

New Marketing Research Journal
Special Issue, 2013
PP: 59-68

Barriers and Crucial factors affecting Iranian consumer mind during online shopping

Habibollah Doaei

Associate professor, Faculty of Economics and Business Administration
Ferdowsi University of Mashhad, Iran.
h.doaei@gmail.com

Jaleh farzaneh Hassanzadeh

PhD student, Faculty of Management and Accounting,
University of Sistan and Balouchestan, Iran
jaleh.farzaneh3@gmail.com

Abstract

E-commerce has made life simple and innovative of individuals and groups; consumer Behavior in online shopping is different from the physical market where he has access to see the product. The purpose of the research was to study the consumer behavior in online shopping of electronics especially in Iran. Primary data was collected through the questionnaire survey and by emails from personal contacts in two major cities of Iran. Price, time saving and convenience were identified as important factors which lead to certain buying behavior in online shopping.

Keywords: Consumer behavior, online shopping in Iran, E-commerce, trust.

Introduction

“Consumer behavior is the study of individuals, groups, or organizations and the processes they use to select, secure, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society “ (Kuester, 2012).
As Kuester (2012) stated, consumer

behavior of every individual is different from other depending on buying choices which is influenced by buying habits and choices that are turn tampered by psychological and social drivers that affect purchase decision process.

“We’re not aware of changing our minds even when we do change our minds. And most people, after they

change their minds, reconstruct their past opinion — they believe they always thought that” (KEYS, 2011).

As quoted above, consumer behavior about decision making is difficult to define and is a system of short cuts and rule of thumb which is unpredictable. The short cuts in decision making vary from person to person and focusing on the past experience of consumers; we can predict the future trends by bringing profitable products and services into the market. In this modern world, the popularity of interactive media like the World Wide Web is increasing day by day with rapid pace. With reference to marketing it is continuously realized that the main two factors observed due to WWW are as below:

1) Most of the companies are doing their business online and make their website as showroom of their product and services.

2) Fast increment of consumer segments due to increase needs and demand including online shopping as well. (Ha'ubl, 2000).

Therefore, online shopping is becoming increasingly popular. Online retail sales are estimated to grow from \$ 172 billion in 2005 to \$ 329 billion in 2010. There are 32 countries worldwide with the Internet penetration rate higher than 50%. As of April 2006, 73% of American adults are Internet users. Moreover, Internet users' ability to shop online has significantly improved from 16% to 32% since March 2001 (Zhou et al., 2007).

The Economist Intelligence Unit overviewed the e-readiness of the world's largest economies including Iran in 2008 It measures the quality of a country's information and communications technology (ICT) infrastructure and the ability of its

consumers, businesses and governments to use ICT to their benefit. Economist Intelligence Unit measures e-readiness based on six criteria of connectivity and technology infrastructure, business environment, social and cultural environment, legal environment, government policy and vision and consumer and business adoption (Economist Intelligence Unit, 2008). The results this study in Iran shows improvement in four criteria of connectivity and technology infrastructure, business environment, social and cultural environment and legal environment. Government policy and vision criterion did not change in comparison with 2007. However, consumer and business adoption criterion has been changed.

Thus, it is very important to know about online customers' behavior and understand what they require and need. Since online shopping is the new medium of shopping with new demands of consumers. All customers have their own desires and demands for products so that it is very crucial for all online retailers to identify and know about their online consumers (Hasslinger, 2007). For this purpose , this research was to study the consumer behavior in online shopping of electronics especially in Iran. The main research question in this study is how consumers behave while shopping online?

Literature Review

Online shopping

Internet makes life simple and innovative. People are doing business online and trade has become more easy and fast due to this. Internet provides new ways to promote business. Website becomes the essence of online business as to show their services and products. Internet gathers

all competitors and consumers in one place. It brings new lane to promote, advertise products and services in market (Barry Silverstein, 2002, p. 3). Total global E-commerce sale in 2011 have grown to Euro 690 billion (USD 961 billion) and recorded an increase of 20 % with an estimation of increase in the coming years and to cross the 1 trillion Euro mark in 2013. Asia pacific region is leading in terms of growth as compared to mature markets like US, UK, Japan and European countries. Asia Pacific recorded 130 % growth specially China in 2011. The online retailing is becoming an integral part of an economy and country and worldwide increasingly seeing trust and confidence in purchasing online (AadWeening, 2012).

“E-commerce is benefiting from several positive trends, including the continued rollout of broadband, increasing user comfort shopping online and the decline of certain brick-and-mortar retailers,” (Sajjad, 2012). Online consumers are always seeking new products, new attractiveness and the most important thing being price compatibility with their budget. The internet is the best way to save time and money through purchasing online within their range of budget at home or in anywhere. Online consumers don't have limits to online shopping. They also use internet for comparison of prices of goods and services, news, visit social networks and search information and so on. The recession has so much impact on online consumer behavior (Rodriguez, 2009). Online shopping behavior depends on four factors such as Shopping motives, personality variables, internet knowledge and experience and last factor is shopping incentives. These are key determinants to influence the

behavior of online consumers. Online seekers are the main sources of online shopping. Online shoppers always want to seek information within few clicks and reach to the most relevant information according to their requirements such as competitive brands, best price offers, product specification and consumer word-of-mouth (Yuan Gao,2005).

Online buying behavior

Online shopping consumer behavior is also called online buying behavior and internet shopping/ buying behavior. Online shopping behavior has direct relationship with these five elements such as e-stores, logistics support, product characteristics, websites' technological characteristics, information characteristic and home page presentation. According to studies, those people who have wired lifestyles and who had time constrained, they spend less time to buy things online (J.Johnson, 1999).

Different authors define consumer behavior characteristics differently. Studies on online consumer behavior and characteristics have been done by so many market researchers and authors. The research on online consumer behavior is important because it helps to understand when and how online consumer prepares themselves for purchasing. Turban has defined a model on consumer behavior online. In this model, electronic environment consist of three variables such as independent variable (which is also called personal characteristics and environment characteristics), intervening or moderating variables (it is under vendor's control) and the decision-making process (effected by independent and intervening variables) (Turban, 2010).

Factor predicting online shopping

Researchers tell us that online consumers have ability to bargain and purchasing power to buy goods. Consumer lifestyle plays a main role in the process of online purchasing on electronics goods. Consumer lifestyle should have compatibility which have effect with positive attitudes towards technology, have ability to accept multiple kinds of new technologies, online skills, knowledge and remain online experience. All these factors have a strong effect on consumer lifestyle. Online purchasing is very dependent on these factors (Bidgoli, 2004).

Davis a well-known author introduces TAM; it stands for Technology Acceptance model which explains the impact of external factor on internal beliefs, attitudes and intentions as a result consumer behavior effects. TAM theory consists of two main factors; perceived usefulness and perceived ease of use. Another theory TRM (Theory of Reasoned Action) also defined factors that predicting online shopping introduce by Fishbein and Ajzen (J.Johnson, 1999). This theory demonstrates people willingness and its attributes. How they work and how they grow in a person (Deborah J. Terry, 1993). It is well established theory of social psychology applied to customer behavior. TRM includes intention proceed behavior, behavior towards individuals to individual and also bring light into social determinants and its influence. TRM helps to construct trust on online shopping through the extensive use of technology, impersonal nature of online business, the vulnerability of furnished by different parties and the uncertainty of using new business increase consumer easiness and attract more towards online shopping (Ayass,

2009). Furthermore, the concept of consumer mind set is introduced by Wurtzberg motivational psychologist. A mind set refers to a “specific cognitive orientation”. According to this theory, every consumer mind set is composed of different thought, modes of emotions and different information processing (Yoram Wind, Digital marketing: global strategies from the world's leading experts, 2001).

With The formation of online consumer strongly influenced by its personal experience, influence of its social network, direct marketing, mass media and the Internet. From researches it is shown that direct experience (e.g. product usage) is more attractive towards online shopping rather than direct experience (e.g. reading a print ad) (Schiffman, 2009). It's very important for a market manager to understand consumer behavior and its attribute which factors influence them to change. Consumer behavior understanding helps in online market to focus and make target to customer by segmentation and predict customer' purchasing behavior and generate more profit through online channels (Bidgoli, 2004).

As said in the Introduction that due to the importance of online business is increasing and making it more fast and convenient for consumers. So the research question of this study is *how consumers behave while shopping online?*

On the base of research question, the purpose of this research is to identify and get insight into consumer behavior towards online shopping of electronic goods with respect to identified factors which influence online shopping and consumer behavior to buy the electronics goods in other research such as: gender, education or

factors declared in TRM, TAM, goal and experimental consumer mindset.

Research Questions

In the research questionnaire, four main segments categorized as general demographics variables, identified variables, Iranian consumers concern in online purchasing and post purchase behavior are highlighted through following such as;

1. Which gender is the most rely on the online shopping in Iran?
2. What is majority of consumers' level of education?
3. What factor Iranian consumer does prefer during online purchasing?
4. How consumers do research for the products?
5. Which factors influence Iranian consumer behaviors in the final selection of the product during online shopping?
6. What are the major factors of Iranian consumer concern towards online shopping?

Methodology

Convenience sampling is the non-probability sampling techniques where subjects are selected because of their convenient accessibility and proximity to the research" (RESOURCES, 2012). It is the easiest way to analyze the data. In this method; specify number of sampled unit and don't concern with having numbers that matched the proportions in the population, this method is the non probability analogue of stratified random sampling in that it is important to assure that smaller group should accurately represented to sample taken (Base, 2006).

Data is collected from as many respondents as possible but since the study is about Iranian people so it is assumed that there will be little variation in population making it more

approved generalized to the response rate. The sampling method for Iranian people took also place on a convenience basis since the people that agree to answer the questionnaire are those that were chosen.

The factor that intended to examine can be applied to and investigated in Iranian population that uses the internet and buys electronic goods. Since there are time and resource constraint that is why specific population had been approached in order to generalize the results includes 458 respondents (These persons had made online purchase). The questionnaire was mainly distributed in the two big cities Tehran and Mashhad of Iran but the major reliance was on the distribution through email and through personal contacts. Also, the study collected data through questionnaire. Furthermore, the study used SPSS 20 for statistic analysis.

Research findings

The results from the questionnaire and the distribution of collected data among the respondents has been discussed and presented.

The questionnaire was designed to collect the primary data and further on to analyze the data and how consumers behave against the importance of price, convenience, trust, loyalty when they purchase online. The questionnaire was divided to, first, the demographics segmentation among the respondents and second to, collect the data about the factors like price, convenience, brand consciousness, safety, trust which effect directly or indirectly to the decision making process and ultimately highlight the main concerns of consumers while shopping online. We have received following responses such as;

Table 1: Gender Analysis

Gender	Frequency	Percentage
Female	107	23.36%
Male	351	76.64%
Grand Total	458	100.00%

From the above table, we can easily analyze that majority of the males are respondents of the survey as compared to females, we have 76.64% of males and 23.36%

percentage of females have participated in this survey. The survey was conducted in the two major cities Tehran and Mashhad of Iran.

Table 2: Age Analysis

Age Distribution	Frequency	Percentage
20-25	238	51.97%
26-30	110	24.02%
31-35	70	15.28%
36 or more	40	8.73%
Grand Total	458	100.00%

From the Table2 named as age wise analysis, it is clear that in this survey we have 238 frequencies in the age of 20-25 with percentage 51.97% which is the highest percentage among other age distribution. In age distribution of

26-30 we have 24.02% and 15.28% fall in 31-35 age and rest 8.73% fall in more than 36 years old respondents. The questionnaire responses mainly show the young generation which is actively part of the research.

Table 3: Education Analysis

Education Background	Frequency	Percentage
Less than secondary/high school	10	2.18%
Secondary/high school	77	16.81%
Bachelors	248	54.15 %
Masters or Above	123	26.86%
Grand Total	458	100.00%

The highest frequency 54.15% among the respondents falls under the category of bachelor's level of studies followed by the 26.86% who has the Master's

degree. A very nominal percentage of almost 19% categorized in less than secondary and high school level.

Table 4: Crucial Factor affecting Consumer mind in Iran

What are the crucial factors which affect your decision making in the final selection of the product?	Frequency	Percentage
The best prices	186	40.61%
Convenience and Time saving	152	33.19%
Not available in local stores	50	10.92%
Product reviews available	40	8.73%
Price comparison available	30	6.55%
Grand Total	458	100%

As analyzed from the result in online shopping in Iran (Table 4), consumer concerns are price factor, convenience and time saving. 40.61 % of respondents consider price as the most important factor followed by 33.19 % people who consider convenience and time saving. The remaining percentage of 26.2 % falls under the category of those respondents for whom the particular product is not available in local stores, product reviews available

and price comparisons available.

In Iran, consumer mind is not different, consumer behavior is normal as other countries consumer behavior norms. They are very conscious about cost cutting and time saving; majority of the peoples' decision is affected by the best price offer, therefore, the sellers of the electronic product must take price into consideration in their online stores in order to increase their sales.

Table 5: Main barriers in online shopping

What are the main barriers which keep you away from shopping Online?	Frequency	Percentage
Safety of Payment	215	46.94% %
Low Trust level of online stores	1022	22.27%
High Shipping Cost	58	12.66% % %
Value Added Tax/ Customs duty	36	7.86%
Refund Policy and Warranty Claims	28	6.11%
Warranty and Claims	10	2.18%
Delivery too slow	6	1.31%
Others (Don't have Credit Card)	3	0.66%
Grand Total	458	100%

From the survey it is revealed that safety of payment is the biggest barrier in online shopping in Iran. 46.94% of the respondents ranked safety of payment as the main concern and 22.27% do not trust much on online stores. 12.66 % of people reject the idea of online shopping due to high international shipping cost involved and 7.86 % do prefer local stores due to

value added tax and custom duties in Iran. A nominal combined percentage of 10.26 % do not shop online due to refund policy, claims, slow delivery and lack of availability of credit card.

CONCLUSION

This study was accomplished to determine the consumer behavior in Iran towards online shopping for

electronic products. Online shopping is increasing in Iran but acceleration of online shopping is not as rapid as compared to other developed countries like USA and UK. In research, online consumer behavior theories applied named as goal oriented online buyer and experimental motives of online shopping and highlighted into consumer characteristics, online consumer behavior, factor predicting online shopping and consumer mindset in online shopping.

TAM (Technology Acceptance Model) and TRM (Theory of Reasoned Action) identifies factors such as internal beliefs, attitudes, and intention for online shopping; study revealed that online shopping is mostly influenced by social network/circles and personal experience. Consumers are doing online shopping because of convenience and time saving.

The survey questionnaire was prepared and distributed among personal contacts and received 458 responses. The questionnaire format have three main segments such as general, identified variables then in last customer concern in online shopping. From the survey it is accessed that online shopping is more popular among the males as in Iran most online shopping was made by males with 76.64% and majority of the respondents were young; aged between 20 to 25 years old with 51.97% weight age and income distribution fell into less than 30k as lower middle class while majority of the respondent are educated and have done graduation.

The online shopping is getting popular among the young generation as they feel it more comfortable, time saving and convenient. It is analyzed from the survey that when a consumer makes a mind to purchase online electronic

goods he or she is affected by multiple factors. The main crucial identified factors are time saving, the best price and convenience. The best price factor is popular among Iranian people because generally in online markets prices are lower as against the physical markets. People compare prices in online stores and then review all feedbacks and rating about product before making the final selection of product and decision. To purchase online things the electronic goods are in demand because of the best price, convenience and time saving.

The main barrier in the process of online shopping is the safety issue. People of Iran are afraid to share their personal information and financial information on internet. Credit cards are also not available to all in general as majority of the consumers are young generation and in Pakistan to avail credit cards in not a simple process. Due to which consumers are reluctant to make online purchasing, then second the most familiar barrier is the low level of trust on online stores therefore, sellers have to make proper strategies to increase the consumer's level of trust on them.

References

- AadWeening.(2012). *B2C Global e-Commerce Overview*.Interactive Media in Retail Group.
- Ayass, T. (2009).*Investigation of the antecedents of an e-commerce trust model*. USA: ProQuest.
- Barry Silverstein. (2002). *Business to Business internet marketing*. Canada: Jim Hoskins.
- Base, R. M. (2006). *Nonprobability Sampling* . Retrieved 3 , 20 , 2012 , from Research Methods Knowledge Base: [http:// www.Ocialresearchmethods.net/kb/sampno](http://www.Ocialresearchmethods.net/kb/sampno)

- n.php.
- Bidgoli, H. (2004). *The Internet encyclopedia*. Canada: John Wiley and Sons.
 - Deborah J. Terry, C. G. (1993). *The Theory of reasoned action*. Japan: Pergamon Press.
 - Economist intelligence unit (2008) , E-readiness ranking 2008 : Maintaing momentum , Economist intelligence unit , IBM Institute for business value.
 - Ha'ubl, G. (2000). The Effects of Interactive Decision Aids.*Consumer Decision Making in Online Shopping Environments: 5*.
 - Hasslinger, A. (2007). Consumer Behaviour in Online Shopping.18-22.
 - J.Johnson, S. B. (1999).Predictors of online buying behavior. New York: Predictors of online buying behavior.
 - Kuester, Sabine (2012): MKT 301: Strategic Marketing & Marketing in Specific Industry Contexts, University of Mannheim, p-110.
 - KEYs, T. P (2011). The painter's keys. Retrieved from http://quote.robortgenn.com/auth_search.php?authid=6466.
 - RESOURCES, E. (2012).*Convenience Sampling*. Retrieved 3 29, 2012, from Experiment Sampling: <http://www.experiment-resources.com/convenience-sampling.html>.
 - Rodriguez, S. (2009). Consumer Behavior Report.*Economic Climate Shifts Consumers Online*, 3.
 - Sajjad, A. (May 2012). "How Online Shopping Is Affecting Consumers Buying Behavior in Pakistan?" *IJCSI International Journal of Computer Science Issues*, 9(3): 440-475..
 - Schiffman.(2009). *Consumer Behavior*. India: Person.
 - Turban. (2010). *Electronic Commerce: A Managerial Perspective 2006, 4/E*. New Delhi: Surabh Printers Pvt Ltd.
 - Yoram Wind, J. W. (2001). *Digital marketing: global strategies from the world's leading experts*. Canada: Wind Publisher.
 - Yuan Gao. (2005). *Web systems design and online consumer behavior*. London: Idea Group Inc (IGI).
 - Zohu, L. , Dai, L. & Zhang m D. (2007) Online shopping acceptance model – A critical survey of consumer factors in online shopping , *Journal of Electronic commerce research*, 8 :41-62.

