, between the two variables ($r = -0.186$, at a significance level of 1%).

Table no. 3. Statistics of the paired samples

Pair	Mean	N	Std. Deviation	Std. Error Mean
product purchase -	2.1824	340	.92282	.05005
expressing opinions	4.7118	340	1.30999	.07104

Paired Samples Test

Pair	Paired Differences					t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
product purchase – expressing opinions	-2.52941	1.73690	.09420	-2.71470	-2.34413	-26.852	339	.000

This means that opinions' exposure in the online environment is made more likely by people who do not purchase through e-commerce. In this case, also, the t-test is significant, its' value being -26.852, for 339 degrees of freedom. As such, it can be said that there are differences between individuals investigated in regard of their expression of views in the online environment, depending on where they purchase these products. The minus sign of the t - test indicates that people who buy products through e-commerce don't express opinions in the virtual environment to the same extent. Consequently, the research hypothesis "*There are differences between respondents in terms of exposure of views in the online environment according to the place of purchase of IT&C products*" was confirmed.

In conclusion, the research hypotheses 1, 3, 4 and 5 were confirmed, while the 2nd hypothesis was disproved. This can lead to a new direction of investigation, through

another research, in order to identify obstacles to young people using IT&C products' e-commerce. This research is needed, given that the information technologies are known and used, while accessing sites of companies that sell these products is made with high frequency.

Conclusions

This paper tries to deepen understanding of the ways consumers use multiple channels of modern retailing. The study results indicate that using more channels is leading to visit of traditional stores in order to actual buying and reduces consumers' loyalty to a particular retailer.

The research undertaken allowed the identification of some useful issues in the activity of companies that sell IT&C, in terms of an important segment of their market, respectively youth with higher education.

The preference of young people for companies that use multi-channel strategy in the distribution of their products appears somewhat surprising. Hence the idea that firms should diversify distribution channels, pay attention to virtual environment and to the consistency of their messages.

Price and quality of IT&C products remain basic criteria in their selection. As such, careful choice of the product assortments they are selling and improving negotiating capacity with suppliers can be the source of competitiveness. Exclusive orientation to selling the products in the online environment is not favored by practicing the same level of price as in traditional stores, knowing that in the latter case the running costs are much higher than for e-commerce.

A concern of companies should be targeted at finding practical solutions to provide confidence in online transactions. They can refer both to the information provided on the websites, but also to the choice of payment methods, the delivery's conditions and terms, the selection of courier companies, the guarantees and the service offered.

The limitations of this research relate to its type, exploratory research, and the sampling method, which does not allow the representativeness of the results. However, we can say that students are an important customer segment for companies selling IT&C products. As such, they represent a relevant source of information for the activity of the companies in this field.

Other lines of investigation, in future research, may be set to identify the factors that favor or discourage e-commerce of IT&C products, to highlight the features of the buying of these products behavior, as well as grasping of the best practices that companies in this field apply in order to create a positive purchasing experience for consumers.

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