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TRADITIONAL SHOPPERS AND ONLINE SHOPPING

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Abstract

The recent advancement in technology has facilitated commerce around the globe. This online medium of commerce has provided great opportunities for many consumers. However, there are many issues surrounding online shopping that need to be addressed before the advantages of online shopping are fully realized. One significant issue is consumer attitude and behavior. The purpose of this paper is to examine the online shopping behavior of consumers who still shop from traditional stores. A survey was conducted in a shopping mall of a medium size city in the southeastern region. The results show a positive attitude of offline consumers toward online shopping.

Keywords: Consumers, Online shopping, Offline shopping

Introduction

Consumers are becoming more efficient by shopping online and more knowledgeable because of ease of information accessibility online. A knowledgeable shopper is one who researches and evaluates the product before deciding and making a purchase. This is particularly true for higher end products. Online availability of information facilitates this and replaces traditional methods of going from store to store to compare prices and shop for the best buy. Prices and features of products can easily be compared to make an informed purchase decision. The information on the products can be obtained from anywhere at anytime. The purchase is then made online or from a more tradition store.

In 2003, U.S. consumers spent \$54 billion online, about 1.6% of total U.S. retail sales. Using Amazon and eBay sales as representative of the market, it is estimated that international e-commerce grew two to three times the rate of U.S. sales last year (Preston and Hubbard, 2004). According to American Technology Research, Internet-based retail sales in the United States alone have been growing at a rate in excess of 20% over the past three years (Preston and Hubbard, 2004). Traditional stores should embrace e-commerce options to remain competitive. The focus of this study is on the attitude and behavior of traditional consumers toward online shopping.

Online Stores

Traditional and online stores are not competing on level ground. Online shopping provides more flexibility and opportunity

for consumers. For example, consumers are shopping with increased knowledge of products through online research and are placing less reliance on salespersons. In addition, consumers are not restricted by time, distance, and location. Consumers can shop from any distance at any time from any location of preference. Furthermore, online stores do not incur costs such as store staffing, maintenance, and inventory. Online stores are able to specialize in items and extreme sizes that are not possible for some traditional stores due to their limitation of inventories. Amazon and eBay are classic examples of successful online retailers that use low-priced items and large stocks to attract and retain customers. Consumers purchase from these sites because it is convenient.

In many cases consumers are receiving better customer service online to complement good prices and a large line of products. Retail based e-commerce sites serve customers by acting as a personal shopper. As the shopper searches for an item (online) requested by a customer, similar or complementing products are suggested. This personal one-on-one customized assistance would require more knowledgeable staff in a traditional store and might require an increase in the costs of products to compensate for the increased staffing costs.

Online stores are benefiting from advancements in technology which offset some advantages that traditional stores might still have. For example, online apparel stores are now using personalized virtual models to simulate the experience of trying on some products, allowing consumers to visualize the product on the model to determine correct sizing and fit.

Online advertising is another important benefit favoring online stores. Statistics compiled from data by the Interactive Advertising Bureau and PricewaterhouseCoopers estimated that online advertising grew by 20% in 2003. Online advertising includes the use of email, banner ads, and pop-ups. Nearly 80% of consumers subscribe to email advertising by companies (Nail, 2004). Companies can build a strong relationship with the consumers when such a large percentage of consumers are requesting email advertising. This relationship creates a sense of loyalty, securing future purchases and profits.

Methodology

A survey was randomly administered to 300 individuals at a shopping center in a medium size city in the southeastern United States, which is the retirement home to many individuals. The survey instrument was developed to determine the attitude and behavior of consumers who enjoy shopping from traditional stores about online shopping. The largest group of respondents was aged 18-30 which includes many individuals in high school and college. The next largest group was individuals aged 61 and over. Of the 300 respondents, 43.7% were male.

Results

Offline consumers were asked questions about their online shopping habits and preferences. Most respondents (29.7%) shop online from one to five times per year. Convenience was the most often cited reason for shopping online with a response rate of 84.7% followed by price at 67.3% and variety at 65.7%. The respondents were nearly equally split on their preference for receiving email for store promotions and sales with 48.7% having a preference for email.

It seems that many consumers who still shop from traditional stores are taking advantage of online shopping and technology to be a better prepared shopper. Many consumers are going online to collect information on products before purchasing them in traditional stores (60.3%), and also find exactly what they want and then purchase the known product online (54.3%) to take advantage of lower price (67.3%). The shopping behavior of consumers appears to be split between traditional and online stores in this study. In addition, more than 70% of consumers are shopping online from online stores such as eBay with no traditional stores alternative. More than half of consumers thought familiarity and trust is important when shopping online and would not shop from small and unfamiliar places. Further shopping for low-valued products online was the main choice of offline consumers.

Discussion and Conclusion

Online shopping is a new experience and has greatly impacted the lives of consumers in its short time of existence. It is expected to grow constantly in years to come with advancements in technology. Online shopping has made consumers more effective and efficient in their shopping behavior and has driven businesses to a new level, forcing many to make the necessary adjustments and changes to reach the new market of knowledgeable consumers.

The results of this survey underscore the need for businesses to take the online market seriously. The survey conducted revealed a positive attitude and behavior toward online shopping even by those consumers who still like traditional stores.

These consumers are mostly in low and high age groups. Those consumer groups have time to spend in traditional stores and malls and value the offline shopping experience for social reasons, such as meeting with friends. These consumers appear to be more knowledgeable by gathering information online and then purchase it from traditional stores.

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