WCBEM 2012

# Psychological and social factors that influence online consumer behavior

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**Abstract**

Electronic commerce has determined great changes in consumer behavior, changes caused mainly by the modification of factors that influence online consumer behavior.
Among the many factors that play a key role in virtual consumer behavior the paper presents the significance, the characteristics and the specificity of psychological and social factors. This is due to the relevance of marketing research which proves that the Web experience generates mutations in mental processes that trigger the online buying decision.
Therefore, marketers should acknowledge the importance of the study and the influence of these factors due to their increasing power in the digital world.

## 1. Introduction

It is unquestionable that the digital revolution exerts one of the most powerful influences on consumer behavior and that the Internet's impact on the nowadays society will continue to extend itself as more and more people become Internet users. We should adapt to this ever-evolving world, as professor Philip Kotler has foreseen that marketers should fundamentally rethink the processes through which they identify, communicate and provide value for the clients, they should improve their capabilities to manage individual and organizational buyers. Marketers will actually have to include their clients in the creation of the needed products or services. (Kotler, 1999)

Most of the companies of today customize their products and services to a greater extent because they are aware that their clients are more and more informed and pretentious. They can get any kind of information from the Internet. Therefore, to satisfy their clients at the highest level possible, organizations aim at building long-term relations with them, by implementing electronic customer relationship management systems and by practicing interactive marketing specific for the digital world.

Nowadays, the consumer is exposed to various heterogeneous factors represented not only by exogenous variables, but also by endogenous ones. Therefore, "in order to succeed in any business, and especially in today's dynamic and rapidly evolving marketplace, marketers need to know everything they can about consumers – what

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they want, what they think, how they work, how they spend their leisure time. They need to understand the personal and group influences that affect consumer decisions and how these decisions are made. And, in these days of ever-widening media choices, they need to not only identify their target audience, but they need to know where and how to reach them." (Schiffman & Kanuk, 4) In the virtual space, consumers' choices are largely influenced by the virtual groups they are part of and by their trust in the online environment.

## 2. Factors that Influence Consumer Behavior

The emergence and ever-increasing use of online commerce has triggered the development of new models of personal interactions and impersonal transactions, with a higher degree of interactivity and availability, which have caused mutations in both individual and organizational consumer's reactions. The vectors of power have altered in favor of the more and more informed and pretentious online consumers.

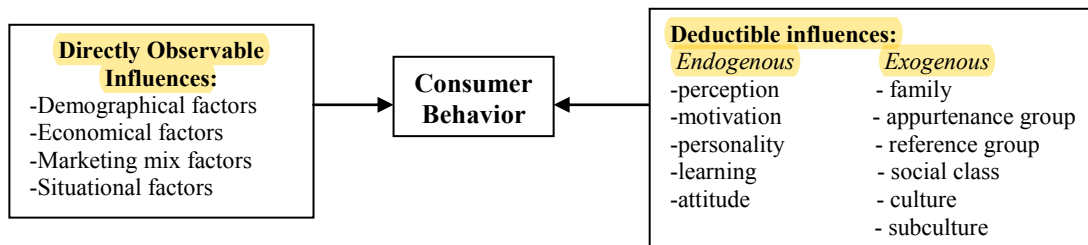| **Directly Observable Influences:**<br>-Demographical factors<br>-Economical factors<br>-Marketing mix factors<br>-Situational factors | → | **Consumer Behavior** | ← | **Deductible influences:**<br>*Endogenous*  *Exogenous*<br>-perception  - family<br>-motivation  - appurtenance group<br>-personality  - reference group<br>-learning  - social class<br>-attitude  - culture<br>  - subculture |
|---|---|---|---|---|

Figure 1. Factors that influence consumer behavior
Source: Adapted after Cătoiu, I. & Teodorescu, N. 2004. *Comportamentul consumatorului (Consumer Behavior)*,
Uranus Printing House, Bucharest, p. 47.

Consumer behavior is influenced by different types of factors, as shown in the above figure. For the most part, marketers cannot control such factors, but they must consider them. In fact, marketers must thoroughly understand both the theory and the reality of consumer behavior.

### 2.1. Literature Review of Factors that Influence Online Consumer Behavior

In connection with factors that influence consumer behavior in general, the relevant aspects that influence online consumer behavior are: web site characteristics, individual perception and consumer's psycho-demographic characteristics, the characteristics of the seller and social context. (Agarwal and Karahanna, 2000, Moon and Kim 2001, Torkzadeh and Dhillon, 2002).

Shun and Yunjie (2006) have identified the main products that are sold on the Internet: *software, books, electronics* and *music*. To buy them, the client does not have to personally examine them and the main characteristics may be seen in product descriptions and images. Cotte *et al*. (2006) have identified *four groups of online consumers*, with different intentions and motivations: *exploration, entertaining, shopping* and *information.*

Cheung M.K. *et al*. (2005) argue that the factors that influence online consumer behavior are: individual characteristics of the consumer (behavioral characteristics and endogenous factors), influences exerted by the environment (structural influences – the uncertainty, the concurrence, the market concentration, as well as national and international regulations and characteristics – the juridical structure, restrictions concerning commerce), product or service characteristics (quality, type, degree of knowledge of the product), online environment characteristics (attributes of online shoppers – quality, viability, security, the ease of the usage, as well as factors concerning the characteristics of web pages – the ease of Internet surfing, the speed of the network) and online organization characteristics (online shops attributes).

The forces that influence online consumer behavior are suggestively expressed by scheme presented in figure 1.

**Other stimuli: Uncontrollable personal and environmental factors**
Demographical, personal, cultural, social, economical, legal, environmental etc.

**Marketing stimuli**
(traditional marketing mix)

**Consumer's decision-buying process**
Need identification, Alternative search, Trust building, Alternatives' evaluation, The choice / The buying decision, Post-purchase behaviour

**Buyer's decision:**
Product choice
Brand choice
Dealer choice
Time synchronization of the purchase

**Web Experience:**
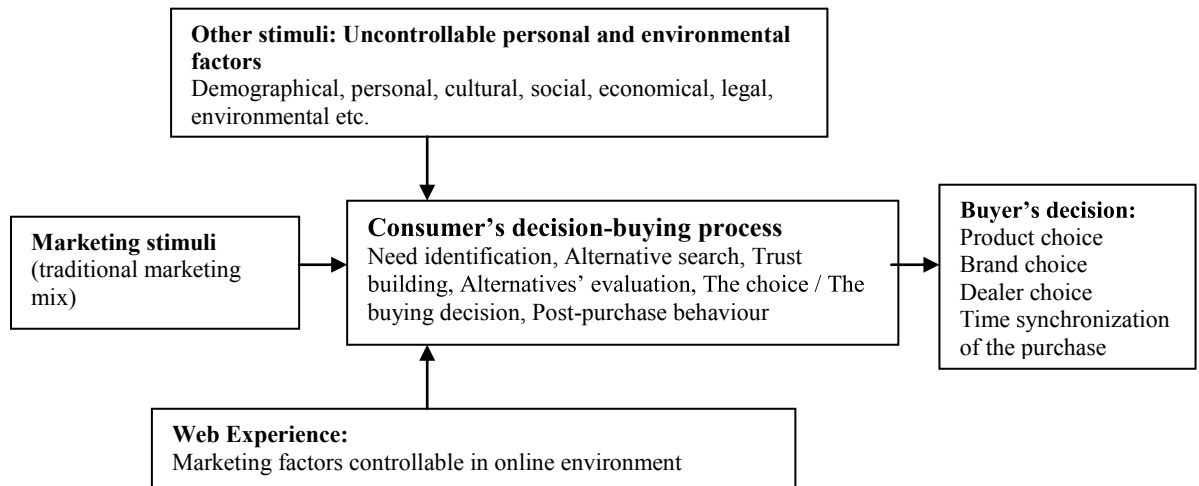Marketing factors controllable in online environment

Figure 2. Factors that influence online consumer behavior
Source: Constantinides E. 2004. Influencing the Online Consumer's Behavior: the Web Experience. *Internet Research*, **14,** p. 113, adapted after the framework conceived by Ph. Kotler (2003).

Jayawardhena *et al.* (2007) have analyzed the online consumers' orientation and purchase intention. As result of this analysis, consumers have been organized in five groups: *price sensitive*, *rational* consumers, *brand loyal* buyers and *comfort-oriented* buyers.

Larry Weber (2009) argues that intelligent marketers should encourage consumers' participation to social networks to which they wish to pertain and where the dialogue with the consumers and between them can be solved. Social networks such as MySpace, Facebook or Flickr are the ideal environments where this type of communication takes place. In addition to this, from Weber's viewpoint, Facebook will monetize businesses and will outrun Google. Therefore, Facebook will reveal new ways in which organizations can be efficient and can influence social campaigns for consumers and shall reveal that marketing addressed to mobile social environment will be effectively practiced in the near future.

Online marketers may influence *the buying decision process of online consumers* by using traditional marketing instruments and mainly by creating and delivering adequate online experience, of Web experience (Constantinides, 2004). From Constantinides' viewpoint, the *Web experience* is represented by a combination with online functionality degree, information, emotions, clues, stimuli and products or services, that is by a mix of elements which surpass the traditional marketing mix formed by the four Ps (Product, Price, Placement, Promotion).

The Web experience includes elements such as the research, the browsing, the finding, the selection, the comparison and evaluation of alternatives, as well as the interaction and the transaction with that particular company online. The consumer's general impression and his actions (Constantinides, 2004) are influenced by the web page design, events, emotions, atmosphere and other elements experimented during the interaction with a certain type of website. The purpose of these elements is to induce goodwill among consumers and to influence the final result of *online interaction*.

### 2.1.1. Psychological Factors that Influence Online Consumer Behavior

The most representative psychological factors that influence online consumer behavior are online perception, trust, personality and website's aesthetics. *Perception* is the interpretation process by which consumers make sense of their own environment. Many people believe that perception is passive, i.e. that one sees and hears what is out there very objectively. However, people actively perceive stimuli and objects in their surrounding environments, including the online world. At the same time, perception is an approximation of reality. The brain attempts to make sense out of the stimuli to which it is exposed.

Constantinides (2004) argues that online marketers should be aware of the elements that enhance or undermine the trust of potential customers and should make efforts to thoroughly understand how trust influences the clients'

online perception of a certain web page. Moreover, "web sites must communicate integrity and credibility in order to persuade consumers 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 the online transactions to overcome fears of fraud and doubts as to the trustworthiness of the Web site and vendor." (Constantinides, 2004, 114) The importance of social networks as far as online trust is concerned is unquestionable and continuously increasing because they are great and extremely valuable means of communication between customers and between organizations. Lorenzo *et al.* (2009) considers that building trust is accomplished by using uncertainty-reducing elements "ensuring the safety of customers' personal information and transaction data, eliminating fears of fraud and building trust between the online user and the often unknown and far away located vendor."

*Personality* also influences online consumer behavior largely. In the online environment, consumers may have different personalities as compared to their day-to-day lives; they may use their alter egos to communicate in the virtual world. "The notion of a virtual personality or virtual self provides an individual with the opportunity to try on different personalities or different identities, much like going to the mall and trying on different outfits in a department or specialty store (Schiffman & Kanuk, 2009). Social networks are filled with ideal selves projected by people to increase their chances of socializing with others. They "exaggerate their positive qualities on their MySpace, Xanga or Facebook pages … Some are turning to services such as Reputation Defender that scour the Internet to remove embarrassing postings before the boss (or Mom) sees them"(Solomon, 2009). In the virtual environment, marketers focus on the visual and auditory features of a product or service in order to connect with the inner part of the consumer and / or to his virtual identity / identities.

Another important element that we should consider is the website's aesthetics. In connection to this, traditional marketing refers to *atmospherics*, term coined by Kotler (1973) in relation to a retail environment's contribution to its buyer's or consumer's buying propensity. In the online environment the corresponding element, web site's aesthetics, includes: the web site design, the quality of its presentation, the design elements and the Web site's style / atmosphere. The atmosphere is extremely important for "attracting online customers by inducing positive and powerful motives for visitors to stop, explore and possibly interact with the site" (Constantinides, 2004).

### 2.1.1. *Social Factors that Influence Online Consumer Behavior*

Social factors that influence consumer behavior are: reference groups, family and social roles and statuses. In the online environment consumer behavior is mostly influenced by the virtual groups they are part of and, therefore, by WOM (Word-of-mouth). According to Schiffman & Kanuk (2009) the types of consumer reference groups are: friendship groups, shopping groups, work groups, virtual groups or communities, and consumer-action groups"(Schiffman & Kanuk, 2009).

Table 1. Top 10 U.S. Social Networks & Blogs

| No. | Rank Web Brand | Average of unique visitors per month |
| --- | --- | --- |
| 1 | Facebook | 137,644 |
| 2 | Blogger | 45,712 |
| 3 | Twitter | 23,574 |
| 4 | WordPress | 20,357 |
| 5 | Myspace | 17,935 |
| 6 | LinkedIn | 17,020 |
| 7 | Tumblr | 10,879 |
| 8 | Google+ | 8,207 |
| 9 | Yahoo! Pulse | 8,063 |
| 10 | Six Apart Type Pad | 7,793 |

Source: Adapted after Nielsen, data from January – October 2011, Home and Work Computers. Ranked on average monthly unique audience. Read as: During 2011, 137.6 million U.S. people, on average, visited Facebook from home and work computers

The above-presented table reveals the most visited social networks and blogs in America in 2011. Trusov, Bucklin, Pauwels (2009) argue that "instead of tossing away millions of dollars on Super Bowl advertisements, fledging dot-com companies are trying to catch attention through much cheaper marketing strategies such as

blogging and (Word of Mouth) campaigns." The importance of *social media* is thus continuously growing and marketers focus on creating powerful social media campaigns tailored for the desires of their clients.

## 3. Conclusions

Actions performed by consumers on the Internet trigger *new behavioral dimensions* and consumers' possibilities to compare products or services as their new status of *online consumers* are endless. It is thus important for companies to continuously develop their *online marketing activity* which, by using *interactivity*, allows *bidirectional communication* in any moment and which has become indispensable for successful business development. Any organization should develop its social media component as consumers are part of social networks that influence their online perception and trust in a certain website through word-of-mouth.

## Acknowledgements

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