# **Analysis of Online Buying Behaviour of Internet Users**

Irena Škařupová

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Zpracujte literární prameny z oblasti internetového marketingu se zaměřením na zákazníka a jeho nákupní chování na Internetu.

Provedte analýzu nákupního chování na Internetu u vybrané skupiny zákazníků. Na základě výsledků analýzy předpovězte možný vývoj nákupního chování na Internetu. Rozsah práce:

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Chaffey, Dave. 2006. Internet Marketing: Strategy, Implementation and Practice (3rd Edition). Alexandria, VA: Prentice Hall, 2006.

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prof. PhDr. Vlastimil Švec, CSc.

 $d\check{e}kan$ 

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doc. Ing. Anežka Lengálová, Ph.D.

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**ABSTRAKT** 

Cílem této bakalářské práce je analyzovat nákupní chování na Internetu. Práce je rozdělená

na část teoretickou a analytickou. V teoretické části jsou zpracovány poznatky z oblasti

internetového marketingu a chování zákazníků. V analytické časti je pomocí kvantitativního

marketingového šetření, jmenovitě dotazníku, zkoumáno chování zákazníků na Internetu.

Tato část je zakončena SWOT analýzou, která předpovídá budoucí vývoj nakupování

na Internetu.

Klíčová slova: Internet, internetový marketing, zákazníci, internetový obchod, chování

zákazníků

**ABSTRACT** 

The aim of the bachelor thesis is to analyze online behaviour of customers. The thesis is

divided into the theoretical and analytical part. The theoretical part aims at observation

of Internet marketing area and customers' behaviour. By usage of quantitative analysis,

namely the questionnaire, the behaviour of customers on the Internet is investigated

in the analytical part. The end of this part focuses on the SWOT analysis which tries to

predict the future development of online shopping.

Keywords: the Internet, Internet marketing, customers, online shop, customers' behaviour

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# INTRODUCTION

Since its creation, the Internet has greatly developed and it is really important to use it in the 21<sup>st</sup> century. It brings us a lot of opportunities and advantages for customers moreover it is the most popular medium nowadays. The Internet helps Web users with searching for information about products or information in general. This thesis focuses on another advantage which the Internet provides - the opportunity of shopping online.

Online shopping provides many benefits for customers and amongst the most significant ones belongs saving time and bringing comfort. There is also a wide variety of goods, and customers can search for the best price. The aim of this thesis is to analyze who the online customers are and how they behave. Regarding the fact that the Internet marketing has almost the same rules as general marketing, it is important to understand the customers and their shopping attitudes. On the other hand, there are some differences in customers buying process. The analysis focuses on young adults from 18 to 25 years and tries to predict future development of online shopping.

Before developing an effective marketing strategy it should be found out as much information as possible. Firstly, it is important to understand customers. This thesis concentrate on group with given age, and therefore information about customers is narrowed. However, age is not the only factor which should be taken into consideration. There are many others, for example the needs and shopping attitudes of customers.

It is important to consider all facts which we know about shopping online and online customer behaviour. With growing computer and Internet knowledge and changing attitudes towards the Internet, more and more customers prefer shopping in online shops to traditional stores and in the future, the number of online customers will definitely increase.

# I. THEORY

# 1 ONLINE SHOPPING

The 21<sup>st</sup> century is characterized by a great technological development. New digital technologies have "the potential to reduce costs and increase customer satisfaction by increasing the speed and efficiency of marketing interactions." (Kurtz, and Boone 2006, 118) That is because these technologies allow greater customization of products; services and promotions and help marketers build more valuable relationship with customers. There is a lot of benefits for customers as well, for instance they can gather information about products, services, brands and companies more easily and efficiently. (Schiffman, and Kanuk 2007, 11-12)

Business is mostly carried over the networks nowadays. We differentiate three types of networks: *Intranets, Extranets*, and *the Internet. Intranets* are networks which connect a people within a company. *Extranets* are networks which connect a company with its outside partners (e.g. suppliers, distributors). The last one is the Internet which is public network connecting users of all types around the world. (Armstrong, and Kotler 2006, 553)

Comparing with the Internet, intranets and extranets are networks with particular users. (Chaffey, Ellis-Chadwick, Johnston, and Mayer 2006, 32) That is the reason why the Internet has developed into a popular medium for all types of individuals. (Kurtz, and Boone 2006, 119)

# 1.1 The Internet

The Internet is a medium that connects millions of computers around the world. (Chaffey, Ellis-Chadwick, Johnston, and Mayer 2006, 26) It is a medium of possibilities and most of the customers make purchases online. The reason is that the Internet saves their time and it is more comfortable to do the shopping from the customers' homes. (Strauss, El-Ansary, and Frost 2006, 187)

One of these possibilities is audio and visual entertainment. However, the information consumers are searching for is not all about the entertainment. They also access information to learn something new (e.g. news, weather, jobs). (Strauss, El-Ansary, and Frost 2006, 185) Another significant innovation in the marketing environment is that the Internet is an interactive medium which provides company a direct access to customers. This interactivity is very helpful for marketing strategies by reason that it brings awareness of customers' changes in attitudes. (Cannon, Perrault, and McCarthy 2008, 293)

In the Czech Republic were 34.9 percent of female web-users who purchased online in 2008. In comparison with previous years only 9.5 percent of female Web users purchased online in the year 2003. The same situation is with male web users, in 2003 it was 14.5 percent and in 2008 there were 42.0 percent of male Web users. (Český statistický úřad)

# 1.1.1 Development

The Internet began in late sixties as a defence project during Cold War. Aim of this project was to develop a system of communication that could not be so easily interrupted in case of nuclear war as was telephone and satellite communications. At the beginning of the Internet history it was a medium which connected four universities. As time passed, the Internet has developed and became a worldwide medium. (Reedy, and Schullo 2003, 158)

Simultaneously with the developing of the Internet as a communication medium developed the software and the hardware designed for online shopping. Moreover, the Internet marketing started to play an important role which broadens the opportunities to attract new customer. The Internet also saves time and money to both companies and customers. (Reedy, and Schullo 2003, 3)

The reason why the Internet became such a popular medium is that the World Wide Web has developed in 1989 by Tim-Berners-Lee who was a British physicist working at the European Lab for Participate Physics. Web quickly became a collection of thousands web servers. Along with the development of Internet browsers (e.g. Microsoft Internet Explorer) make the Internet accessible for ordinary users. (Kurtz, and Boone 2006, 120-121)

Due to World Wide Web, the Internet is a medium which provides displaying of information, graphic and text. (Chaffey, Ellis-Chadwick, Johnston, and Mayer 2006, 27) This is possible only for last few years. Before this innovation average users' hardware had inadequate capabilities and modems did not have the capacity for loading enough amounts of data to visualize photographs or illustrations. (Reedy, and Schullo 2003, 158)

# 1.1.2 Advantages

One of the main advantages is that the Internet connects people and companies internationally. As a result of this fact even small company can become a multinational firm. (Reedy, and Schullo 2003, 10) And also the Internet is a medium thanks to which information exchange is cheaper and faster This makes it the most lucrative medium as well

as it can serve as a distribution channel or advertising medium or else medium for making business. (Fill 2005, 342-343)

To compare the Internet to the other media such as TV or radio, they are limited by time (or space) and costs are quite high. On the contrary there is no time limitation and absolute costs are low and static on the Internet. As a result of no limitation it is possible to use both emotional and informative aspect on the Internet. The advertisers prefer the emotional aspect to the informative one in other media. (Fill 2005, 581)

The Internet offers a lot of advantages also for customers. Whether they can get all information they would like to from the websites or the online shopping saves their time and money and makes the shopping more comfortable. The benefit that customers appreciate the most is no pressure on the Internet. Nobody is persuading customers to buy the product which is another benefit that customers like. (Reedy, and Schullo 2003, 247)

Robot shopping agents are another innovation in the world of online shopping. These automatic shoppers are helpful to potential customers. (Reedy, and Schullo 2003, 164) Shopping robots are programs which search for and check information on hundreds of sites and bring it back to internet users. (Boone, and Kurtz 2006, 130) It compares the prices and features customers are looking for. On the other hand, not all the sites are participating with shopping robots. These sites are not willing to appear in price comparison list because they want to compete on other factors. (Reedy, and Schullo 2003, 164)

#### 1.1.3 Disadvantages

Security is still one of the weakest points of the Internet. The stolen credit card data are no exception. Some companies even make their money by selling personal data of their customers to other companies as well as many hackers are able to break down the security of the web pages and steal the data of customers. (Solomon, Bamossy, Askegaard, and Hogg 2007, 318-319)

Another weakness is the actual shopping experience. Customers are buying products according to their senses (they like touching, smelling, etc.) and those customers who have higher need of tactile inputs do not use the Internet for the purchase often. (Solomon, Bamossy, Askegaard, and Hogg 2007, 319)

### 1.1.4 Web Users

The recent research has shown that consumers which face major life decision access information on the Internet before making it. (Armstrong, and Kotler 2006, 554) We can

distinguish the following three types of potential behaviour of web users: *trackers, hunters* and *explorers*. (Chaffey, Ellis–Chadwick, Johnston, and Mayer 2006, 79)

Members of first group, *trackers*, know what they want to buy. They are looking for price, availability, delivery time and other information connected with a particular product. Second group of customers called *hunters* does not have a certain product in mind. More likely, they are looking for one or more features. This group of customers needs more help and support when making purchase. Last group of *explorers* does not look for special product and does not have specific features in their mind. *Explorers* may have a purpose of buying (for example, at Christmas they want to buy presents for their relatives) or they want to decorate their garden or house or just simple do not have a shopping objective. (Chaffey, Ellis-Chadwick, Johnston, and Mayer 2006, 79)

The Internet users do basically 4 things online: *they connect, enjoy, learn, and trade*. In comparison with other media, the Internet allows two-way communication. The Internet communication is a cheap way of keeping in the touch which is the reason why web users mostly communicate online. Furthermore, consumers use the Internet to make phone calls; they can become a part of a community, or spend time in chat rooms. (Strauss, El-Ansary, and Frost 2006, 184)

According to the Czech Statistical Office, the total amount of web users in 1993 was 60 thousands and in 2008 it was much higher – 6028 thousands. With regard to these numbers, it is obvious that the popularity of the Internet is growing. (Czech Statistical Office 2010)

#### **1.1.5** Web Page

Before marketers start to design website, they should be beware of the fact that the functionality and reliability of the website is the first thing customers are interested in. If there is a problem with the connecting to the site or information is out-dated customers will be probably discouraged and most likely they will change it for competitor's working site. (Mohammed, Fisher, Jaworski, and Paddison 2003, 132) A creating of a web site is relatively cheap and even small companies can afford it. For large companies, it is profitable to buy banner ads which make them more visible and they have a better chance to appear in first results of search engines. (Fill 2005, 584)

The content of a web page is a complex of information, graphics and interactive elements. Customers' experiences are closely connected with the content. It means that

the content plays a key role in customers' decision if they will return to the site. (Chaffey, Ellis-Chadwick, Johnston, and Mayer 2006, 28) Customer satisfaction is highly influenced by the marketers' ability of a personalization therefore the marketers can profit from the advantage that the Internet offers. (Kurtz, and Boone 2006, 132)

Each customer perceives the same site in different way. What satisfies one may not satisfy the other. The next feature which is important for the customers is the speed of displaying the Web page. The reason why it is important is simple, not all consumers' computers have technology to load graphics-heavy pages. Current and future customers are searching for information, not for irrelevant images. (Mohammed, Fisher, Jaworski, and Paddison 2003, 132-136)

Last but not least point, marketers should take into consideration is that well-designed websites should provide privacy and security. The sites should be straightforward, and the most important feature is ease of navigation. (Boone, and Kurtz 2006, 143) For customers is important how is the site designed, if it is reliable, and secure. (Solomon, Bamossy, Askegaard, and Hogg 2007, 316)

# 1.1.6 Privacy and Security

Within the development of a culture on the Internet, some rules of behaviour have to be set up: *the etiquette*. Etiquette on the Internet is called Netiquette and can be described as informational rules of behaviour. For instance, in Email Netiquette web users should be familiar with usage of *capital letters*. *Capital letters* are considered to be a shouting message and it is recommended to avoid it. The message can be sometimes misunderstood for the reason that there is no use of body language in the online environment. Instead of it emoticons can be used to make a message clearer. Nevertheless, they should be use carefully. For instance, © symbol is interpreted as a happiness, humour or encouragement. (Reedy, and Schullo 2003, 256-258) The essential issues of netiquette are certainly privacy and security. (Chaffey, Ellis—Chadwick, Johnston, and Mayer 2006, 101)

Customers want their private information to be protected. The problem of stealing data may company prevent by updating their activities and information with the latest privacy law and protection. (Chaffey, Ellis-Chadwick, Johnston, and Mayer 2006, 100) For the reason that customers cannot be sure whether the owner of the site is real or not because of the anonymity of the Internet, marketers should provide an assurance of personal

privacy: not only because their customers deserve that, but also because it is an important aspect of ethics and morality. (Reedy, and Schullo 2003, 10, 470)

The online marketers have become skilled at analyzing information about customers. This leads to customer discomfort. Customers may be afraid of inappropriate and unauthorized use of their personal information. (Armstrong, and Kotler 2006, 579) Many companies have signed on with the Internet privacy organizations such as TRUSTe. This was one of the step companies took to assure customers that any information would not be sold without their permission. (Kurtz, and Boone 2006, 135)

One of the methods of collecting data about customers is automatic data collection called cookies. This method enables online marketers to follow web users moving form one site to the other. As a result, cookies help to marketers to post pop-up ads about their products using the information about customers' Web sites visits, and also they have a potential to attack the privacy of users' computers. (Kurtz, and Boone 2006, 135) Pop-up ads are that kind of advertisement which is shown in separated window that appears very quickly. (Kurtz, and Boone 2006, 140)

The information which marketers mainly use are contact information (e.g. e-mail address, postal address), the second are profile information (information about age, sex, social group of consumers and other characteristics), the last information marketers are collecting are behavioural information (on a single site), which include purchase history and the whole process of buying. (Chaffey, Ellis–Chadwick, Johnston, and Mayer 2006, 100-101)

Another threat of the Internet is an Internet piracy. The question that many customers ask is if the site can provide enough security. They are worrying that their online transaction can be attacked by hackers which could steal their personal data as a credit card number. (Armstrong, and Kotler 2006, 579) That is why many of e-commerce sites require password as a form of authentication to assure that person using the site is the one who has set up account. (Kurtz, and Boone 2006, 135)

# 1.2 Internet Marketing

Although the Internet marketing is a complex process which contains several stages like framing the opportunity, formulating the marketing strategy and others, the aim of this thesis is to identify the customers and their behaviour. (Mohammed, Fisher, Jaworski, and Paddison 2003, 1)

According to the definition of marketing by Chartered Institute of Marketing ("Marketing is the management process responsible for identifying, anticipating and satisfying customers."), it can be said that customers play a key role in successful business. (Chaffey, Ellis–Chadwick, Johnston, and Mayer 2006, 9) Therefore the main goal of marketing is to satisfy current customers and to attract new ones. One of the methods of attracting customers is advertising, which is due to the Internet much cheaper and faster nowadays. (Mohammed, Fisher, Jaworski, and Paddison 2003, 2)

Internet marketing uses the information technology for creating, communicating, and delivering value to customers and for creating strong relationship with customers. Due to the development of digital technologies, traditional marketing is more effective and efficient. (Strauss, El-Ansary, and Frost 2006, 3) Internet marketing includes digital media as a Web, email and wireless media. (Chaffey, Ellis–Chadwick, Johnston, and Mayer 2006, 9)

Good customer service is an essential part of online marketing for creating a value and strong customer loyalty. Therefore online communication that is two-way between companies and their customers makes people satisfied when shopping online. (Kurtz, and Boone 2006, 133)

Marketers are nowadays debating whether marketing in the online world will replace traditional marketing. The most important aspect of the Internet behaviour according to Swedish survey is searching for information about product. The purchase of products is not at the top of this survey. However, there are differences between the older and younger users of the Internet and the Internet marketing will become more important in the future. (Solomon, Bamossy, Askegaard, and Hogg 2007, 315)

# 1.2.1 Traditional Marketing vs. Internet Marketing

Marketers should be aware of some distinctions between the traditional marketing and Internet marketing. The first common mistake is a belief that customers behave on the Internet as they do in real world. To this point is related a one-way broadcast message. However, the Internet is an interactive medium, and the customers have access to product information and they require some dialogue when purchasing online. The second common mistake is no segmentation in the online environment. Nevertheless, the Internet offers new possibilities in the field of demographic segmentation, psychographic segmentation, browsing and purchasing habits as well as usage occasion. And the last myth about personalization should be dispelled as well. Personalization is believed to be a waste

of money. Nonetheless, the truth is that personalization extends users' experience. (Mohammed, Fisher, Jaworski, and Paddison 2003, 7)

In contrast to traditional marketing, due to digital technologies the Internet marketing allows greater customization of products, services and promotions and help marketer build more valuable relationship with the customers. For customers it has also some benefits, e.g. gathering information about products, services, brands and companies more easily and efficiently. (Schiffman, and Kanuk 2007, 11-12) The other benefit is that many products are cheaper online when bought online. (Kurtz, and Boone 2006, 131) Since the customers have more power than before (e.g. they can use shopping robots to locate best prices), they are able to find out as many information as they are searching for, or they can find a review about products and services. From the marketers' point of view, they can offer more services and products to customers. Digital media enable sellers to customize their product and still sell them at good price. (Schiffman, and Kanuk 2007, 11-12)

The result of this progress in the marketing environment is considered to be gathering of information about customers, which is now more quick and effective. Also the communication as well as exchange between marketers and customer is very interactive and instantaneous. (Schiffman, and Kanuk 2007, 12)

Another advantage of online marketing is that companies are able to reach all the customers around the world more easily. Nevertheless, the competition also expanded as a result of the fact that internet marketing has broken down many barriers and boundaries. (Solomon, Bamossy, Askegaard, and Hogg 2007, 316-318)

#### 1.2.2 E-commerce vs. E-business

In the environment of the Internet marketing we have two terms *e-commerce* and *e-business* which might seem similar but there are some differences between them.

"E-business is the continuous organization of a firm's business activities through digital technology." (Strauss, El-Ansary, and Frost 2006, 3) Otherwise, it can be said that it refers to online transactions. The difference between *e-business* and *e-commerce* is that it also includes all exchanges with customers, suppliers or business (Australian Trade Commission 2010), as well as it covers the use of electronic platforms as intranets, extranets, and the Internet to run a company's business. Nowadays almost every company informs about its product and promotes it on the Internet. (Armstrong, and Kotler 2006, 554-555)

"E-commerce is the subject of e-business focused on transaction." (El-Ansary, Frost, and Strauss 2006, 3) E- Commerce can be defined as online transactions which means buying and selling of products or services supported by electronic means. (Australian Trade Commission 2010)

The term Electronic commerce focuses on both financial and informational electronic transaction between customers and company. (Chaffey, Ellis – Chadwick, Johnston, and Mayer 2006, 11) In comparison with e-business, the e-commerce is more specific. (Armstrong, and Kotler 2006, 555)

# 2 CUSTOMERS

Thanks to growing popularity of the Internet, marketers have better opportunity to attract new customers. However, the Internet marketing is quite new way of doing business and therefore it is not easy to define customers' behaviour. On the other hand, this behaviour can still be formed because it is at the beginning of its development. (Mohammed, Fisher, Jaworski, and Paddison 2003, 33)

The marketers suppose that customers are people who know all the facts and they are able to compare products to get the best one which would satisfy their needs the most. Needs are basic motivators for people to do something. Needs are closely connected with wants which can be defined as needs which we have learned (e.g. everyone needs water or some beverage but we have learned to drink Coca Cola instead of water). (Perrault Jr., and Meccarthy 2005, 150 - 152)

If we want to satisfy customers' undeserved needs we should look at them from the customer's point of view. It can be perceived from two different perspectives, one is the benefit which customer can have and the other is what customer has to give up getting this benefit. (Perrault Jr., and Meccarthy 2005, 20)

Customers who purchase the products online believe that the Internet makes their life easier and more comfortable. (Strauss, El-Ansary, and Frost 2006, 178) The important fact marketers should be beware of is that it is customers who drive the interaction, not the marketers. The most profitable customers are those who purchase more products or products of higher value. Their number is low and they form a minority of the total customer number. (Chaffey, Ellis–Chadwick, Johnston, and Mayer 2006, 260)

Customers' decisions when purchasing are strongly influenced by their experiences. This term *Customers' experience* can be explained as a perception and interpretation of impulses which customer receives from a company. Building up a positive experience is important by reason that it strongly influences customers' satisfaction. (Mohammed, Fisher, Jaworski, and Paddison 2003, 130)

# 2.1 Identifying Customers

Many companies are interested in customers' preferences in buying, for example which flavour, scent or texture they prefer, and how often and for what purpose they buy the goods. The amount of bought goods is also important and interesting factor. The reason is that the future behaviour of customers is often predictable from their previous behaviour,

and this can help the companies to plan their future sales. (Reedy, and Schullo 2003, 3-8) Nevertheless, as it was mentioned earlier, the traditional marketing has changed since digital technologies have developed and hence in the online environment, the rules are quite different as for the reason that online customers cannot use their senses. (Strauss, El-Ansary, and Frost 2006, 175)

Marketers need to understand what motivates people so they can create effective marketing strategies. The basic marketing concept is *exchange* which is the act of getting the product from somebody and giving him something in return. (Strauss, El-Ansary, and Frost 2006, 175)

Also exchanges have been modified since the development of digital technologies. One of the trends that influence the exchange is *the information overload*. This created serious problems – the idea that information may be unlimited, and that if there is any limitation it is caused only by human capacity. The other factor is *time poverty*. Customer wants to find out the information and products quickly and they also expect their products to be delivered as quickly as possible. (Strauss, El-Ansary, and Frost 2006, 175)

There are many other factors that influence customer, for instance the "addiction" to the Internet or the fact that customers can access the Internet from home and work. This enables them to pay their bills or purchase the products any time. Marketers should consider this while analyzing customers and creating marketing strategies. (Strauss, El-Ansary, and Frost 2006, 176)

Customers' exchange costs for desired products are money, time, and energy. Consumers want to receive benefits for the time they spent online. (Strauss, El-Ansary, and Frost 2006, 181) Therefore the site should be well organized and easy to navigate. Great advantages for customers are the search engines or shopping agents that can help them to find information they are searching for. (Strauss, El-Ansary, and Frost 2006, 180-182)

Energy and psychic resources are connected with the time factor. Consumers often feel like they waste their energy and they apply psychical resources when facing a technical problem or when Web pages are not organized. (El-Ansary, Frost, and Strauss 2006, 182)

The disadvantage of online purchase is that customers usually cannot pay in cash or write paper checks. On the other hand, they can pay by credit or debit cards, electronic checks (accounts at third parties, e.g. Pay Pal), or smart card. Nevertheless, not everyone wants to own a credit card. The positive thing is that technologies are still developing, for example in South Korea "some mobile phones include special electronic chips that allow

consumers to change vending machine purchase with their phones." (Strauss, El-Ansary, and Frost 2006, 181)

# 2.1.1 Division of Customers

Customers can be divided according to their demographic characterization into several groups in which we should take into consideration their age, gender, occupation, ethnicity, income, family status, life stage etc. (Mohammed, Fisher, Jaworski, and Paddison 2003, 47) The division of customers is important because each group has different needs, for example in France a group of women started women electronic magazine and web portal called Newsfam.com which contains only women's topics and needs. (Solomon, Bamossy, Askegaard, and Hogg 2007, 10)

Secondly, their classification is based on geography, in other words based on the country where the customers live – in which region, city, etc. Or they can be divided according to behavioral, occasional, psychological segmentation and segmentation of Benefits, Beliefs or Attitudes. (Mohammed, Fisher, Jaworski, and Paddison 2003, 47)

However, marketers are not sure if any kind of segmentation can practically help them to understand customers' decision (Mohammed, Fisher, Jaworski, and Paddison 2003, 2). They know certainly that each consumer's behaviour is influenced by the culture, where he or she lives, by social class and by personal and psychological characteristics. (Chaffey, Ellis – Chadwick, Johnston, and Mayer 2006, 78)

# 2.1.2 Relationship

The term relationship can be described as an established contact between customer and company. To build valuable relationship marketers consider customers' emotional, social and psychological need to become successful on the market. (Mohammed, Fisher, Jaworski, and Paddison 2003, 200-201)

The Internet is an interactive medium which helps with building a stronger relationship between companies and customers. Thanks to the Internet, collecting information about customers is easier. This information companies use for future campaigns, new products or product involvement. (Fill 2005, 244-245)

For marketers is advantageous to have a good relationship with customers. According to consultant of Customer Relationship Management Consultants Don Peppers and Martha Rogers, customers should be *identified* by name, address or email address. After the identification, it is important to *differentiate* between customers according to their

needs and their value. Thanks to the *interaction* with customers marketers are able to obtain data of them. The interaction should be founded on needs. And finally, the *customization* of some of the features of companies' transactions with the customers is also essential. (Roberts 2007, 201)

There are several types of relationship. The relationship can be strong, weak or none. Also, it can be intellectual, emotional and combination of intellectual and emotional or it can be divided according to other features. The important fact to remember is distinction between communal relationship and exchange relationship. (Mohammed, Fisher, Jaworski, and Paddison 2003, 200)

- 1. A communal relationship is, simply speaking, an unselfish one. In other words, people care about others' needs and they do not insist on receiving something in return.
- 2. On the other hand, *exchange relationship* means that people expect that they will receive something back if they help someone. We can say: "I will help you now and you will help me tomorrow." Exchange relationship involves a lot of benefits, for example: emotional, social, psychological or financial. (Mohammed, Fisher, Jaworski, and Paddison 2003, 200-201)

Marketers should be aware of the fact that there are also some customers who do not want to build a relationship. These customers do not care about particular brand or firm. They are more interested in the price of a product and their main goal is to maximize the value of their transaction. (Fill 2005, 235)

# 2.1.3 Profitability of the Long Term Relationship

A long-term relationship provides many benefits, whether positive feelings from loyalty, good value offered by the seller or feeling that brand have same or similar values as customer. As a result of these benefits, the customers often spread the positive feelings to other people. (Mohammed, Fisher, Jaworski, and Paddison 2003, 205)

Customers' involvement in relationship is the level of importance of customers' values, interests or needs involved in relationships. We distinguish two types of involvement:

1. *Enduring involvement*. This kind of involvement is typical for customers who have great concern about a product or service for a period of time.

2. *Situational involvement* is the opposite of the previous one. It is temporary and occasional. (Fisher, Jaworski, Mohammed, and Paddison 2003, 203)

A long-term relationship with customers is the main goal of any company which wants to boost its profit. (Chaffey, Ellis–Chadwick, Johnston, and Mayer 2006, 267) The benefit from this relationship is that current customers are cheaper, since the "maintenance" costs are lower than acquisition costs. The customers in valuable relationship do not focus only on price as well as they will recommend the product or company to others. (Chaffey, Ellis–Chadwick, Johnston, and Mayer 2006, 258)

# 2.1.4 Loyalty

L.L. Bean, known for high customer loyalty, said: "Sell good merchandise, treat your customers like human beings, and they'll always come for more." (Armstrong, and Kotler 2006, 20)

The most important concept is *Customer relationship management (CRM)* which "involves managing detailed information about individual customers" and the core mission is to maximize their loyalty. In addition, nowadays companies prefer to build a relationship with few profitable customers to relationships with every customer. (Armstrong, and Kotler 2006, 13-15)

The loyalty programs are connected closely with CRM. These programs – if they are used properly – can help building valuable relationship and increase profits. According to Arthur Hughes, these programs should be easy to use, they should provide direct reward, should be valuable from customers' point of view should be aimed at customers' behaviour, be limited to the amount of money which the company can spend, and the exit strategy should be published. (Roberts 2007, 214)

Customers' benefits based on loyalty are product consistency, expectation of price and quality, product availability and prestige of the product. And benefits for company might be returning revenue and profitable exchange. (Reedy, and Schullo 2003, 10) Another reason why to build strong relationship is that gaining new customers is more expensive because of the money provided for new products and for advertising. (Reedy, and Schullo 2003, 320)

Customers' classification according to their *loyalty* and *profitability*:

- 1. "Strangers" has a little loyalty and profitability. The company should not invest money to keeping them because they will cost a lot and give company no profit in return.
- 2. "Butterflies" are no loyal but, on the other hand, they are profitable. The company should attract them more and try to make them loyal.
- 3. "*True friends*" are loyal and profitable. The company wants to make a strong relationship with them and make them come back regularly.
- 4. "Barnacles." This last type of customers is loyal but not profitable. (Armstrong, and Kotler 2006, 22)

Marketing knowledge of customers' information which is for instance customers' needs or preferences is called customer insight. It can be used when planning marketing strategies. (Chaffey, Ellis – Chadwick, Johnston, and Mayer 2006, 61)

## **Types of Loyalty:**

In the question of loyalty we should consider that we have two kinds of loyalty. First one is a *behavioural loyalty* which means that customers behave as a company wants (they spend money). The other one is the *emotional loyalty* which can be explained as an emotional connection of the customer to particular brand. According to this connection, the customers recommend the brand to other potential customers. (Chaffey, Ellis – Chadwick, Johnston, and Mayer 2006, 261)

In relation to Sargeant and West Concept of Behavioral and Emotional Loyalty, three types of loyalty can be classified. (Chaffey, Ellis – Chadwick, Johnston, and Mayer 2006, 261)

- 1. *No loyalty*. Due to customers' interest in price they switch companies and products very often.
- 2. *Spurious loyalty*. Customers from this group have restricted emotional loyalty and they do not change companies as the customers in the first group do.
- 3. Latent loyalty. In this case, customers have emotional loyalty. (Chaffey, Ellis Chadwick, Johnston, and Mayer 2006, 261)

#### 2.1.5 Decision Process

More information marketers know about their customers more they can satisfy them. Hence it is useful to get to know the process of customer's decision which contains their underserved needs. When we understand customers' needs, we can do our business better. The process of decision contains many steps. First of all, we should know where the customers are looking for information or how long the whole process lasts. After that, it is also important whether they are buying the product as a gift or for themselves, what type they prefer, if the cost is playing an important role, if they have some previous experience with that, etc. (Fill 2005, 41-43)

The decision process can be divided into five steps. The first one is called *identifying needs* where customers realize their need to buy a product or need for some service. After the first step follows the information search within which customers are searching for information about the product. Nowadays it is carried mostly on the Internet thanks to which customers have a great amount of information and they can find out reviews about the product. The third step is *evaluation stage*. At this stage the customers compare possible alternatives to select the most suitable for them. Then the *purchase decision* comes, where customers make the purchase. The last step is *purchase evaluation*. At this stage customers evaluate products, whether it is as they expected or not. (Net Age)

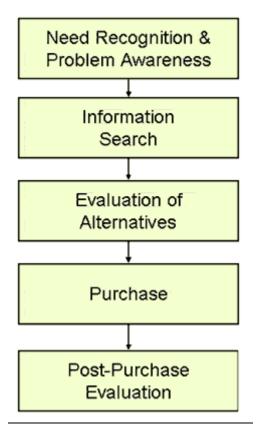


Figure 1 Online Customers' Decision Process (Provencher, Sebastien. "Guest Post: Why FourSquare Is Not The Next Twitter", entry posted December 7, 2009)

Customers' decisions are furthermore influenced by their background knowledge, brand preferences well as their previous experiences. Along with these features we distinguish four categories of buying behaviour:

- 1. *Complex Buying Behaviour*. Customers within this category have background knowledge about products and brands. They see difference between brands and they are highly involved into a purchase.
- 2. Dissonance-Reducing Buying Behaviour is typical for customers who do not distinguish between brands and after a purchase they might feel embarrassment when they notice certain weakness of the goods.
- 3. *Habitual Buying Behaviour*. Customers have little involvement and they do not differentiate between brands. They do not search for information, however, they receive them passively (e.g. they see a banner ad). They select the brand because it is familiar to them. Due to no involvement they do not go through a stage of purchase evaluation.

4. *Variety-Seeking Behaviour*. In this category are customers characterized by low-involvement. Nevertheless, their knowledge about differences of brands is significant. They often switch the brands.(Armstrong, and Kotler 2006, 154-155)

# 2.1.6 Online Buying Behaviour

The Internet behaviour model differs from traditional one by structure of its constituents. The online model begins with the customers' *awareness* of possibility of buying products on the Internet. This stage can be either short process (banner encourage customer to visit a particular site) or very comprehensive process. (Roberts 2007, 115-116)

The second element in the model is *search behaviour*. According to Hoffman and Novak is divided into two types: goal oriented and experiential search behaviour. (Roberts 2007, 116)

- Goal-oriented behaviour is such kind of behaviour where customers have a goal.
   This goal can be either Task competition, in which customers wish to implement a task, or it can be Prepurchase deliberation, wherein customers are involved into searching information about product or service.
- 2. Experiential behaviour is the kind of behaviour in which searching is incited by the process of searching itself. The experiential behaviour is divided into three subtypes. The first one is Build informational bank where customers gather information for the future use. Second is Opinion leadership in which customers use information for role of opinion leader. The last one is called Recreation and in this type of behaviour customers search for information for the reason that they consider it to be amusing. (Roberts 2007, 116-117)

The next constituent is *Task Completion*. Customers' recurrent visit or loyalty to the site is the main goal which marketers should gain. The main activities Internet users do are gathering of information and communication. Therefore it is important to provide correct information on the website and also to make the site easy to navigate and guarantee easy purchase. The other task can be price as for the reason that customers are looking for the best price. (Roberts 2007, 119)

Search versus Purchase is very complex element. Both search and purchase are rapidly growing in popularity. However, there is no linear connection between them. According to comScore and DoubleClick survey, it was found out that in prepurchase searches are

customers mainly using key words and not brand names as well as that online purchase is preceded by search for information. (Roberts 2007, 120)

Use and Consumption Behaviour follows the purchase. It is important to know that there is a difference between consumption of a physical product and consumption of information. The difference is that consumption of information does not destroy the information (like the consumption of a product) as for the reason that customers share valuable information with family, friends or colleagues. Thanks to this sharing, the information' value increases. Customers evaluate both the Internet experience as well as the real use of a product or information. If the customers find them satisfactory they probably return to the Web site and this can results in customers' loyalty. (Roberts 2007, 123-125)

#### 2.1.7 International Customers

Consumer behaviour on international markets differs from behaviour of customers in our market. If marketers do not know a lot about the social and intrapersonal variables which affect the behaviour of customers, they tend to generalize things they do not understand. Therefore it is recommended to involve local people into the process of marketing planning so we could satisfy needs of potential international customers. (Perrault Jr., and Meccarthy 2005, 172-173)

The Internet connects business all around the world that is why online marketing is international. Nevertheless, some barriers appear even in online environment. These barriers are cultural, for instance marketers in Asia face it. Most e-commerce sites are in English, which limits Asian Web users' access. (Kurtz, and Boone 2006, 134) Other example is China; there are still some limitations for the reason that China's Government controls the access of Web users. (Trompenaars, and Wooliams 2004, 233)

From a spiritual point of view, people like to believe in the uniqueness of their culture and they highlight cultural differences. In contrast to this point of view is the belief that people's decision in marketing is rather homogenous. (Trompenaars, and Wooliams 2004, 39)

# 2.2 Viral Marketing

"Viral marketing refers to the strategy of getting customers to sell products on behalf of the company that creates it." (Solomon, Bamossy, Askegaard, and Hogg 2007,

370) An email – which can circulate easily – is a great instrument of the viral marketing. (Askegaard, Bamossy, Hogg, and Solomon 2007, 370)

Viral marketing, known also as "buzz marketing," can be defined as an encouraging of individual to share the marketing information with others and generate potential influence of the message. It is a connection between the features of email and word-of-mouth and it is called viral because the message spreads like virus. (Kanuk, and Schiffman, 496)

We identify two types of "buzz". First one is *uncodified buzz*; this kind of "buzz" appears when consumer likes the new product, movie, book, etc. and passes the information to others. This type cannot be controlled by a company and can be both positive and negative. On the other side is a *codified buzz* which is underwritten by a company and "may take form of trial version, testimonials, observable usages, endorsements, gift certificates, hosted chat rooms, etc. (Kanuk, and Schiffman, 498)

#### 2.2.1 Word-of-mouth

With the viral marketing is closely related term **Word-of-mouth.** "Word of mouth is probably the most powerful form of communication in the business world." (Mc Kenna)

Word-of-mouth plays the key role when promoting sites. Study by Opinion Research Corporation International provides that typical Internet users tell twelve other people about his or her experience. (Chaffey, Ellis – Chadwick, Johnston, and Mayer 2006, 373)

People like to tell stories about their experiences (with goods, brand or with a particular site). In such situation, the customers do not care about price a lot. In other words, if the product makes an impression on them they would spread their enthusiasm to other people, no matter if the price is high or not. (Fisher, Jaworski, Mohammed, and Paddison 2003, 140-141) From the other point of view, the dissatisfied customer will tell at least ten other people about his bad experience, and thanks to the Internet, this number can be even easily multiplied. (Reedy, and Schullo 2003, 323)

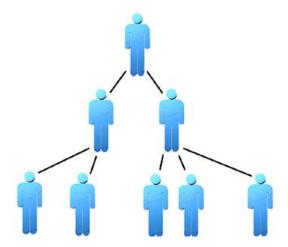


Figure 2 Word-of-Mouth (Peters, Matt. How Does Viral Marketing Work, entry posted February 13, 2009)

The stories which customers tell about a product, service or company are called a *buzz*. (Rosen 2002, 7)

The importance of *the Buzz* is supported by the following three reasons:

- Customers are daily subjected to more than fifteen hundreds ads. Therefore they do
  not pay attention to them. On the other hand, they still listen to their family, friends
  and colleagues.
- 2. Customers are sceptic and according to a research made by the Public firm Porter Novelli only 37 percent of customers believe in information from software.
- 3. Customers are linked to each other. (Rosen 2002, 14-15)

# 2.3 Communities

One of the unchallenged advantages of the Internet is the speed with which are information shared and with which the Internet communities are created. (Mohammed, Fisher, Jaworski, and Paddison 2003, 14) Some of the first communities were in Lexington and Cambridge. (Reedy, and Schullo 2003, 119)

A community can be defined as a set of blended relationship. The member of such community shares interests and experience. (Mohammed, Fisher, Jaworski, and Paddison 2003, 393) The important factor within the community is Trust. It can have many forms as a feeling of security or certainty that customers' personal data will not be misused. (Mohammed, Fisher, Jaworski, and Paddison 2003, 395)

Communities are characterized by interaction between users of a site and because influence of these communities is very high the design of the site should reflect needs of a community. (Fill 2005, 587)

Virtual communities give to marketers and companies great opportunity to develop a good relationship with their customers. Growing loyalty of virtual communities is a result of growing loyalty of customers. We can use virtual communities also as a valuable source of information about customers and their needs. And it also is involved in word-of-mouth of the site (e.g., customers' feedback on product or company as a source of information for future development). (Chaffey, Ellis–Chadwick, Johnston, and Mayer 2006, 229)

Form a customer's relationship point of view; the communities can be divided into five groups. The first one includes the model of communication which can be described like communication between visitors or between customers. In the second group, the main role plays individual participation and membership. The next group is about developing a friendship between members of a community. The fourth group refers to the language of the community and the last one deals with regulations and control of the community. (Fill 2005, 587)

## 2.3.1 Classification of Communities

Online communities appeal to people who share an interest. These communities are one of the powers of the Internet. (Kurtz, and Boone 2006, 140). There are four types of communities distinguished:

- Multi-user dungeons is computer-generated environment which is a combination of a game where player create own character as virtual alter ego, and a social interaction of people.
- Rooms, rings and lists include internet relay chat, chat rooms. Rings are related
  home pages and lists are people who share information and who are on single
  mailing list.
- 3. *Boards*. The members of community are organized around electronic bulletin boards where members actively post messages sorted by date and subjects. They are interested in groups, films, wine, and cigars or even to fast-food restaurants.
- Blogs can be defined as an online personal journal. They often look like online diaries where you can find out some information about day's events or interests. (Solomon, Bamossy, Askegaard, and Hogg 2007, 354- 355)

# 2.3.2 Identifying

The identification within the community depends on two factors. Firstly, the customer will become an active member of community if the activity is central to a person's self-concept. The second factor is that the intensity of social relationships with other members helps to intensify their involvement. (Solomon, Bamossy, Askegaard, and Hogg 2007, 356)

We can divide the members of virtual communities into four groups:

- 1. *Tourists* do not have strong relationship with the group and their interest in the activity is temporary.
- 2. *Minglers* have strong relationship with the group but do not have big interest in the activity of a community.
- 3. *Devotees'* interest in the activity of the community is strong; on the other hand, they have few social ties.
- 4. *Insiders* have both interest in the activity and strong relationship with the community. (Askegaard, Bamossy, Hogg, and Solomon 2007, 356-357)

For the marketers the most important groups are devotees and insiders by reason that they are heavy users of virtual communities and by reinforcing their usage it is possible to turn tourists and minglers into devotes and insiders. (Solomon, Bamossy, Askegaard, and Hogg 2007, 357)

# II. ANALYSIS

# 3 ANALYSIS OF ONLINE BUYING BEHAVIOUR

This survey is focused on final customers and it will outline the most relevant behavioral characteristics of online customers. The newly collected information is compared with existing behavioural theory and with data from the Czech statistical office.

# 3.1 Aim of Thesis

The analysis concentrates on final customers for the reason that the customers are one of the most important aspects of marketing. As well as there is a difference between a real market and online market there is also a difference between customers and online customers. Therefore, the purpose of this report is to analyze the future development of buying process of online customers. Another reason is that manners of online customers are still developing and changing. Thus analyzing customers' behaviour can make marketing strategies more effective.

# 3.2 Methodology and Questionnaire

Quantitative analysis is used for the purpose of thesis and as a tool is used a questionnaire. The questionnaire was created by the means of Google Mail. It was distributed mainly through the social network called Facebook. Analysis took place during March 2010. The questionnaire was answered by 120 young adults of both genders. The example of questionnaire is attached in appendices. Both primary (data from questionnaires) and secondary (data from Czech Statistical Office) sources were used in the analysis.

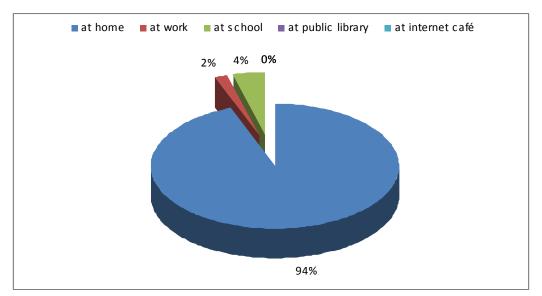
# 3.3 Respondents

The target group of this analysis forms young adults from eighteen to twenty five years of age. This group was chosen because young people are considered to be rather technologically oriented and more interested in online shopping. This statement is supported with the analyzed data.

# 3.4 Analysis of the Questionnaire

First part of the questionnaire concentrates on the Internet and computers in general (connection to the Internet, computer skills, etc.). However, the second part, which is the main part of the questionnaire, deals with the online shopping (advantages,

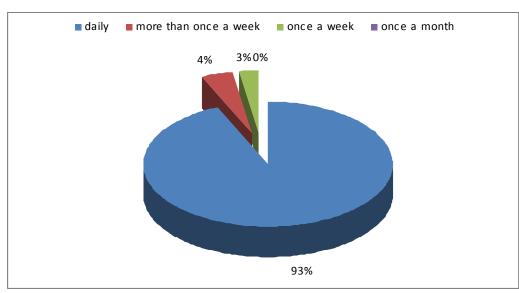
disadvantages, products purchased online and others) and behaviour of online customers (experience with online shopping, etc.)



## Question 1: Where do you primarily connect to the Internet?

Figure 3: Connection to the Internet

The majority of the respondents has answered that they connect to the Internet primarily at home. The real number of respondents was 113 which make 94% in the table. Only 4% of respondents connect to the Internet primarily at school which is quite a low number if the possibility of connection at the school libraries is considered. The possibility of access to the Internet at work was the least preferred answer and only 2% of respondents chose it. Other possibilities such as access to the Internet at public library or internet café were not mentioned at all.



Question 2: How often do you connect to the Internet?

Figure 4: Frequency of Connection to the Internet

The fact, that the Internet is becoming the most popular medium ever, is proved by the survey results. It shows a great progress regarding the fact that 93% of total respondents connect to the Internet daily whereas in 2001 only 5.8 % of Czech households had access to the Internet. (Český statistický úřad). The table also shows that 4% of respondents connect to the Internet more than once a week and 3% of respondents connect to the Internet once a week. None of the respondents has chosen the last possibility of using the Internet once month which clearly indicates that the Internet has become a necessary part of everyday life.

#### Question 3: What are your computer skills?

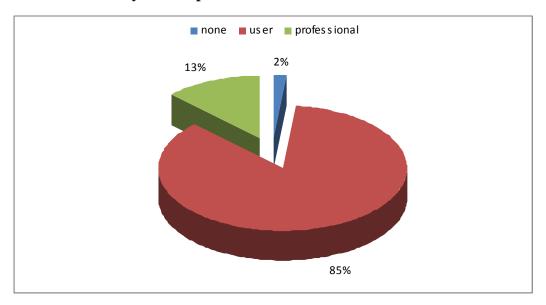
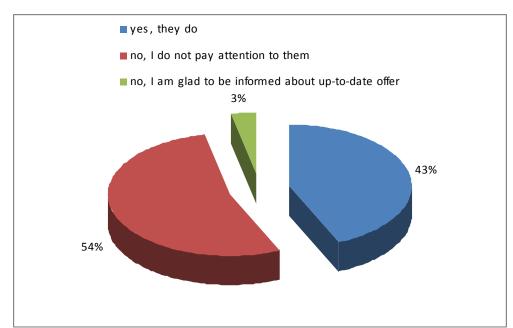


Figure 5: Computer Skills

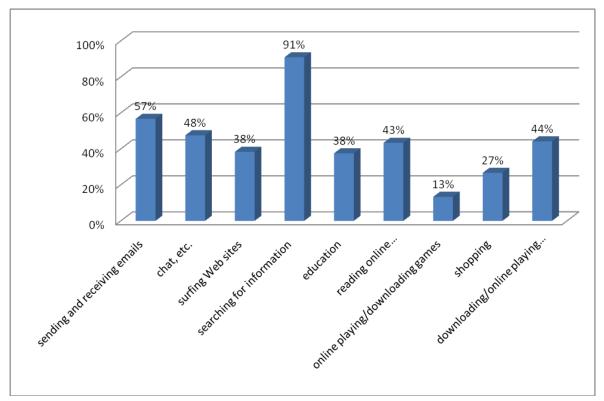
Young people are considered to by technologically oriented. However, as the survey shows, it is obvious that only 13% of respondents consider their computer skills to be *professional*. Vast majority of respondents claims that their computer skills are *user*. Only two percent of respondents confessed that they do not have any computer skills which support the statement about technologically oriented young adults.



## Question 4: Do the advertisements on the Internet disturb you?

Figure 6: Advertisements on the Internet

This question is the first one from the questions aimed on online shopping. Almost half of the respondents answered that online advertisements disturb them. The percentage of respondents who do not pay attention to advertisements on the Internet were 45 and the most important fact is that only 3%, which are 4 respondents, reported that they like to be informed about up-to date offers.



**Question 5: What is your most frequent activity on the Internet?** 

Figure 7: Activities on the Internet

On the Internet, there is a wide range of information that can be searched by users of the Internet and as the survey results show. Respondents mostly gather information on the Internet. This activity is considered by 91% respondents to be their major activity. The second most frequent activity is *sending and receiving emails*, which was chosen by 57% of respondents. Moreover, *chat* is the most frequent activity for almost half of the respondents. The figure also shows that 44% of respondents *download or play online videos or music* and *obtain online news* as well. *Online shopping* was chosen as the most frequent activity on the Internet by only 27% of respondents and the less frequent activity is *playing online games* – only 13% of respondents have answered it.

If we compare data from survey with data from Czech Statistical Office (figure 8) it is obvious that searching of information, either of products/services or information in general, is the most common activity for Internet users in Czech Republic. In the survey of Czech Statistical Office, the most preferred answer is sending/receiving emails whereas the survey of young adults shows that only 57% consider that their most frequent activity on the Internet. There is no significant difference between results in both surveys in answer: *online shopping*.

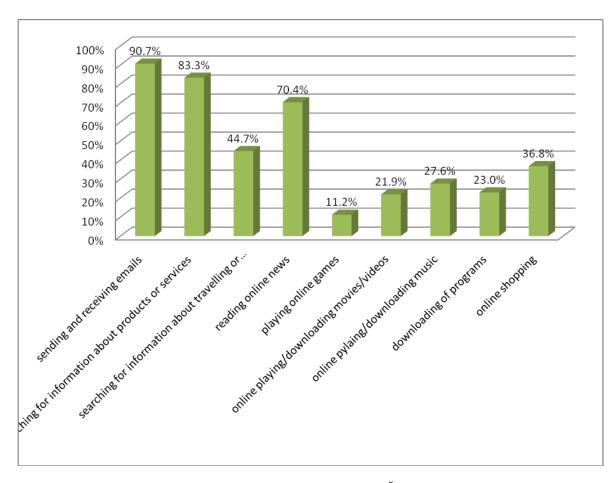
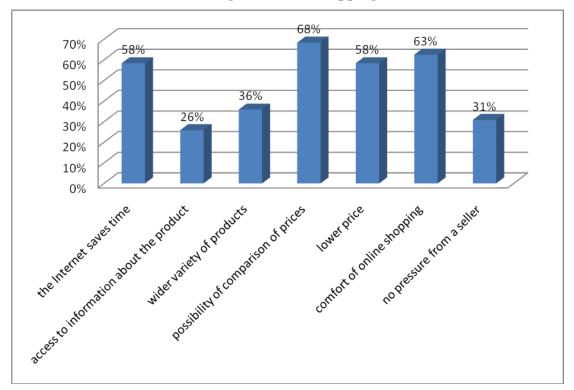


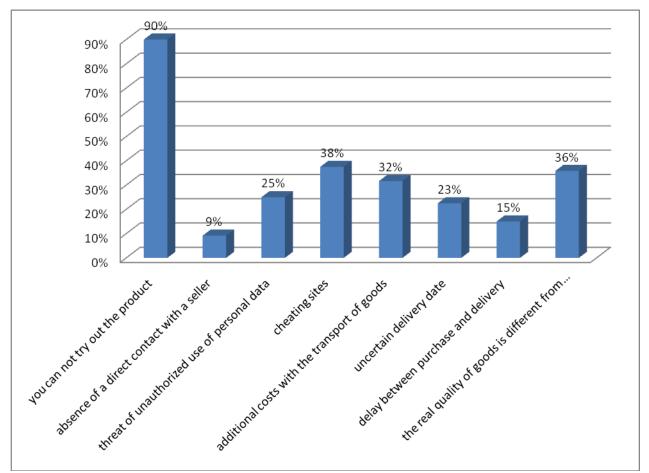
Figure 8: Activities on the Internet (Český statistický úřad)



Question 6: What are the advantages of online shopping?

Figure 9 Benefits of Online Shopping

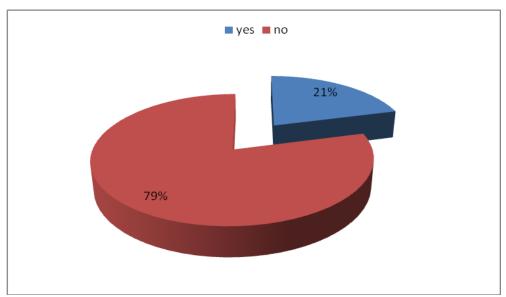
The absence of sales person allows potential online customers to research products in their own time and pace, with no pressure or time restriction. This comfort presents an advantage for 63% of respondents. According to 68% of respondents, the greatest advantage of online shopping is a *possibility of comparison of prices*. The less important advantage for the respondents is *the access to information about products* – only 26% of them chose this answer. Possibilities of *saving time* and *lower prices* were chosen by 58% of online customers.



Question 7: What are the disadvantages of online shopping?

Figure 10: Weaknesses of Online Shopping

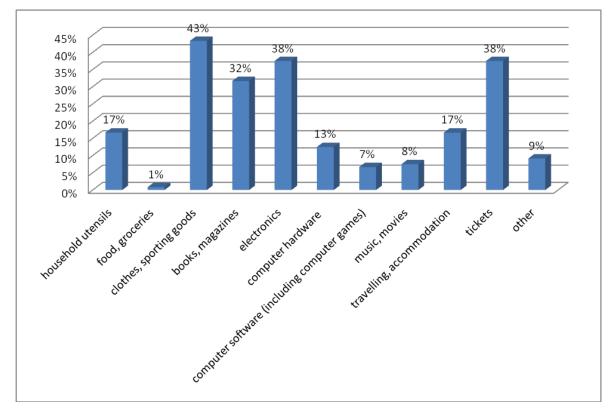
The most important disadvantages are listed in the figure 10. For 90 percent of total respondents the main disadvantage is the fact that there is *no possibility of trying out goods* when shopping online. The customers prefer to actually see, feel and try goods. Only 9% of online customers miss *the direct contact with the seller* and also *delay between purchase* and delivery is important for only 15% of customers. As the research narrows down, 25% of customers are worried about *unauthorized use of personal data* as well as 35% of them are afraid that sites can be false. So, the security is found to be quite important for the analyzed group of young adults. This proves the fact that privacy and security play an important role in the internet marketing.



## Question 8: Do you visit online shops regularly?

Figure 11: Frequency of Visiting Online Shops

The main benefits of online shopping are comfort and saving of time. Respondents who regularly take advantage of it make only 21% percent of total number of respondents. The regular visitors were inquired to give name of the shops they visit. However, from 79% respondents only 4 of them replied. The examples of sites given by respondents were as follows: http://aukro.cz, http://www.basmatee.cz, http://www.krasa.cz, and http://www.thehut.com.



Question 9: Which sort of goods do you purchase on the Internet?

Figure 12: Products Purchased Online

The most common products purchased online are mainly *clothes or sporting goods* - 43% of respondents answered this possibility. The survey also shows that 38% of them buy *electronics* and *tickets* and 32% *books and magazines*. The least mentioned options are *food and groceries*, only 1% would buy that. As it is shown in the following graph, food presents the goods that most of the respondents would never buy on the Internet. 17% of online customers answered that they buy *households utensils* and *travelling* or *accommodation*. Other goods which respondents buy on the Internet consist of *cosmetics and perfumes*.

There is no significant difference between data from the Czech Statistical Office's survey and this survey. The most common products in both studies are clothes – 42% of internet users in study of Czech Statistical Office and 43% in analysis of online buying behaviour have answered it. Survey of the Czech Statistical Office was made in last 12 month of the year 2009 which clearly indicate that consumer behaviour is not rapidly changing.

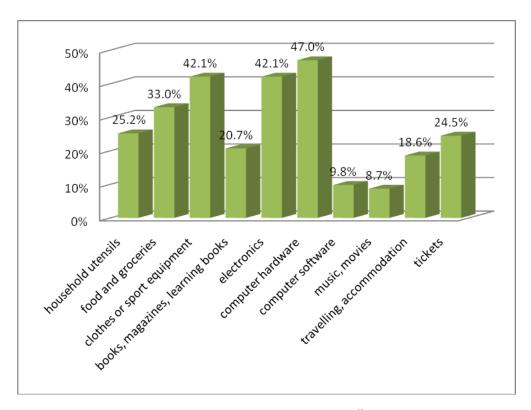


Figure 13: Products Purchased Online (Český statistický úřad)

## Question 10: Which sort of goods you would never buy on the Internet?

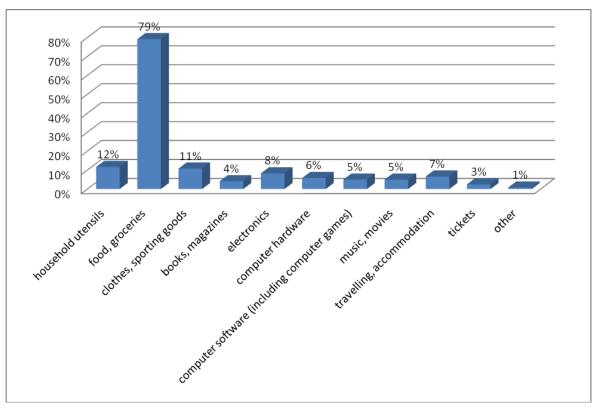
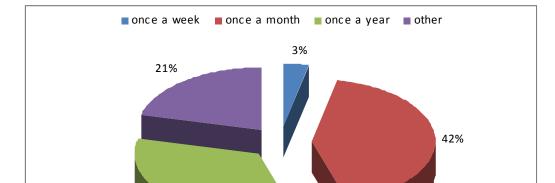


Figure 14: Products Which Customers Do Not Want to Purchase Online

As this figure shows, 79% of respondents would never buy food or groceries on the Internet. The rest of possibilities were answered by low percentage of customers. Only 1% of online customers responded that they would never buy shoes in an online shop.

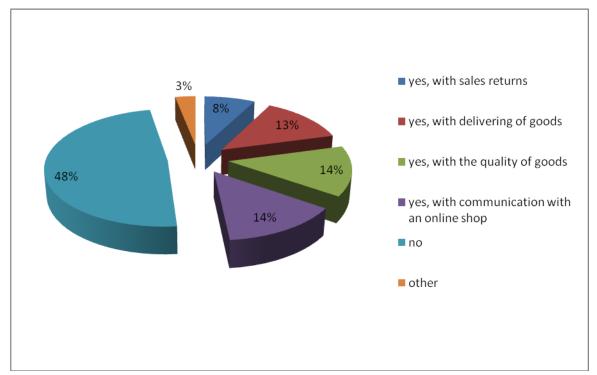


Question 11: How often do you purchase on the Internet?

34%

Figure 15: Frequency of Online Purchases

Nearly half of online consumers purchase on the Internet once a month, 34 % purchase once a year and only 3% once a week. As other possibility respondents answered that they purchase online twice or more time a year and that their willingness to buy is influenced by their particular financial situation.

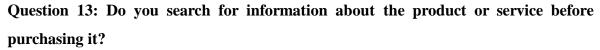


Question 12: Do you have any bad experience with online shopping?

Figure 16: Experiences with Online Shopping

Customers' experience can be explained as a perception and interpretation of impulses which customer receive from a company. To build up a positive experience is important by the reason that it strongly influences customers' satisfaction. (Mohammed, Fisher, Jaworski, and Paddison 2003, 130)

Almost half of the customers of online shops do not experience any inconvenience when purchasing online. Moreover, 52% have bad experiences with online shopping, which is quite high number. Fourteen percent of online customers had difficulties with communication with an online shop. The same number was not satisfied with the real quality of goods. The results of survey also shows that 13% respondents have bad experience with delivering of goods and 8% faced difficulties with sales returns. The rest of online customers responded that an online shop cheated on them (instead of ordered goods, different goods were delivered; the number of delivered goods was lower).



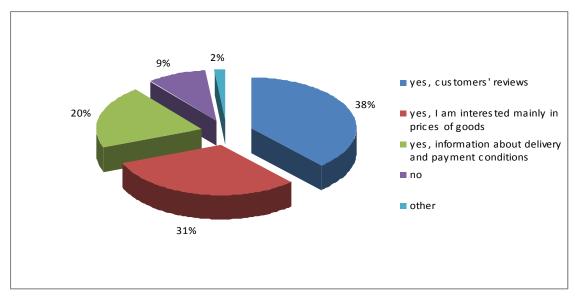
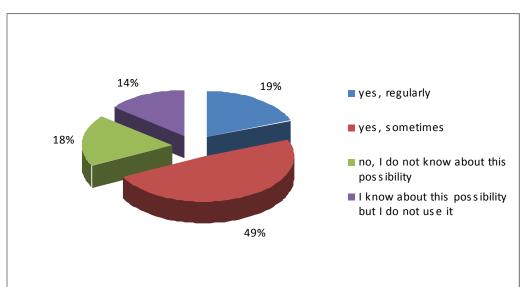


Figure 17: Searching for Information about Products or Services

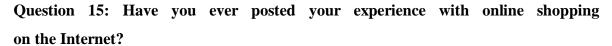
The Internet as a medium of many possibilities allows its users to find out a great amount of information and majority of young adults interviewed for the purpose of this survey tend to be active seekers. Due to rapid growth in technology, information collection and organizing has become a rather feasible activity. This research shows that 91% of the respondents derive benefit from the possibility of gathering information on the Internet. Customers reviews are read by 38% of respondents and 31% of potential customers are interested in prices of goods. The survey also shows that 20% of total respondents search for information about delivery and payment conditions. All given information is searched by 2% of the Internet users and only 9% is not interested in information at all.



## Question 14: Do you use shopping robots?

Figure 18: Shopping Robot Agents

Shopping robots are programs which search for and check information on hundreds of sites and bring it back to Internet users. (Boone, and Kurtz 2006, 130) It compares prices and features customers are looking for. (Reedy, and Schullo 2003, 164) 18% of respondents do not know about this possibility and 14% do not use shopping robots. On the other hand, 49% sometimes use it and 19% use shopping robots regularly.



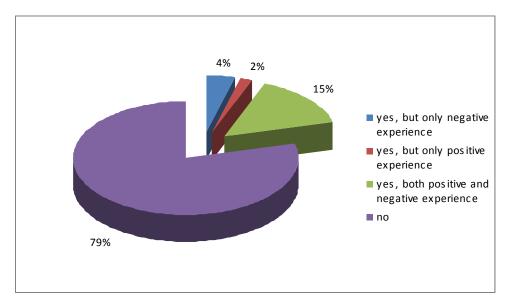


Figure 19: Posting of Experiences on the Internet

"Word of mouth is probably the most powerful form of communication in the business world." (Mc Kenna) Customers like sharing their experience with other people. The point is that customers tend to tell about their bad experience to more people than they do in the case of a good one.

The analysis shows that 38% of respondents read customers' review before they purchase online in the table 17. Another enquiry is closely related to the last one and shows that that 21% of respondents post their experience with online shopping on the Internet, 15% post both negative and positive experience, 4% post their bad experience and only 2% post only positive experience. This demonstrates that people prefer to tell bad stories. Nevertheless, as table demonstrates, 79% of online customers do not post their experience, either a bad or a good one.



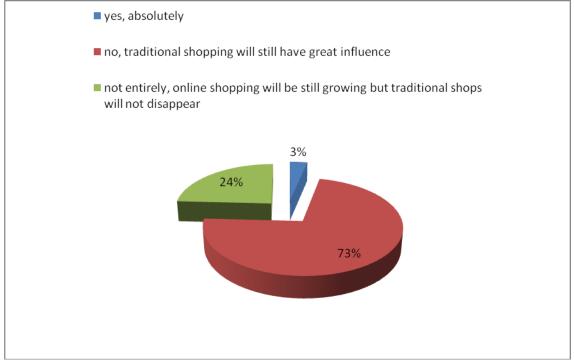


Figure 20: Future Development of Online Shopping

The last table explores what online customers think about the future development of online shopping. Only 3% of respondent suppose that online shopping will fully replace traditional way of shopping whereas 24% of respondent consider that although online shopping will be growing traditional shops will be important likewise. On the other hand, 73% believe that traditional shopping will still have great influence.

## 3.5 Summary of Analysis

Survey acknowledges the fact that the Internet is becoming the most popular medium: mainly because it saves time and many activities are more comfortable when done this way. In the busy 21st century, time-saving and comfort are much appreciated. Also financial crisis has changed consumers' preferences in buying process. Many of them buy less often or choose cheaper goods to save their money.

The Internet became a part of everyday life which is proved in the second table where 93% of the respondents answered that they access to the Internet daily. Furthermore, online shopping is also becoming more popular and Internet provides new opportunities how to attract customers by customization of product or simplification of process of returning goods.

Respondents consider gathering of information as their major activity on the Internet. Therefore it is important to provide proper information of the product, brand or company. Customers also write reviews about products or companies which can lead to negative or positive Word-of-Mouth. The possibility of online shopping mentioned only 27% of respondents but, on the other hand, it is becoming more and more popular as it is demonstrated in the following table.

According to 68% of respondents, to the most answered benefits of online shopping belongs the possibility of comparison of prices as well as saving time and lower prices that answered 58% of online customers. On the other hand, according to 90 % of total respondents the most mentioned weakness is the fact that there is no possibility of trying out goods when shopping online. Another weak point is the unauthorized use of personal data, which bothers 35% of young adults.

As the last graph shows, the popularity of online shopping in the Czech Republic is growing. The table shows percentage of all Internet users in the Czech Republic who purchase online. It demonstrates that in 2005 only 15. 5% of total Internet users purchased online whereas in 2009 it was 36.8%. Thus we can expect growing popularity in the future.

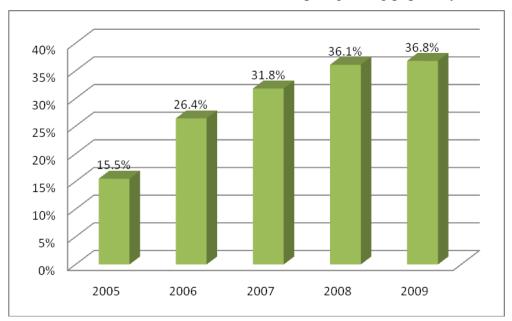


Figure 21: Development of online shopping in the Czech Republic (Český statistický úřad)

According to the survey, online shopping will have a significant influence on consumer behaviour and will be further developed in the future. From the other point of view, most of the respondents suppose that traditional shopping will still play major role. However, as the Internet is developing, it is still offering new possibilities of attracting customers.

#### 4 SWOT ANALYSIS

SWOT analysis is a research which helps marketers to see the problem at the bigger picture. It is evaluating Strengths, Weakness, Opportunities and Threats which show the complexity of a project. To see future development of online shopping and behaviour of online customers, it is important to considerate all weakness and benefits which this phenomenon has.

### 4.1 Strengths

- Possibility of price comparison
- Comfort of the online shopping
- Online shopping saves time
- Wide range of information about products and services
- Lower price
- Wide variety of goods
- No pressure from a seller
- Increasing popularity of the Internet
- No opening hours, customers can purchase 24 hours a day
- Ability of buying products all over the world, not just in local area
- Relatively low costs of creating a website
- Easier collecting of information about customers

#### 4.2 Weaknesses

- Customers cannot actually see, feel and try the goods
- Additional costs with transportation of goods
- The quality of goods does not meet the expectations of customers
- Uncertain delivery date
- Delay between purchase and delivery
- Absence of a direct contact with the seller
- Not all customers have access to the Internet
- It is more difficult and it takes more time to return faulty goods
- Customers usually cannot pay a cash
- The Internet serves as a source of information also for competitors

## 4.3 Opportunities

- Positive Word-of-mouth which can influence customers in their decision process
- Growing computer and Internet awareness
- New opportunities of advertising on social networks, e.g. Facebook, which offer immediate feedback
- More products and services can be offered to customers
- It is able to customize a product and sell it at good price
- Growing popularity of the Internet can help to marketers to attract new customers

## 4.4 Threats

- Traditional stores still have a great influence
- Negative Word-of-mouth, which can influence more customers due to the Internet
- Prejudices of online shopping
- Threat of unauthorized use of personal data of customers
- Deceptive sites
- Customers' awareness of competitors' brands
- Incorrect information about products or process of reclamation of some online shops
- Customers may not be able to choose from such a wide variety of products

#### 4.5 Summary of SWOT analysis

A comparison of prices is one of the advantages that customers appreciate. This is possible also thanks to the robot shopping agents which automatically compares the prices. On the other hand, not all the online shops are willing to give information about prices of their products to such sites for the reason that they prefer the quality of their goods or other characteristics and not just the price.

Nowadays online shops offer a wide range of goods. The advantage for customers is that they have many possibilities from which they can choose. On the other hand, this can lead to oversaturation of customers which may not be able to choose any product from such a wide assortment. The same problem is on the Internet where a big amount of information can be found but, on the other hand, it can cause oversaturation of consumers as well.

The other benefits are that there is no pressure from a seller and customers can access online shops 24 hour a day, at the weekend, or during the state holidays. With regard

to the growing popularity of the Internet, it provides an opportunity to attract new customers. Other option to attract potential customers is using social networks which offer immediate feedback from customers.

The most significant weakness of online shopping is that customers cannot actually see, feel and try goods. That is supposed to be the main reason why traditional shops still have a great influence. On the other hand, online shopping is more comfortable, customers are able to find the lowest price of any product and their main priority is saving time, which Internet and online shopping offers.

Thanks to the Internet, online customers have an opportunity of buying products all over the world, not just in local area. At the same time, they are facing deceptive sites and a threat of unauthorized use of their personal data since a website can be created by anyone. With these threats is connected the fact that customers are not able to pay cash in an online shop and some of them may not be willing to give data about their credit cards. This can be the reason they would prefer a traditional shop to an e-shop.

One of the benefits for marketers is that creating of a website is relatively easy and cheap. On the other hand, it can be perceived as a disadvantage as well. The reason is that thanks to the simplicity of creating the websites customers are more aware of competitors' brands. The same situation is with the easier collecting of data about online customers. Competitors have the same opportunity to collect data about online customers.

Other disadvantages such as delay between purchase and delivery as well as additional delivery costs are compensated by the possibility of customization, which is easier on the Internet. Moreover, the products can be still sold at the good price. However, many customers are facing a problem when the quality of goods did not meet their expectations as well as they are facing a problem with following process of returning of goods. Thus it is important to give proper information about products and also about possibility of returning goods to prevent these inconveniences.

#### **CONCLUSION**

The aim of this thesis is to analyze the behaviour of online customers and its further development. The survey proves that the Internet has become the most popular medium mainly for the reason that it saves time; it is more interactive and more comfortable. These characteristics are much appreciated nowadays because people like to schedule their time on their own. Also financial crisis has changed consumers' preferences in buying process. They prefer to buy cheaper products and the Internet provides them a great opportunity to compare prices and goods and choose the most suitable one.

The Internet became a part of everyday life and it has influenced attitudes towards online shopping as well. Popularity of online shopping in the Czech Republic is growing each year and therefore it could be expected that more customers will be attracted to online shopping in the future. However, there are still some prejudices about online shopping. To avoid them, online shops should provide correct information about products and also about the possibility of returning goods.

Online shops have the advantage that they can offer a wide range of goods all over the world. Therefore even small companies can become multinational firms. Nevertheless, the fact that there are so many products on the Internet can cause oversaturation of customers. They may not be able to choose from such a wide range of goods. Hence, it is important to attract customers by other means such as customization of products.

Further development of online shopping will be influenced by the changing attitudes of customers as well as by the growing popularity of online shopping. It is important to consider the fact that not all customers are willing to make purchase on the Internet. They still tend to prefer their senses when shopping online and therefore traditional shopping will still play major role. On the other hand, along with development of the online shopping, new possibilities of attracting customers will come as well.

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## LIST OF ABBREVIATIONS

- etc. First abbreviation meaning.
- e.g. For example
- vs. Versus

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## **APPENDICES**

- P I Questionnaire.
- P II Dotazník.

# APPENDIX P I: QUESTIONNAIRE

1. Where do you primarily connect to the Internet?

	0	at home
	0	at work
	0	at school
	0	at public library
	0	at internet café
2.	Hov	v often do you connect to the Internet?
	0	daily
	0	more than once a week
	0	once a week
	0	once a month
3. What are your computer skills?		
	0	none
	0	user
	0	professional
4.	Do	the advertisements on the Internet disturb you?
	0	yes, they do
	0	no, I do not pay attention to them
	0	no, I am glad to be informed about up-to-date offer
5.	Wha	at is your most frequent activity on the Internet? (more options)
	0	sending and receiving emails
	0	Chat, etc.
	0	surfing websites
	0	searching for information
	0	education
	0	reading online news/journals/magazines
	0	online playing/downloading games

0	shopping
0	downloading/online playing movies/videos/music
6. Wh	at is the advantage of online shopping? (more options)
0	Internet saves time
0	access to information about the product
0	wider variety of products
0	possibility of comparison of prices
0	lower price
0	comfort of online shopping
0	no pressure from a seller
7. Wh	at are the disadvantages of online shopping? (more options)
0	you can not try out the product
0	absence of a direct contact with a seller
0	threat of unauthorized use of personal data
0	cheating sites
0	additional costs with the transport of goods
0	uncertain delivery date
0	delay between purchase and delivery
0	the real quality of goods is different from expectations
8. Do	you visit online shops regularly? (If you do, please provide an example of websites
you lik	te to visit in particular into option OTHER.)
0	yes
0	no
0	other:
9. Wh	ich sort of goods do you purchase on the Internet? (more options)
0	household utensils
0	food, groceries

o clothes, sporting goods

books, magazines

0	electronics
0	computer hardware
0	computer software (including computer games)
0	music, movies
0	travelling, accommodation
0	tickets
0	other:
10. W	hich sort of goods you would never buy on the Internet? (more options)
0	household utensils
0	food, groceries
0	clothes, sporting goods
0	books, magazines
0	electronics
0	computer hardware
0	computer software (including computer games)
0	music, movies
0	travelling, accommodation
0	tickets
0	other:
11. Ho	ow often do you purchase on the Internet?
0	once a week
0	once a month
0	once a year
0	other:
12. Do	you have any bad experience with online shopping? (more options)
0	yes, with sales returns
0	yes, with delivering of goods
0	yes, with the quality of goods
0	yes, with communication with an online shop
0	no

13. Do	you search for information about the product before purchasing it?
0	yes, customers' reviews
0	yes, I am interested mainly in prices of goods
0	yes, information about delivery and payment conditions
0	no
0	other:
14. Do	you use shopping robots?
0	yes, regularly
0	yes, sometimes
0	no, I do not know about this possibility
0	I know about this possibility but I do not use it
15. Ha	ave you ever posted your experience with online shopping on the Internet?
0	yes, but only negative experience
0	yes, but only positive experience
0	yes, both positive and negative experience
0	no
16. Do	you think that online shopping will fully replace the traditional way of shopping?
0	yes, absolutely
0	no, traditional shopping will still have great influence
0	not entirely, online shopping will be still growing but traditional shops will not
	disappear

o other:

## APPENDIX P II: DOTAZNÍK

- 1. Odkud se primárně připojujete na Internet?
  - o doma
  - o v práci
  - o ve škole
  - o ve veřejné knihovně
  - o v internetové kavárně
- 2. Jak často používáte Internet?
  - o denně
  - o více jak jednou za týden
  - o jednou za týden
  - o jednou za měsíc
- 3. Jaké jsou Vaše počítačové znalosti?
  - o žádné
  - o uživatelské
  - o profesionální
- 4. Obtěžují Vás reklamy na Internetu?
  - o ano, obtěžují
  - o ne, nevěnují jim pozornost
  - o ne, rád/a jsem informován/a o aktuální nabídce
- 5. Jaká je Vaše nejčastější činnost na Internetu? (více možností)
  - o posílání/přijímání emailů
  - o chat, apod.
  - o prohlížení webových stránek
  - o vyhledávání informací
  - o vzdělávání
  - o čtení online zpráv/novin/časopisů
  - o on-line hraní/stahování her

0	nakupování
0	stahování/ přehrávání filmů/videa/hudby
6. Jak	é jsou podle Vás výhody nákupu na Internetu? (více možností)
0	časová úspornost
0	přístup k informacím o produktu
0	širší škála nabízených produktů
0	možnost srovnávání cen
0	nižší cena
0	pohodlnost nákupu
0	žádný tlak ze strany prodávajícího
7. Jak	é jsou podle Vás nevýhody nákupu na Internetu? (více možností)
0	není možné si produkt vyzkoušet
0	absence přímého kontaktu s prodávajícím
0	hrozba zneužití osobních údajů
0	podvodné stránky
0	náklady spojené s dopravou výrobků
0	nejisté datum dodání zboží
0	doba prodlení mezi nákupem a doručením
0	skutečná kvalita zboží se neshoduje s představami
8. Nal	kupujete pravidelně v Internetovém obchodě? (Pokud ano, uveďte prosím do políčka
"ostatı	ní" ve kterém.)
0	ano
0	ne
0	ostatní:
9. Jak	é zboží nakupujete na Internetu? (více možností)

potřeby pro domácnost

oblečení, sportovní potřeby

jídlo, potraviny

knihy, časopisy

(	elektronika
(	počítačový hardware
(	počítačový software (včetně her)
C	hudba, filmy
C	cestování, ubytování
(	lístky, vstupenky
(	o ostatní:
10	aké zboží byste si nikdy nekoupili na Internetu? (více možností)
	potřeby pro domácnost
	jídlo, potraviny
	o oblečení, sportovní potřeby
	knihy, časopisy
(	elektronika
	počítačový hardware
(	počítačový software (včetně her)
(	hudba, filmy
(	cestování, ubytování
(	lístky, vstupenky
(	o ostatní:
11.	ak často nakupujete na Internetu?
(	1x týdně
C	1x měsíčně
(	1x ročně
(	o ostatní:
12 ]	Máte nějaké špatné zkušenosti s nakupováním na Internetu? (více možností)
	ano, s reklamací
	ano, s doručením zboží
	ano, s kvalitou zboží
	ano, s komunikací s internetovým obchodem
	ne
·	

13. Vyhledáváte si před zakoupením zboží informace na Internetu?		
0	ano, reference od ostatních zákazníků	
0	ano, zajímám se především o ceny	
0	ano, informace o dodacích podmínkách nebo způsobu platby	

neostatní:

ostatní:

- 14. Využíváte srovnávače cen na Internetu?
  - o ano, pravidelně
  - o ano, občas využiji
  - o ne, nevím o té možnosti
  - o vím o co se jedná, ale nevyužívám
- 15. Zveřejňujete na Webu zkušenosti s online nákupem?
  - o ano, ale pouze negativní zkušenost
  - o ano, ale pouze pozitivní zkušenost
  - o ano, negativní i pozitivní zkušenost
  - o ne
- 16. Myslíte, že nákup na Internetu v budoucnu plně nahradí tradiční formu nakupování?
  - o ano, zcela určitě
  - o ne, tradiční nakupování bude mít stále velký význam
  - o ne zcela, internetové nakupování bude stále růst, ale tradiční obchody nezaniknou