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## E-Consumer Behaviour

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Transacting business at the speed of thought.

*The chapter gives an insight into:*

- *E-Business and its importance*
- *E-Business applications*
- *World Wide Web and its advantages*

# E-Consumer Behaviour

## ■ 24.1 The Computer Age

Consumer can't be seen or met (Cyber consumer). This is the age of information Technology. The computers are being put to wide use. They are being used for business and domestic purposes, for government work, for buying and selling, for recording and retrieving information, for electronic communication with the greatest of ease, and they are used all over the world. Companies have been working towards computerisation, and the first commercial computer was given to the world in 1924 by I.B.M. Computer education started in 1928, and today it has changed the entire concept of business and mankind. Right from railway booking which entailed long queues at the reservation counters, to accessing the latest information, things have become much easier and methodical. In the beginning, emphasis was given to programming in Pascal, COBAL, FORTRAN etc., then we had the transition to three generation languages, and now the E-Business, which can be described as the method of doing business electronically, which has now become an integrated discipline.

In 1990, online services were started which provided a new form of social interaction, such as Inter relay chat (IRC) and knowledge sharing, such as new groups and file transfer programmes. Social interaction led to the concept of "global village". By using the global Internet, people can exchange information and can communicate with each other at a much lower cost.

In 1990, the WWW (World Wide Web) provided an easy to use technology solution, to the problem of information publishing and dissemination. It enabled more diverse activities in Business.

## ■ 24.2 E-Business

E-Business Marketing is the direct marketing online, and through this media advertisements can easily reach the consumer's door step. It provides information through Internet and online services for buying and selling products and exchange of information. It cuts service cost for the marketing and improves the quality of goods/services, and increases the speed of delivery.

"E-Business enables business to be transacted at the speed of thought".

Business challenges can be overcome, competition can be met, and strategies can be evolved to meet the competition. E-Business enables business to be transacted globally without any significant barrier.

Voluminous and repetitive documentation can be eliminated. It enables differentiation for competitive advantage.

It provides effective management information and helps in decision-making. It helps manage the customer chain and integrates it with the supplier chain. There is better management of marketing. It leads to reduction in the cost of doing business.

### ***Benefits***

There are no geographical boundaries and targeting individual clients is less costly. There are fewer middlemen, there is quick order execution, faster realisation of money, client has much wider choice and he can choose from products offered globally. It also helps in booking airline/train tickets yourself from your home/office. You can have access to Bank transaction and to billing online.

### ***Advantage to the consumer***

E-Business or Electronic Business has brought a revolution in many fields. It has also changed the entire concept of selling and buying. It has changed the thinking of the consumer. It has changed the decision-making of the consumer and the physical activities associated with the decision-making process have been reduced tremendously.

Consumers using the Internet can improve the execution of their business. They can generate and exploit business opportunities with greater efficiency and speed. They can 'generate business value'. It gives the consumer advantage of getting better quality products by using interconnected networks, greater consumer satisfaction and delight and greater economy is guaranteed. It saves time and gives greater speed of transactions and delivery. These change not only the thinking of the consumer, but can bring vast changes in the consumer behaviour.

After all, as has been earlier pointed out in the book, consumer behaviour is the decision-making process and physical activity engaged in, while evaluating, acquiring, using and disposing off goods and services. Information based transactions are therefore creating new business opportunities and new ways of doing business. The need of E-Business arose for better computing, better interaction between sellers and buyers, both inside and outside the business organisation.

The use of it in banks in the transfer of money within minutes all over the globe, not only saves time, but also saves interest on the money which takes days to get transferred from one bank to the other across the globe. Traditional business methods of using paper and post are becoming obsolete and the same transactions now take a matter of minutes. This holds goods for purchase, sales, sending of documents and money to any part of the world. This is known as EDI or Electronic Data Interchange. The electronically-managed system provides a look into the store. The products are divided into various categories. One can see all the shelves of a grocery store, get detailed information about the ingredients of the product, and order electronically and the payment is also made electronically. It provides a look into the store's display and the arrangement of the shelves. A variety of brands with varying prices, sizes and information about the ingredients of the products can be seen as well.

There are three ways in which we can categorise E-Business applications.

- (a) Interorganisational (business to business, also known as B2B)
- (b) Intraorganisational (within a business)
- (c) Business to customer (also known as B2C).

We are in this chapter concerned with business to customer transactions, the customer is always looking for the ease of purchase, convenience, low prices, good quality and proper service. Electronic Business provides the consumer with convenient shopping from online catalogue, to electronic banking which eliminates costs. It eliminates many intermediary steps. It provides video conferencing for better interaction and information. Consumer cannot be seen not met. The consumer can conveniently transact the business according to his needs.

### ■ 24.3 Web (World Wide Web) WWW

Web, as we all know, is a net made by the spider. In computer terminology, it is a standard for navigating, publishing information and executing transactions. It is used:

1. To develop ways of linking distant documents (Hyperlink).
2. It enables users to work together (Collaborative authoring).

Companies use the web for communication with customers and suppliers, by publishing contents on their web server for widespread distribution. Many companies are selling their products on the web. A number of functions are performed including advertising, sales, customer service and marketing. Information transfers from bank to bank, bank to customers, business to customer, and even entertainment functions can be undertaken. The web can perform a number of tasks. These include attracting new customers via marketing and advertising.

Servicing existing customers via customer service and support functions, developing new markets and new distribution channels for existing products, developing new information-based products. It also includes brand name management, exhibiting product catalogues and sales information and new product announcements *i.e.*, (customer service).

It is useful in handling customer queries that would otherwise be handled by a service representative. It can handle many customer-oriented tasks. Software can be delivered from one computer to another, within no time. Customers can check their personal bank accounts. They can know their balances and recent transactions which helps to make better and quick decisions.

They can trace their parcels or packages as to where they are kept, or to what point of destination they have reached and when. The interaction with the government agencies has also become more accessible and useful. Tax information, employment opportunities, changes in rules or tax structure are also accessible with the press of a button.

### ■ 24.4 Application to Customer Behaviour

Consumer keep making decisions to buy the products of their choice. The steps included in decision-making which have already been discussed in earlier chapters are:

1. Problem recognition
2. Information search

3. Evaluation of alternatives
4. Purchase
5. Post-purchase behaviour.

The decision-making as we have seen earlier is influenced by the internal determinants which include learning, memory, personality, self-concept, attitude, motivation and involvement. The external determinants consist of cultural and subcultural influences, social group influences, family influences, social influences and other influences. External and internal influences thus, together influence the decision-making process and most customers follow these steps in a logical manner.

E-Business enhances this process, and saves time of the consumer by providing all relevant information on the internet that is required.

### ***Problem recognition***

A problem is recognised when there is a gap between the existing and the desired position in the use of a product by the consumer. This gap may be caused by a number of factors, and it has to be reduced for the satisfaction of the consumer. E-Business provides the customer with more information regarding products and services. The customer, therefore, has a better understanding of the solving of these problems and starts demanding which were earlier not available locally. He has higher aspirations and fulfills his needs in a better way.

For example, microwave oven and automatic dish washers which were not available locally, are now made available to the Indian consumer.

### ***Information search and evaluation of alternatives***

Once the problem is recognised, the customer can find the alternatives to solve the problem on the computer. It gives enough and sufficient information to a consumer to choose. It provides many alternatives which can also be evaluated by mathematical models in the case of extensive problem solving, where more money and time is at stake. The evaluation of alternatives can be done speedily, and the advantages and disadvantages of various brands and products can be recognised. This also depends on the weightages given to different desired attributes in a product and assumptions on a comparative scale. Internet can give comparative charts for making evaluation easier and rational.

The computer can also help in deciding about the choice heuristics rule that guides the decision in areas of high probability). Information processing becomes easier and the area of information is enlarged greatly.

### ***Purchase***

E-Consumer is a fully informed consumer and is aware of various product offerings by all competitors. His purchase decision cannot be influenced easily. He takes rational decisions and usually decides to go for a product that offers good value for money. He also knows the advantages and disadvantages of when to buy, how to buy, from where to buy, what to buy, and from whom to buy.

### ***Post-purchase behaviour***

After using the product/service, consumers can electronically interact with the manufacture or marketer giving valuable feedback. The critical feedback to the company regarding the

improvement of the product. If the customer is dissatisfied, he may communicate his anger against the company to lakhs of people worldwide instantly. This may affect the reputation and good-will of the company and tarnish its image. A satisfied customer acts as a best advertising and promotional means of worldwide publicity at no cost.

The theoretical study of consumer behaviour cannot be overlooked and remains an important aspect, in spite of the development of E-Business. The theoretical framework of consumer behaviour has to be understood and applied in the application of E-Business for proper marketing results. E-Business does not replace, but supplements the theoretical foundation of consumer behaviour.

## Questions

1. What is E-Business? How does it help the consumer?
2. What is WWW? How can it be used to make better decisions?