

## CONSUMER BEHAVIOUR IN DIGITAL ERA

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### Introduction

Digital Marketing is defined as buying and selling of information, products, and services via computer networks or internet. Internet and electronic commerce technologies are transforming the entire economy and changing business models, revenue streams, customer bases, and supply chains. New business models are emerging in every industry of the New Economy. Travel industry and ticketing has seen a sea change in the last decade. One estimate suggests that online travel industry contributes about 76% of total net commerce in India. Ticketing is now done either in third party websites or airline sites. Customers of online shopping are delighted with prompt delivery and flawless payment mechanisms building trust in consumers. Even online classifieds have made a successful transition online with jobs and matrimonial taking the lead. Online retailers are now pushing a larger number of categories such as electronics and white goods. In these emerging models, intangible assets such as relationships, knowledge, people, brands, and systems are taking centre stage. The internet is a disruptive technological innovation but consumers everywhere are waking up to the idea of shopping online.

The impact on retailing has been profound and as a result many businesses are changing the channels they use to sell their goods and services. In some parts of the world, retailers have been quick off the mark in developing

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their own individually branded e-commerce stores, whereas in other parts the e-market place dominates. Digital Marketing Scenario in India India is the world's 3rd largest internet population. After the proliferation of Internet, Marketing strategy has taken an off root to reach out to the public. The tremendous growth that digital marketing has shown cannot be match up with any other strategy. Looking up to the current scenario in India, people here are not only aware of Internet but are employing it for various purposes in life. Thus, there's a booming internet marketing industry in India. In India social media is the driving the adoption of digital marketing. The retail sector in India is booming both on and offline. India is a relative latecomer to the online shopping revolution but it is predicted that online sales will grow by 50 per cent annually in the next few years. The country is already the third largest nation of internet users with over 120 million and the rapid uptake of mobile commerce is predicted to increase the number of users to over 330 million by 2015.

Social media is helping to drive the development of digital marketing. Increasingly wealthy populations of young internet savvy customers are spending more time and money online and in doing so are influencing shopping trends. Among the popular products online are books, consumer electronics, travel, financial services, apparel and beauty care. Online shopping activity is concentrated in major urban conurbations with Mumbai being the main centre followed by Delhi and Kolkata. A large proportion of the purchases are conducted in online market places such as Snadpdeal, launched in 2010. Currently, the internet accounts for only a small proportion of India's GDP but the predictions are that an internet boom is just around the corner for Retailers. Indian youth are supposed to follow strict moral and family values and supposed to invest their whole

time and attention towards study and career. So the career, education has to be the sole aim of a student. Indian youth are the powerful segment in the market who directs the manufacturers to make what they want.

With the introduction of the first commonly used commercial websites in the 1990s, digital technology brought a new level of convenience to customers. However, digital convenience came at the expense of meaningful engagement as digital transactions substituted physical interactions. In addition, digital channels develop in isolation, resulting in inconsistency and dislocation between digital and physical channels.

### **Objectives:-**

1. To understand the evolution of consumer power in digital era.
2. To study the factor influencing the consumer behaviour towards purchase of goods.
3. To find out the buying behaviour of consumer in digital era.
4. To know the impact of digital environment in digital era.

### **Methodology:**

This study is based on empirical study using empirical evidence. This is based on experimentation on the relevant topic. Sources of the data are collected from many research references. The present study is based on secondary data collected from various magazine and journal.

### **Review of literature**

1. Cotte et al. (2006) provides an empirical study based on the questions of 310 residents from the North-East side of the United States. The results show that, compared to the persons with a spontaneous behavior, the analytical persons target more readily the utilitarian benefits rather than the hedonistic ones. The study reveals

that the internet is used especially in order to access faster the required information when taking certain decisions and not for the personal pleasure.

2. Jayewardene (2004) uses an empirical study based on the questionnaires applied online. Here, the need of knowledge can be launched not only by the offline sources but also the online ones. It seems that the consumers are tempted to satisfy these needs using the online sources.
3. Jayewardene, Tiu Wright, and Dennis (2007), based on the same methodology mentioned above, shows that the way the site is presented influences the online consumer's behavior. A website must be more attractive in order to be accessed by a higher number of users.
4. Lian and Lin (2008) use a regression analysis to emphasize that the factors which influence the behavior of the online consumers differ according to the products or services offered, thus between the consumers' features and the products/services offered online different relations are established;

### **Evolution of consumer power sources**

**Individual based sources:-Demand:** - Demand based power resides in the aggregated impact of competition and purchase behaviours arising out of internet and social media technologies. Technical/historical Explained assortments through efficient distribution and warehousing. Search engines and graphical browser allowed increased consumer access and choice. Yet the knowledge, financial and infrastructure barriers at this time limited and individual's ability to create personal

**Information:** - Information based power is comprised of two facets, grounded in the abilities to consume and produce content. Information based power through content consumption relate to ease of access to product or service information which reduce information asymmetry expedites market diffusion of information and shortness product life cycle. Information based power through counter production is the ability to produce user-generated-content. It enables empowerment by providing an outlet for self-expression extending individual reach and elevating the potential for individual opinion to influence market

**Technical/Historical:** - Increased internet access allows consumer access to both marketer & consumer content & creates a stage for self-expression. Web 2.0 applications broader both the information access and the ability to produce content through simple code – pre interfaces. Eradication technical barriers of the web 1.0 era, coupled with the free or low cost hosting for individual profiles & accounts across digital media platforms enabled average consumer to easily consume content and create multiple presence across the internet.

**Network based sources:** Network based power centres on the metamorphosis of content through network actions designed to build personal reputation and influence market through the distribution, remixing, & enhancement of digital content. This power speaks to the actions by which others can add value, beyond that of the original content. This value derives from activities such as content dissemination (Eg. Sharing & organizing content through network), Content completion (Eg: comment on blog post that contribute to previous

content, tagging) are content modifications (Eg: Repurposing content, such as video mime in social network)

**Technical/Historical:** The rise of the importance of social network allows increased distribution of content along with a greater ability for repurposing content and reputation building.

**Crowd:** Crowd based power resides in the ability to pool, mobilize and structure resources in ways that benefits both individual & the group. Examples of crowd based power include crowd-creation i.e., (Eg Wikipedia, Sound crowd) crowd funding (Eg: Kick starter, Indiegogo-seogand hyun 2009), Crowd sourcing (Eg: Amazon mechanical turk), Crowd selling (Eg: Etsy) or crowd support in peer –to-peer problem solving (P3) communities.

**Technical/Historical:** Advances in mobile technology and data infrastructure allow for ubiquitous and nearly instant access to information and resources across digital platforms. Crowd-based power allows for the rise of group or community buying power, crowd sourcing and crowd funding, the sharing economy, and the creation of new market places.

### **Factors Influencing Consumer Behavior**

Consumer behavior can be broadly classified as the decisions and actions that influence the purchasing behavior of a consumer. What drives consumers to choose a particular product with respect to others is a question which is often analyzed and studied by marketers. Most of the selection process involved in purchasing is based on emotions and reasoning.

- 1. Marketing Campaigns:** Advertisement plays a greater role in influencing the purchasing decisions made by consumers. They are even known to bring about a great shift in market shares of competitive industries by influencing the purchasing decisions of consumers. The Marketing campaigns done on regular basis can influence the consumer purchasing decision to such an extent that they may opt for one brand over another or indulge in indulgent or frivolous shopping. Marketing campaigns if undertaken at regular intervals even help to remind consumers to shop for not so exciting products such as health products or insurance policies.
- 2. Economic Conditions:** Consumer spending decisions are known to be greatly influenced by the economic situation prevailing in the market. This holds true especially for purchases made of vehicles, houses and other household appliances. A positive economic environment is known to make consumers more confident and willing to indulge in purchases irrespective of their personal financial liabilities.
- 3. Personal Preferences:** At the personal level, consumer behavior is influenced by various shades of likes, dislikes, priorities, morals and values. In certain dynamic industries such as fashion, food and personal care, the personal view and opinion of the consumer pertaining to style and fun can become the dominant influencing factor. Though advertisement can help in influencing these factors to some extent, the personal consumer likes and dislikes exert greater influence on the end purchase made by a consumer.
- 4. Group Influence:** Group influence is also seen to affect the decisions made by a consumer. The primary influential group consisting of family

members, classmates, immediate relatives and the secondary influential group consisting of neighbors and acquaintances are seen have greater influence on the purchasing decisions of a consumer. Say for instance, the mass liking for fast food over home cooked food or the craze for the SUV's against small utility vehicle are glaring examples of the same.

- 5. Purchasing Power:** Purchasing power of a consumer plays an important role in influencing the consumer behavior. The consumers generally analyze their purchasing capacity before making a decision to buy and products or services. The product may be excellent, but if it fails to meet the buyers purchasing ability, it will have high impact on its sales. Segmenting consumers based on their buying capacity would help in determining eligible consumers to achieve better results

### **Customer Buying Behaviors in the Era of Digital Tools**

**Ease-of-Doing-Business Buyers:** Customers are demanding easy online access to product information, prices, and the ability to make purchases. Wholesaler-distributors are feeling the heat and making efforts to meet customer expectations. It's not just about serving customers on a website though. It's also about customer service, technical support, and salespeople. Many distributors are building an integrated response. In their own words, wholesaler-distributors describe customer ease-of-doing-business expectations:

**Information Buyers:** Business customers are armed with information before engaging wholesaler-distributors for a purchase, whether a first-time buyer or a customer seeking to revisit repeat purchases. Information buyers search online for prices, but also for information around products, solutions, and supplier reputations. Most distributors do not believe that the majority of their customers are seeking to migrate their purchases online, but distributors must meet searching behaviors with information on

their websites and prepare all customer-facing roles to deal with an educated customer that is already a few steps down the buying process.

**Value Buyers:** All customers buy on value, but the value they seek may not be aligned with the value that a wholesaler-distributor wants to emphasize. Many distributors are sorting and segmenting their customers, often using stratification and segmentation tools, to help identify the customers that are the strongest value-seekers. Digital tools can help by providing the facts that confirm that value has been delivered, but also by providing information that leads to a conversation about value.

### **Retail Buyers**

Small contractors and other small business customers often have consumer-like retail buying expectations. Years ago, big-box retailers for building products and office supplies emerged to meet these needs, servicing a hybrid customer base of consumers and small businesses. Today, many wholesaler-distributors point to evidence that retail buying expectations are creeping further into their base of business customers, again shaped by their personal online buying experiences. This is true not only for contractors, but for industrial, commercial, and other business buyers as well. These customers often see distributors as lagging in online offerings and failing to offer a coordinated, cross-channel experience. As one distributor explained.

Business customers that buy from retail channels have followed a migration from shopping in the big-box stores to big-box websites to expanded e-commerce options. When this behavior exists in the personal lives of our B2B customers, they bring these preferences back to work, increasing their expectations that answers and solutions will be available

when they look for it or when they need it, and without having to ask for it first. This includes the customer's choice of mobile apps, online apps, and social tools. It is not our choice to offer these, customers are demanding them.

### **Digital Buyers**

Some wholesaler-distributors describe the ongoing evolution of customer buying behaviour in terms of a preference for buying digitally. For these customers, their dominant buying behaviour is not necessarily driven by their business needs or a shopping experience in their personal lives. Rather, it's about their overall approach to communications and getting work done, and there is an expectation that devices and apps will be at the core of how things get done. Often, these expectations are attributed to new generations of buyers, often called Millennials. As Millennials assume more responsibility for making product and purchase decisions as customers, wholesaler-distributors will face more pressure to migrate toward digital tools. As one distributor put it, "When the next generation is making the decisions, a lot will have had to change if we are to survive."

It is important to realize that customers are people with digital behaviours and preferences, and it's in their DNA. Millennial grew up with games and smart phones and Face book, and they approach life differently. But it's gone far beyond Millennial. Customers are all using these tools and approaching work differently.

### **Traditional Buyers**

Many wholesaler-distributors emphasize that traditional buying methods are still dominant, but these distributors do not have their heads in the sand. Often, they describe change as "our customers are changing as we do,

we're in it together” or “we can drive change, but we can't get too far out in front of our customers.” Traditional buyers are not driving change in the way that products and solutions are acquired, but they do feel the pressure of increasingly competitive markets. Distributors cannot afford to leave these customers behind, nor can they fail to adopt new digital technologies.

Some of the accessible channels where customer has an interaction with a company/ brand include:

- Visiting a website
- Reading an email
- Communication with call centre
- Like or sharing something on social media
- Reading a blog post
- Using a mobile application
- Visiting a physical store
- Watching a video

**Impacts of Digital Environments:** A still-emerging theme in recent years is how digital/social media environments impact consumer behaviour. The consequences can be thought of as environment-integral or environment-incidental. It is interesting to see how the various informational and social characteristics of digital/social environments, such as being exposed to other consumers' opinions (e.g., reviews) or choices (e.g., bids in online auctions), or even just to friends' lives through social media, can impact subsequent behaviours. For instance, with respect to environment-integral consequences, Lambert on et al. and Norton et al. Considered learning from strangers in digital environments. They find that consumers in

competitive online settings infer interpersonal dissimilarity and act aggressively against ambiguous others (strangers) , and find that seeing online that others made the same choices as oneself can reduce, not increase, confidence in one's choices if others' justifications (e.g., in online reviews) are dissimilar . Adopting a different perspective, Wilcox and Stephen examined an environment-incidental response with respect to how using Face book affected self-control. They found that when exposed to closer friends on Face book, consumers subsequently exhibited lower self-control in choices related to, for example, healthy behaviours.

**Suggestions of The Study: The following are the important suggestions of the study**

1. Marketers need to understand the accessibility of the digital facilities to the youth segment, before launching any product in online.
2. Marketers need to conduct pre market survey to identity the need of the consumers especially in digital marketing.
3. Consumers need to be aware of digital marketing and there is a need to create a proper awareness.
4. As most of the studies revealed that the customers are risk averse and hence they need to be taught how to handle risk associated with digital marketing.
5. The study ultimately suggests the readers and users to be aware of all the Digital marketing portals and make use of their utility to the maximum extent with utmost care and caution.

**Conclusion:** This article has aimed to examine the intersection between digital media and consumer behaviour, specific to consumer empowerment. We have defined consumer power in Internet and digital

media environments and have presented a framework that describes the four distinct sources of consumer power: demand-, information-, network-, and crowd-based power. We also discussed how the infrastructure characteristics of Internet and social media platforms shape the appeal, effectiveness, and ability to empower. For each power source, we presented themes and questions that we believe will continue to be important areas for further research. Traditional brick and mortar businesses might not be as cost effective as an online retail, but have more consumer trust overall. Until ecommerce can guarantee a 100% security traditional commerce will be winning the ball game.

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