

ANALYSIS OF PREFERENCES OF E-SHOPS CUSTOMERS

Štefko R., Dorčák P., Pollák F.*

Abstract: The article deals with basic online trade-relating questions. The chosen theoretical basis connects to the research task itself, which was to gain elementary knowledge about preferences of customers shopping on the internet. For the purpose of drafting this article, the authors focused on the research part, which discusses attitudes of online customers' towards prices of goods and services offered through this modern medium. Thanks to data collection techniques, such as CAWI and thanks to the results of an identical research carried out in 2010 we were able to gather information on the development in 2010 and 2011, which were then compared on the year-on-year basis. A favourable development of e-commerce reveals a great potential of online business.

Key words: On-line marketing, E-business, E-shop.

Introduction

Currently there is a difference in understanding of the term e-business among experts in the United States and Europe. In the United States the term “e-business” is used, while the term “e-commerce” is used in a narrower sense. In Europe, the term “e-commerce” is used prevalingly. The term does not take into account narrower and broader specifics as in does in the United States [2] . The term e-business was coined by IBM in 1996 as a part of its marketing campaign. IBM started to provide services to other businesses, who needed to interconnect their business systems with the web [10] . Therefore, there are many definitions of e-business at present but each of them understands e-business as a form of activity of economic subjects, which make use of electronic information systems to fulfil their business plans or business activities. In simple terms it can be argued that e-business is an online form of existing business activities [9] . The term e-commerce is often regarded identical with the term e-business. In fact, the term e-commerce is a narrower term than e-business considering their meanings. E-commerce is part of e-business and it involves realization of company's purchasing-selling transactions via the so called e-shops, while e-business constitutes much larger scale of business activities [5] .

Models of electronic commerce

Before describing individual models of electronic commerce, it would be appropriate to explain the terms used internationally which refer to subjects of electronic commerce.

* **Prof. Ing. Dr. Róbert Štefko PhD., PhDr. Peter Dorčák PhD., František Pollák MSc,** Faculty of Management, Department of Marketing and International trade, University of Presov in Presov, Slovakia

✉ corresponding author: stefkor@unipo.sk

All the terms are based on English language:

- administration: stands for individual authorities,
- business: trading, commercial organizations,
- consumer: user, customer,
- employees: employees [5] .

Business to Business (B2B): this concept is used in electronic commerce most frequently. It is a general term for transactions, which enable businesses to purchase and sell goods and services from other business companies in the online environment. It involves conclusion of contracts between companies [3] .

Business to Business (B2B): this term describes relationships between businesses and final customers realized through web applications i.e. e-shops [1].

Consumer to Consumer (C2C): These usually involve various information or financial transactions between customers mediated through business networks [6] .

Consumer to Business (C2B): this term describes activities when customers themselves search for sellers of goods and services. They are searching for their offers, they initiate purchases and in some cases, they even set conditions for transactions [7] .

Business to Administration (B2A): it is a relationship between a business and a government or a state and public authority. It includes public contracts made via electronic networks, which are specific in that they comply with applicable legislation [9].

B2C e-shop

B2C business is mostly about selling goods and services to final customers. According to *Hospodárske noviny* there is an enormous increase in the number of e-shops in Slovakia. In 2010, 300 hundred of them were founded within the first seven months of that year. Currently, more than 2 350 Slovak e-shops are registered, but many of them close after few months of operation [13] . E-shops sector started to develop in the 90s. Nowadays, it is gaining in seriousness because it often offers customers products for lower prices than standard shops during the crisis, whereas the price aspect is vital during the crisis. *Martinus.sk* has become the most successful e-shop this year. Customers of all ages including children and youth can be addressed via internet and web pages. *America On-line*, for example, includes a Kids Only section, which offers online games, chat, online magazines or even assistance with school assignments. Another website, *BeingGirls.com*, includes information for girls about relationships, boys and other girls issues. On Microsoft Network, *Disney's Daily Blast* appeared offering children cartoons and information on current issues presented in such a way that also the smallest children understand them [7] .

Respondents' experience with purchasing goods in e-shops

Approximately 59,4 % of Slovak population uses the internet actively i.e. at least once per month. This is clear from the survey of the TNS SK agency published on webnoviny.sk. Year-on-year, the number of internet users has increased by 5,1%. In comparison to the national average, people aged between 18 and 39 and respondents with a higher level of education use the internet. On the other hand, people aged over 50 and people with lower level of education do not use the internet [12]. Based on a different marketing survey of Slovak Association of Electronic Commerce: "E-commerce 2010", which was partially published on the instore.sk website, we can argue that mostly men buy products and services online. They focus on technical products. Women, elderly people and people living in villages and smaller municipalities prefer standard shops. Younger and more educated people and businesspeople prefer e-shops. As many as 45% of all internet users shop online at least once per quarter. Men and people aged between 25 and 34 have spent more money last year. Books, clothing and tickets to various events are the most frequently purchased products, while mostly women and people with university education buy books [8].

Methods

The primary aim of this research is to gain an overview of customers' attitude when it comes to online shopping. The research is oriented on online marketing and electronic commerce, therefore it is only obvious that we have used computer inquiring to gather primary information. This form of inquiring proved to have many advantages for us. One of these is a fact that that internet connection or work with the internet is in the 21st century becoming an inseparable part of everyday life of businesspeople, but also people in households, or educational and other institutions. For many of us, transfer of activities onto the global network is a standard. Businesses, profit and non-profit organizations, administrative authorities, households and educational institutions make use of application of this rapidly developing medium in their favour. Electronic commerce in the conservative market of the Slovak Republic is also the subject matter our research. The research realized in 2011 is a fluent continuation of 2010 research headed by PhDr. Peter Dorčák PhD and carried out by Juraj Doležal, Faculty of Management student. His results will be used for our analyses of current trends in electronic commerce development.

Aim of the research: The aim of this research is to learn about main attitudes of customers shopping for goods and services online under conditions of the Slovak market in 2011. Then, the aim was to carry out the research of development of individual indicators for 2010 and 2011. In respect to the elaboration of this article, only one of the observed areas, i.e. perception of prices of goods and services sold in e-shops comparing to the perception of prices in standard, the so called brick and mortar shops, will be discussed.

Research sample: The aim was to address the widest possible sample of potential and real e-shops customers. Age limit was not set, therefore our research is broad in scope. Similarly to the 2010 research, questionnaires were filled out by part-time students of the University of Prešov, as well as users of social networks such as Facebook.com and Pokec.sk.

Research methodology and organization: Information on customers' attitude towards online shopping were collected using the CAWI technology (Computer Assisted Web Interviewing). From the point of view of aims of the research, the following exploration methods were used during the research:

- Questionnaires
- Structured discussions

Acquisition of primary data- The questionnaire was structured and aimed at acquisition of data on attitudes of citizens of the Slovak Republic towards online shopping and included 7 closed questions. The questionnaire was electronically processed using ww.dotaznicek.sk web service and a private internet address was created where users could find and fill out the questionnaire (<http://e-business.dotaznicek.sk>). The questionnaire was active for one month. Link to the questionnaire was first send via e-mails to users of the portal www.pokec.sk. More than 100 questionnaires were distributed over this portal. Another step was to focus on users of a well known social network Facebook.com. Messages with the questionnaire address were sent to 150 people. Subsequently the so called "Event" was created on the Facebook.com portal, through which evangelists contacted 50 people who invited 2,748 friends to join the event. In parallel with this activity, we published our questionnaire on other groups of the social network.

Structured discussions were then carried out. Approximately 50 approached respondents were then asked to briefly and clearly describe their positive and negative experience with e-shops, or add information to the questionnaire items.

Overall 3,348 respondents were approached and we obtained 2,162 completed questionnaires. At the same time, 50 structured discussions were carried out.

Results

Because the realized research was a continuation of the 2010 research, questionnaire items are completely identical with questionnaire items used for the for the current data collection. Unlike the previous research, which focused entirely on data collection, the current research offers comparison of results obtained in 2010. In this way it is possible to gain a better knowledge shopping behaviour of customers using e-shops.

Attitude of respondents towards price levels of goods sold online

Unrivalled prices can be regarded as one of the main advantages of e-shops. Many online magazines and articles argue that e-shops paired with standard shops can

offer much cheaper goods and services, therefore we deemed necessary to verify this assertion also for the Slovak market.

Year 2010: In 2010, the respondents answered the questionnaire question “Do you think that goods ordered online are cheaper than in a standard shop?” as follows:

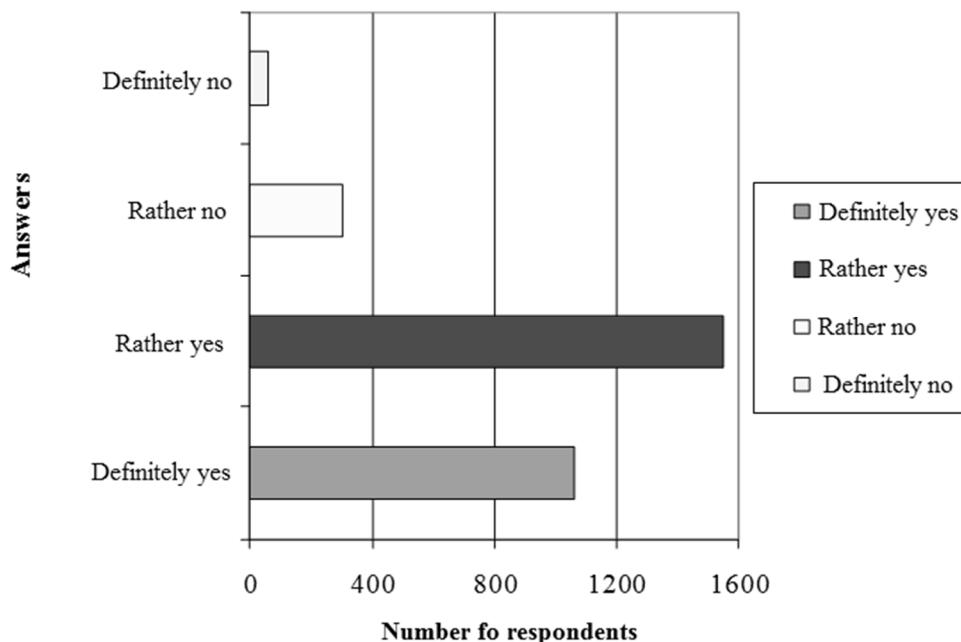


Figure 1. Attitude of respondents towards price levels of goods sold online for 2010

Source: [4]

It showed that in 2010 customers considered the price of goods and services offered online to be rather favourable.

35% of respondents taking part in the research answered the above question “definitely yes”.

53% of respondents answered “rather yes”, so we can presume that according to customers, lower prices of goods and services apply to e-shops mainly.

A very small percentage of e-shops users considered goods and services sold in e-shops more expensive than cheaper.

The question, “Do you think that goods ordered online is cheaper than in a standard shop?” was answered as follows: 10% of respondents answered “rather not” and only 2% of respondents answered “definitely not”.

Year 2011: Neither did the situation markedly improve nor did it markedly worsen in 2011. Results are almost identical with the 2010 results. The question, “Do you think that goods ordered online is cheaper than in a standard shop?” was in 2011 answered as follows: “definitely not” 1%, “rather not” 7%, “rather yes” 60% and “definitely yes” 32% of respondents.

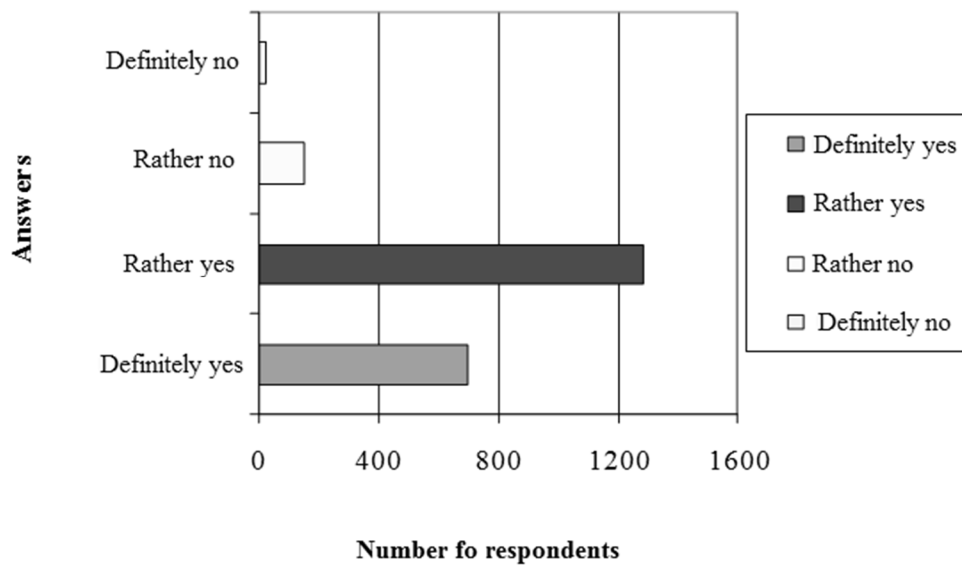


Figure 2. Attitude of respondents towards price levels of goods sold online for 2011
 Source: Our own processing

The 2010 and 2011 results reveal that customers see goods and services offered online as commodities which are cheaper than in standard shops. However, low prices do not guarantee higher sales of goods and services to online shopkeepers.

Table 1. Overview of answers on questions regarding prices of goods and services sold in e-shops comparing to standard shops

Answer	2010	%	2011	%	Development
Definitely yes	1,020	35	695	32	<i>decrease</i>
Rather yes	1,539	53	1,285	60	<i>increase</i>
Rather not	301	10	150	7	<i>decrease</i>
Definitely no	58	2	22	1	<i>decrease</i>
Total	2,918	100	2,152	100	<i>positive</i>

Source: Our own processing

Advantage of e-shops comparing to standard shops is in that they do not require “physical” premises, as most of the business transactions are carried out via global network. Business undertakings are thus characterised by low expenses required for operation, storage etc. These but also other factors result in lower prices of goods. In spite of all of the positives of e-shops, standard shops are still more

preferred. Most of the respondents got in the end drawn in by low prices, but on the other hand almost each of them has a negative online shopping experience. Uncertainty, which brings up negative feelings in customers speaks in favour of standard shops. Damaged or incomplete goods, lengthy completion of forms, or delayed goods delivery are still very common when shopping online. Poor additional services of e-shops is probably the biggest problem of these stores. In Slovakia, marketing concepts in standard or electronic shops is still not understood and well established. Respondents share certain doubts whether customers really are on the first place as the Slovak shops claim.

Summary

In 2010 and 2011 the Price indicator has shown a positive development. Customers perceived prices of goods and services sold online positively, when more than $\frac{3}{4}$ respondents have thought of it to be lower than in standard shops. Low price of goods in e-shops attract mostly people, who currently react to a price change very sensitively. Low quality services are still rather a frequent phenomenon for this type of business. Damaged or incomplete goods, lengthy completion of forms, or delayed goods delivery are still very common. Nevertheless, an increasing penetration of citizens of the Slovak Republic on the internet results in higher interest of customers in online shopping. Low prices and comfortable shopping seem to be the key elements of online business. Marketing workers should therefore include the internet into their marketing mix. The MIX of tools product, price, place, promotion, presence on Internet should be the minimum basis for marketing concepts of individual e-shops.

Acknowledgment

This submission was elaborated as a part of internal grants of the Faculty of Management of the University of Prešov in Prešov: GAMA/10/10 Influence of Virtual Social Networks on Increase in Sales in Electronic Commerce and GAMA/10/9 Analysis of Advantages of Shopping in Online Sshops Compared with Shopping in Real Shops in Slovak and Worldwide Internet Environment.

References

- [1]. B2C. 2011. (online: www.cs.wikipedia.org/wiki/B2C)
- [2]. Delina R., Vajda V., *Teória a prax elektronického obchodovania*, 1. vyd. Technická univerzita, Košice, 2006.
- [3]. Delina R., Vajda V., *Asistent elektronického obchodu – manažérska príručka*, 1. vyd. Slovenská obchodná a priemyselná komora, Prešov, 2005.
- [4]. Doležal J., *Elektronické obchodovanie : bakalárska práca*, Prešovská univerzita v Prešove, Prešov, 2010.
- [5]. Dorčák P., Pollák F., *Marketing & e-business*, EZO.sk, s.r.o., Prešov, 2010.
- [6]. Chaffey D., *E-business and E-commerce management*, Prentice Hall. England, 2007.

- [7]. Kotler P., Keller K., *Marketing management*, 12. vyd. Grada Publishing, Praha, 2007.
- [8]. Kul'ková T., 2010, (online: www.instore.sk/news/internetovy-predaj-nabera-na-obratkach)
- [9]. Madleňák R., *Elektronický obchod*, 1. vyd. Žilinská univerzita, Žilina, 2004.
- [10]. Napier H.A., Rivers O., Wagner S., *Creating a winning e-business*, Cengage Learning, UK, 2006.
- [11]. Štefko R., *Marketingová stratégia*, In: Marketing vybraných odvetví; EU, Podnikohospodárska fakulta Košice, Bratislava, 1992.
- [12]. Takáčsová A., *Počet aktívnych užívateľov internetu sa zvýšil*, 2010, (online: www.webnoviny.sk/pocitace-a-internet/pocet-aktivnych-uzivatelov-internet/140566-clanok.html)
- [13]. Vašuta T., 2010, *Od januára u nás vznikli stovky e-shopov*, 2011, (online: www.hnonline.sk/podniky/c1-45475760-od-januara-u-nas-vznikli-stovky-e-shopov)

ANALIZA PREFERENCJI KLIENTÓW SKLEPÓW INTERNETOVYCH

Streszczenie: W artykule omówiono podstawowe zagadnienia związane z handlem online. Wybrane podstawy teoretyczne łączą się z zadaniami badawczymi, co umożliwiło zdobycie elementarnej wiedzy na temat preferencji klientów kupujących w internecie. Przyczyną sporządzenia niniejszego artykułu, autorzy koncentrują się na części badawczej, która omawia postawy konsumentów online względem ceny towarów i usług oferowanych za pośrednictwem tego nowoczesnego medium. Dzięki technikom gromadzenia danych, takich jak CAWI oraz dzięki identycznym wynikom badań przeprowadzonych w 2010 roku udało nam się zebrać informacje na temat rozwoju w 2010 i 2011, które następnie zostały porównane rok po roku. Korzystny rozwój handlu elektronicznego ukazuje ogromny potencjał działalności biznesowych on-line.

分析客户的电子商店偏好

摘要：基本的网上贸易有关问题的文章处理。所选择的理论基础连接到科研任务本身，这是获得有关客户对网上购物的基本偏好的知识。为起草这篇文章的目的，作者的重点是研究的一部分，其中讨论了网上客户对商品和服务，通过这种现代传媒提供的价格态度。由于数据收集技术，并为CAWI在2010年进行的同出一研究，我们能够收集关于在2010年和2011年发展的信息，这是比对结果比较干燥感谢的按年计算。一个电子商务的良好发展揭示了一个伟大的在线商业潜力。