

# A Study on Internet Driven Changes in Consumer Behaviour

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**ABSTRACT** - Since the genesis of marketing concept and inception of the idea of customer behaviour, delighting consumers completely remained a strenuous and nerve wrecking task. In the entire chain of market operations, the customer is both the initial and terminal link. Customer had always been at the center of marketing philosophy. As a result, academics, analysts, and advertisers agree to the fact that consumer behaviour is an evergreen area of concern, deliberation and debate. Consumer behaviour is unpredictably volatile. There are various approaches to consumer behaviour, such as analytical, neurological, behavioural, and economic, many of which revolve around psychological approaches. Since digital evolution has undergone dramatic improvements duly facilitated by the internet and technical advances, an analysis of customer behaviour in the light of these changes is unequivocally significant. Any stage of the selection and buying decision is affected by the internet, digital medium and technical advances. In this regard, the aim of this study is to find out the answers to some key questions, such as whether the internet has any effect on customers. Inquest was conducted to determine the cause of disparity in customer behaviour as a result of the digital revolution. There was search for answers to detect effect of the internet on customer behaviour. The attempt was made to determine impact of internet technology in transforming customer behaviour. The aim of this research is to help understand the changing market pattern and consumer behaviour. The world is evolving technologically at dizzying pace in 21<sup>st</sup> century catalyzing industry to expand and having customers to respond to decode their aspirations meticulously.

**KEY WORDS:** Consumer behaviour, Digital technology, Internet connectivity, Market incentives, Virtual market,

## I. INTRODUCTION

In liberal market environment consumers have plethora of option to select goods and services. More economies are opting for capitalist approach in 21<sup>st</sup> century and paving the way for market centric growth riding the wave of sustainable consumerism. Competition is intense in this framework and innovation is heightened to offer customised products with unmatched quality at an affordable rate. The effort is also exerted to reduce hurdle and friction in buying process. Satisfied and loyal customer is always in preferred list and viewed as valuable asset. The inquisitiveness is invariably high among organisations to figure out trigger point of customers in nominating the merchandises and having them to lose purse's string to pay for the same. The mechanism by which a person or a group of consumers chooses, purchases, uses, or disposes of goods to satisfy their needs and preferences is referred to as consumer conduct (Michael Solomon, 2006). There are many factors that affect a consumer's decision to purchase a commodity, including socioeconomic, environmental, psychological, and personal factors. (Philip Kotler, 2006). As per narratives of Philip Kotler, the central psychological mechanism in consumer

behaviour is a step-by-step process with "n number of factors affecting this behaviour, which is given in various consumer behaviour models."

The Internet has grown exponentially in recent years. In reality, emerging technology and the Internet have shaped how consumers behave and make choices about selection or rejection of goods. Consumers now have the potential to communicate, contribute, and view information on the World Wide Web owing to phenomenal presence and widespread use of social media sites such as Twitter, Facebook, and other platforms. There is no denial of the fact that internet has not only influenced but also motivated customer's curiosity and made digital exploration possible for miscellaneous products, schemes, offers and discounts. In reality, many customers all over the world use internet to study and find unique goods and services.

When buyers become tech savvy and well-informed, the pervasive use of internet has changed the conventional buying approach explicitly. When it comes to the brand's value proposition, the modern consumers seek enriching experience and futility of conventional push-marketing strategies come out in the open unmistakably.

The tendency is on the rise for consumers to use internet frequently to unearth information about goods and services and gain knowledge about anything and everything under the Sun. The rapid advancement in information and communication technology in recent years has provided an ecosystem in which corporations can market, sell, and distribute their goods or services while simultaneously allowing customers (individuals or organised entities) to purchase the products or services they need. Understanding how users use the internet has become profoundly relevant for 21st-century enterprises. The expertise in tapping digital footprints and tracking navigation of customers are becoming instrumental in preparation of marketing and distribution plans. Many citizens today have smartphones, tablets, mobile phones, and even smart watches connected to the internet, online social media pages, or their email addresses. These emerging networking tools can be used to better understand the market and reach out to existing and future clients more efficiently round the clock, round the year in every corner of the globe.

## OBJECTIVES OF THE STUDY

The prime objectives of the research paper are presented below-

- i. To detect and substantiate buying patterns of customers under the influence of internet.
- ii. To determine and delineate factors that influence consumer behaviour online.

## II. METHODOLOGY

The research technique adopted in this project is descriptive and analytical. Convenience sampling technique was used to conduct survey operation. There had been use of both primary as well as secondary data to delineate the fact and substantiate the claims made in the paper. The population size is enormous for internet, broadband and data service driven modern economy. Respondents are technologically empowered within the age bracket of 15-55. Sample size for the survey was of one hundred. Questionnaire method was followed to draw out information from target group. Google form was used to draft questionnaire and conveniently been circulated among respondents with whatsapp application. This mechanism was time saving and cost effective. Data was later analysed and interpreted to disclose the behavioural nuances of the consumer. Secondary data and information were gathered from published books, journals, newspapers and periodicals of reputed concern. Online publications were rummaged through at google scholar, web of science, emerald host to explore insightful content matter and research based enlightening output relevant to the topic. It had been soul enriching experience to explore varied avenues of online process and possibilities. This research would be a treasure for academic repository and future study can be pursued on the similar topic drawing inspiration from

analysis, interpretation and dimensions referred in the research paper.

## III. LITERATURE REVIEW

Both analysts and consumers believe that the internet offers a great deal of ease for shoppers as the key explanation for buying online (Wolhandler, 1999). Customers can browse and shop online round the clock, all through the week from home or workplace, due to the internet feature that helps them to shop online anytime and anywhere. This attracts some time-starved shoppers to come to internet to save time on shopping for various items. Furthermore, internet has some excellent opportunities to save time, money and effort.

The ease of using the internet is largely determined by technological advancements, which has played a crucial role in the success of online shopping. Organizations have discovered that digital technology has the potential to have a significant effect on internet shopping in the last decade, and as a result, many critical innovations such as augmented reality and 3D techniques have been implemented to achieve significant strategic advantages (Clark, 1989). Information technology has increased the quality of commodity information across the internet, which aids shopper decision-making ability (White, 1997). The growth of the Internet, as well as the pace of growth of internet use, has been rapidly increasing in the last decade, according to a variety of studies.

“The willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control the other party,” specified Mayer, Davis, and Schoorman (1995). Cheung and Lee (2006; Cheung and Lee, 2006). This is the most commonly accepted and often quoted term (Rousseau, Sitkin, Burt, & Camerer.). People buy goods and services based on their confidence in the good or service, as well as the vendors, whether in a physical store or online. Building a partnership with consumers requires the foundational aspect of online trust. According to a recent report, online trust is lower than trust in physical stores (Cassell and Bickmore, 2000), and Cheung and Lee (2006) it is found that the trustworthiness of Internet retailers (perceived honesty, perceived competence, and perceived security control) and the external environment (third-party acceptance and legal framework) have a major effect. The level of privacy protection offered by an e-commerce website determines its trustworthiness. A high level of technical expertise, for example, may be a consideration in determining trustworthiness (Singh and Sirdeshmukh, 2000). As previously said, online merchants will offer third-party authentication of e-commerce web pages, because as these privacy and protection strategies are implemented, users will believe their e-commerce purchases through internet are protected, and the platform will be more trustworthy to them like never before.

## THE INTERNET INFLUENCED CONSUMER BEHAVIOUR ACROSS GENERATIONS

Baby Boomers, Generation X, and Generation Y are the three main divisions of the consumer goods industry. This distinction is dependent on age, with scholars claiming that generalization of generations is only one way to categorise a group of people who have identical characteristics, such as the period in which they were born and when they reached adulthood. Generations, according to generational experts Howe and Strauss (1991), are influenced by a certain period of time, and they argue that a group of individuals who experience a specific time and place in history lends them a common persona. The 'span of a generation is approximately the duration of a phase of life,' they continued. According to Mckindle and Wolfinger (2010), this concept is no longer useful because today's generations' commonalities have cut through national, ethnic, and socioeconomic borders. They went on to say that as a result of globalisation, which is largely enabled by today's technologies, the youth in Australia, the United States, the United Kingdom, Germany, and Japan are shaped by the same events, trends, and developments. The line of demarcation for consumers from various continents is getting blurred. They are avid users of social media and online technologies, are seeing unprecedented population ageing, and are more financially endowed and formalised. According to their claims, the researchers in this report have followed Gibson et al. (2009) generational categorization, with Baby Boomers born between 1946 and 1964, Generation X born between 1965 and 1980, and Generation Y born between 1981 and 2000. The division was chosen based on the assumption that it will reach generations in all countries around the world, including Malaysia. This concedes with the idea of a generation as a group of people born in the same period, shaped by the same events, and affected by the same social markers – in other words, a cohort bound together by age and life stage, circumstances and technologies, events and experiences (Mckindle and Wolfinger, 2010).

Many scholars have looked at the buying patterns of these three generations in the past. According to a survey undertaken in the United States by Forrester Research, Generation Y is the most frequent user of internet technologies, followed by Generation X, and finally Baby Boomers. A few studies have been done on the relationship between generational cohort segmentation and buying behaviour, especially in the realms of fashion (Littrell et al., 2005, Pentecost and Lynda, 2010), travel and tourism (Beldona, 2005), wine consumption (Fountain and Lamb, 2011), and fair-trade consumption (Fountain and Lamb, 2011). (Ma et. al., 2012). It's also been discovered that various generational generations' perspectives and tastes can contribute to variations in buying behaviour and customer participation with different types of goods (Parment, 2013). Consumers believe the internet has allowed them greater power over media access, and they attribute their attraction

to web entertainment to the ability to choose where, when, and how much advertising content they want to see.

Consumers can now access an infinite variety of goods and services from businesses all over the world through the internet, which has minimised the amount of time and money they spend shopping (Ko et al., 2004 and Lim, Yap and Lau, 2010). Hernandez, Jimenez, and Martin (2011) conducted research to see whether people's socioeconomic factors, such as age, gender, and income, have an impact on their online shopping behaviour. Their findings revealed that these considerations had little impact on the behaviour of experienced e-shoppers. They also stated in their analysis that the impact of certain factors considered to be significant based on previous research results could have shifted, which they think is due to the rapid evolution of e-commerce in recent years. When pre-purchase search behaviour was taken into account, age was found to be negatively associated with online pre-purchase search but positively correlated with online shopping in Source, Perotti, and Widrick's (2005) study of 300 samples. Sorce, Perotti, and Widrick (2005) published research that produced two important results that deserve to be discussed.

Each generation has a different degree of internet adoption. Digital immigrants, Generation Y grew up with the internet and social media. As a consequence, when it comes to making a buying decision, they're more likely to seek advice from their peers (via forums like Quora). However, more Generation Z investors will enter the market in 2020. According to Fast Business, Gen Z will account for more than 40% of all customers in the United States by 2020.

HubSpot recently released an article with crucial insights into the online actions of Generation Z:

- In 2019, Gen Z outnumbered millennials, accounting for 32 percent of the world's population of 7.7 billion people. (Bloomberg)
- The generation's annual buying power is projected to be 44 billion dollars. (Source: LinkedIn)
- In comparison to computers and other machines, smartphones are used by about 75% of Gen Z. (Institute of Business Administration)
- More than 32% of Gen Z purchases are performed on a mobile device. (Aristotle)
- 60 percent of Gen Z would leave an app or website if it takes too long to load. (Institute of Business Administration)
- When shopping online or in shops, Gen Z likes to see as few items out of stock as possible.
- When it comes to making a decision, 66 percent state that product consistency is the most important factor. (Institute of Business Administration)



- Coupons, promotions, and loyalty schemes are valued by roughly 65 percent of the generation. (Institute of Business Administration)
- One of every four Gen Z women says social media influencers inform them about new goods. (Breakfast Consult)
- Gen Z prefers omnichannel branded interactions 88 percent of the time, and 54 percent believe social media has the most impact on them. (According to the CMO Council)
- “Gen Z are more intimate communication with brands and people they shop with on social,” according to WeAreSocial.

#### IV. RESEARCH OUTCOME

Upon the analysis done, where 15 questions were asked to 100 respondents, we have got more than a fair idea of how the internet influences consumer behavior in India. From the analysis, we could see that for Indians, the value of money is a key factor in determining their purchasing behavior. Also, through the above analysis, we can see how Indian customers are transitioning towards the digital world yet still having concerns along with it. Upon the questions asked to them, it was observed that most of the Indians have adapted themselves to e-commerce websites and have started being comfortable with using them. Their spending patterns, the regularity of purchase, the various reasons behind using the internet, all have helped us understand the mentality of Indian consumers a bit more in-depth. Many Indians, particularly outside large cities, are new to e-commerce. Programs such as Amazon Easy connect traditional businesses to the e-commerce industry. Kirana shops will serve as points of distribution or support customers' orders. Innovative methods such as this help close the gap from digital technologies to consumers.

- The average daily usage seen among the various age groups was widely spread. It was seen that 42% of the respondents spend time on the internet for less than 6 hours a day. While the other majority shows that 34% of the people use the internet for more than 6 hours a day. This shows that countless hours people spend on the internet have become very common, with the increasing digitalization during these pandemic times. Hence, we can observe Millennials and Gen Z using the internet for more prolonged hours.
- When the respondents were asked about the reasons behind their extensive use of the internet, we could observe that 92% use the internet for entertainment purposes and 76% use it for connecting with their friends which is very evident nowadays in the wake of the pandemic. Entertainment sites are what people rely on nowadays to keep them intact during these times. 88% of the respondents use the internet for social media. Social media has become pivotal to promote something

widely over the years, also considering that businesses have adapted themselves to major social media sites like Instagram, Facebook, and Twitter. While the other majority can be seen using the internet for purposes such as attendance of school/ college etc., office meetings and work and shopping. Shopping over the internet has boomed for years and now even much more during pandemic driven restrictions in 2020 and 2021. Shopping sites like Amazon, Flipkart, etc have helped achieve that.

- When asked how likely they are to shop on the internet, the majority of respondents (65 out of 100) said they are more likely to buy anything online, while the remaining 35% said they will buy very little or not at all. This shows that there's still a stir of hesitation among the respondents. While the first half has adapted to online shopping, the second half seems to favour offline shopping for a variety of reasons.
- When asked with the question of where would the respondents like to get shopping recommendations from, we could see a clear pattern in how these trends and recommendations have an influence over their buying behaviour. From the analysis, 69% of the respondents prefer a friend's recommendation before buying. Second majority is Social media 67% which influences their buying behaviour. Since social media has become powerful, reviews about a product over it can easily change a consumer's perception towards it. One negative review can influence the consumer to desist it totally. While the rest of the majority rely on print ads (9%), google recommendations (29%), shopping sites like amazon, flipkart etc. (55%), online feedback (31%) and, word of mouth 45% customers believe they are being heard, they become more emotionally attached to a brand. As a result, many businesses will have sales agents speak with customers one-on-one or through a contact phone line about their goods and services. Conversations regarding a company's goods may be sparked by this type of contact, as well as for advertising activities.

#### V. FINDINGS AND SUGGESTION

Strength of consumerism will be digital dependent in 21<sup>st</sup> century. People are deep into digital exposure and lives are shuttling between physical world and virtual landscape relentlessly. Digital revolution has taken root into human society and civil life. It will get proliferated in coming years. Organizations across the board realized that mere dependence on traditional marketing would not do the trick. People have adopted digital process and technique in bigger way. Several studies support that Millennial and Gen Z spend more time with digital devices, enjoy the thrill of cyber world and prefer to explore digital options for decision making exercise. Whether it is a trivial choice or something significant and important like finding a rented apartment,

getting furniture on lease or finding life partner, grown up generations care about web-based information and app-based services. This tendency of digital inclination is ubiquitous for activity performed such as shopping groceries, subscribing e-magazine, watching movie on OTT platform, listening and downloading songs from favorite app, booking table at restaurant, having reservation for vacation trip, buying Medici claim policy for medical emergencies etc. In time starved lifestyle when competition drives people to achieve more in short span of time, people young or aged find no other option but to rely on digital process and possibilities. Organizations, be it product oriented or service centric, felt the pressure to be experimental, promoted offerings online to reach the target customers. No wonder, some found the strength of digital diversion unbeatable and vowed to be innovative in their approach. As digital economy emerging in bigger way with government initiative and private investment, digital marketing will be inevitable for organizations to survive and sustain. The key area for marketer to ensure safety, certainty and convenience to win trust. Once customers become sanguine about digital safety, value for money and utility of time saving approach, there would not be any look back for organisations.

## VI. CONCLUSION

In a nutshell, the internet's evolution has radically altered how customers view products, decide to purchase and make transactions. There is a strong change of authority from the marketer to the customer, when the latter is encouraged to make well-informed decisions based on facts readily available on the internet. To excel, advertisers must follow a more participatory, customised, and user-centric strategy while users become co-creators. In order to build their brand and increase their brand value, marketers can focus on cultivating positive brand-related UGC. Nonetheless, conventional marketing approach proceeding towards obsolescence, a multi-channel strategy, online and offline marketing can be seen as a hybrid of both inbound and outbound marketing. Traditional marketing tactics have less ability to affect a large number of people and influence customer views, but they cannot be overlooked. Despite the fact that marketing methods have evolved in tandem with technological advancements, role of marketing has remained unchanged.

Indian internet shoppers, like those in other parts of the world, are young (mostly under 40 years old). They shop online because it saves time, provides home delivery, makes shopping easier, and provides a wider range of goods for clothes, accessories, and appliances than brick and mortar stores. They mostly judge the quality of goods in online shopping based on price, comments, their own experience, and they prefer cash on delivery as a payment method. The majority of shoppers obtain information primarily from Facebook advertisements, which are followed up with

friends and family via “word of mouth” communication. However, for online shoppers, the lack of privacy and the inability to touch and feel are the most disheartening factors. Our research results have both theoretical and practical implications. Consumer behaviour is complicated, and it's not always logical. Consumer personalities that vary across boundaries, as well as between and within countries, would be another challenge to categories and conceptualize. It's also important to consider the vulnerable consumer, who doesn't necessarily have the same number of options as the average shopper. People in India are divided into various consumer segments based on their social class, status, education and environment. The emergence of the rural market and market for eco-friendly products for a variety of consumer goods is a significant and recent development of India's consumerism. Rural India is home to three-quarters of India's population and generates one-third of the country's revenue, so it should not be overlooked. Finally, the most important thing is to create value for the customer while still delighting them. We live in a digital age, so we must keep up with new social media developments which turn the wheel of consumerism with unparalleled enthusiasm.

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