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Joseph Nkegbe

PERSONAL FACTORS BEHIND CONSUMER PURCHASE TRENDS IN B2C ONLINE RETAILING IN FINLAND

TURUN AMMATTIKORKEAKOULU
TURKU UNIVERSITY OF APPLIED SCIENCES

Joseph Nkegbe

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The popularity of utilizing the Internet as a platform for commerce has grown during the modern digital age. As nearly 40% of the world's population has an access to the Internet, electronic commerce is a valuable business channel for businesses looking to attract end users to their product and service selections. This has ultimately empowered online consumers and their consumption patterns.

A vast majority of the people in Finland have already shopped online, with over half of the population actively purchasing products or services online from the thousands of web stores available. The purpose of this thesis is to find out what personal factors affect the consumer purchase trends in business-to-consumer online retailing in Finland.

A literature review covering business-to-consumer electronic commerce, mobile commerce, online payment and delivery methods, and online consumer behavior, forms the theoretical background for this thesis. The research itself was conducted by using a quantitative research method, an online questionnaire, which allowed the collection of quantitative data, along with supporting qualitative data. The questionnaire was sent to individuals fulfilling the predetermined questionnaire requirements on the 18th of November 2013.

The research results show what end users in Finland have purchased online during the year 2013, how they paid for those purchases, how those purchases were delivered, and what factors drove them to purchase those products and services on the Internet.

KEYWORDS:

B2C, Electronic commerce, Consumer behavior, Internet, Finland, Purchase trends

Joseph Nkegbe

KULUTTAJIEN OSTOTRENDIEN HENKILÖKOHTAISET TAUSTATEKIJÄT KULUTTAJILLE SUUNNATUSSA VERKKOKAUPANKÄYNNISSÄ SUOMESSA

Internetin käyttö kaupankäynnin alustana on kasvattanut suosiotaan modernin digitaalisen aikakauden aikana. Kun melkein 40%:lla maailman väestöstä on pääsy internettiin, elektroninen kaupankäynti on arvokas kaupankäynnin kanava yrityksille, jotka haluavat houkutella kuluttajia tuote- tai palveluvalikoimiensa luokse. Tämä on vahvistanut kuluttajien ja heidän kulutusmalliensa asemaa.

Suurin osa suomalaisista on jo ostanut jotakin verkosta, ja yli puolet Suomessa asuvista ostaa aktiivisesti tuotteita tai palveluita käytettävissä olevista, tuhansista, verkkokaupoista. Tämän opinnäytetyön tarkoituksena on selvittää henkilökohtaiset taustatekijät, jotka vaikuttavat Suomessa käytävän kuluttajille suunnatun verkkokaupankäynnin ostotrendeihin.

Kuluttajille suunnatun verkkokaupankäynnin, mobiilin kaupankäynnin, verkkomaksu- ja tuotetoimitustapojen, sekä verkkokuluttajakäyttäytymisen sisältävä kirjallisuuskatsaus muodostaa teoriapohjan tälle opinnäytetyölle. Varsinainen tutkimustyö toteutettiin käyttämällä kvantitatiivista tutkimusmenetelmää, internetin välityksellä jaettavaa kyselyä, joka on mahdollistanut kvantitatiivisen datan ja tätä tukevan kvalitatiivisen datan keräämisen. Kysely lähetettiin kyselyn vaatimukset täyttäville henkilöille 18 marraskuuta 2013.

Tutkimustulokset näyttävät, mitä loppukäyttäjät Suomessa ovat ostaneet verkosta vuoden 2013 aikana, miten he ovat maksaneet ostoksensa, miten ostokset on toimitettu, ja mitkä tekijät saivat heidät ostamaan nämä tuotteet ja palvelut internetistä.

ASIASANAT:

B2C, Elektroninen kaupankäynti, Kuluttajakäyttäytyminen, Internet, Suomi, Ostotrendit

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LIST OF ABBREVIATIONS (OR) SYMBOLS

B2C   Business to consumer

E-Commerce   Electronic commerce

M-Commerce   Mobile commerce

1 INTRODUCTION

Technological progress and the emergence of the World Wide Web catered to the creation of the modern digital age, during which the internet has morphed into a valuable and powerful tool, utilized in e-business by both, buyers and sellers. The key idea behind the internet is connectivity, through which information is being shared and stored. In e-business, majority of the connectivity and communication takes place between companies and people, and access to the shared and stored information is often easy and fast (Kotler and Armstrong 2005, 553-554).

Internet usage has grown rapidly in the 2000s, with an estimated 2.7 billion people or 39% of the world's population having an online access in 2013 (ITU 2013). To exploit the growth of internet usage and the existence of new technologies, companies began building their online presence, which among other things, resulted in the creation of new marketing strategies and business intermediary types to better serve the increasing online customer base (Kotler and Armstrong 2005, 554).

With such features as web stores, online payment possibilities and around-the-clock shopping, online retailing has become a convenient and time saving alternative for traditional in-store shopping (Kotler and Armstrong 2005, 555-556). Consumer targeted mobile commerce has increased the consumer's connectivity to online retailing outlets, by enabling smartphones and other similar portable devices into being effectively used for online transactions (Hollensen 2004, 399-401).

Based on recent market research studies, 75% of the population in Finland have already tried online shopping (TNS Gallup Oy, 2013) and 51% of those who have an internet access in Finland, shop online every 6 months or more frequently (Think Insights with Google, 2012). This, accompanied by the growth of B2C e-commerce in Finland (TNS Gallup Oy, 2013), with an estimated 7000 web stores already up and running (Sarén, 2012), indicates that end users are increasingly likely to turn to the online marketplace, to which Hollensen (2004, 373) refers to

as the market space, for pre-purchase information or for the procurement of final products and services.

The researcher's personal motivation for engaging in conducting the research on the selected topic, originates from his own frequent, but varying, online shopping experiences. Having experienced firsthand a variety of outcomes concerning buying products and services over the internet, he wants to find out whether other people share similar opinions regarding online retailing.

1.1 Thesis Objective and Research Questions

The main objective of this thesis is to explain the different factors behind the online retail consumption activities of end users in Finland. More specifically, the focal point for the research will be the recent or current online purchase trends in Finland.

The main research questions are as followed:

Q1: What are consumers in Finland buying online? - The types of goods and services sought and bought online by the consumers.

Q2: Why are consumers in Finland buying these goods and services through the internet? - The variety of elements that affect the decision to buy online.

Q3: How are the end users buying and receiving their online purchases? - How consumers connect to the internet to purchase, what buying methods are being used, and what steps take place between purchasing and receiving the purchase.

1.2 Thesis Structure

The first chapter of this thesis introduces the reader to the thesis topic, and explains the research objectives and research questions. The second chapter is the

literature review, which forms a detailed theoretical background for this thesis. These theories are also utilized when collecting and analyzing the research data.

The third chapter introduces the research methodology used, and provides insight to the data collection method and data analysis procedure selected for the research. In the fourth chapter, the research findings are introduced, analyzed and explained, and the results are also illustrated as charts. The fifth chapter states the conclusions that have been made based on the research findings, and highlights a few suggestions for possible further research.

The cited work used in thesis is listed in the references section at the end, followed by an appendix, which includes the data collection method, a questionnaire, with all of its questions and answer alternatives visible to the reader.

2 LITERATURE REVIEW

2.1 B2C E-Commerce

According to Tiwari et al. (2006) e-commerce, or electronic commerce, is broadly the transfer of rights or ownership to goods or services through a partial or fully electronic form of transaction. Laudon and Guercio Traver (2007, 10) specify that for the most part, e-commerce occurs online, and consequently e-commerce is essentially the business transactions between buyers and sellers that take place over the Internet. Markets in e-commerce are e-markets or market spaces, in which, similarly as in its physical counterpart, sellers offer their goods and services, and buyers seek to purchase what is offered (Kotler and Armstrong 2005, 555).

B2C e-commerce, or in other words, online retailing or e-tailing, is the selling of goods and services to end users through the utilization of the Internet. To conduct retailing online, new marketing strategies and business types were created so that sellers could more accurately and efficiently target the growing number of final consumers (Kotler and Armstrong 2005, 553, 557). In B2C e-commerce, consumers gather product or service information online, use the Internet as a mean to purchase physical or information based goods, or use engage in purchasing services online. Physical goods are tangible products, whereas information goods are in a digital form, capable of being obtained through the Internet (Khurana et al. 2011, 456). The electronic platform for online retailing is a web site.

2.1.1 Intermediary Types in B2C E-Commerce

As B2C e-commerce related transactions are handled over the Internet, sellers developed new intermediaries, which would be more suitable to e-commerce and maximizing online sales. There are two main business intermediary types online:

click-only and click-and-mortar (Kotler and Armstrong 2005, 554). These two cat-egories consist of several more detailed B2C business models (Laudon and Guercio Traver 2007, 68-69).

Click-only companies operate solely online, without having an existing physical retail location. The click-only companies can be of different shapes and sizes, and they sell all of their offered goods and services to end users directly through the Internet (Kotler and Armstrong 2005, 554). Unrestricted by geographic loca-tions and functioning with less costs than their traditional counterparts, click-only companies can deliver a nearly unlimited offer of products and services, while retaining a great amount of immediate control over sales related decisions. For example, changes to online product catalogues or web stores can be done almost instantly, with relative ease and speed (Kotler and Armstrong 2005, 556-557).

Click-and-mortar companies are traditional brick-and-mortar companies that have included e-marketing into their means of doing business, or as in several cases, have enabled a web store to run as a complementary or parallel extension to a physical store. The emergence of click-and-mortar companies were initially a reaction to the rise of click-only companies in the late 1990s, as traditional brick-and-mortar firms recognized the huge number of potential customers and oppor-tunities in different virtual market spaces. Eventually, click-and-mortar companies became more popular in online retailing, as they are generally well-established firms with a long history in their respective fields and industries, and have existing large and loyal customer bases (Kotler and Armstrong 2005, 554).

Click-and-mortar companies can give the consumers more options in regard of their purchase process concerns. For example, a consumer might want to search for product information online, but also require a hands-on trial experience with the product in a physical store, before deciding to make a purchase.

2.1.2 B2C E-Commerce Business Models

According to Laudon and Guercio Traver (2007, 68), there are seven major business models used in B2C e-commerce markets: portals, e-tailers, service providers, content providers, transaction brokers, market creators and community providers.

Portals are a combination of integrated online content and services, and web search tools. In other words, portals, such as Google.com, MSN.com and Yahoo.com, serve as gateways to the internet, as well as destination websites (Laudon and Guercio Traver 2007, 68). For example, a consumer can use Google's web search to find external information on goods and services, but also access Gmail at Google's website.

Click-only e-tailers sell their products only on their websites. E-tail stores are much like physical retail stores, in terms of product types and variety, and many e-tail sites even have a virtual shopping cart available for consumers (Laudon and Guercio Traver 2007, 69, 72-73).

While click-only e-tailers are focused on selling products online, click-only service providers are focused on selling services over the Internet (Laudon and Guercio Traver 2007, 75-76). Such services can be, for example, legal and accounting services, or online file sharing and information storage services like Dropbox. It is also fairly common for e-tailers to provide complementary services for their consumers, allowing the services to aid their sales by building their offers into more of a packaged deal (Laudon and Guercio Traver 2007, 75-76).

Click-and-mortar retailers and service providers offer essentially the same online functions as their click-only counterparts, but also have a physical location that offers another channel for consumer contact and sales. Often the physical marketing channel is still of equal or more significant importance to the seller, as many click-and mortar companies started their operations offline and have the e-tailing side of the venture as a complementary addition, as a answer to consumer demand (Laudon and Guercio Traver 2007, 69, 72-73, 75-76).

The fourth type of major B2C e-commerce business models, are content providers, who offer intellectual property online for the consumers. Music, news and videos available for consumption over the Internet, are some of the primary forms of the intellectual property in question. Content providers either own the right to the copyrighted material, or have the rights to distribute that intellectual property to the masses (Laudon and Guercio Traver 2007, 73-74). Itunes and Spotify are a good example of current content provider entities.

Transaction brokers are the companies that have websites to process transactions for consumers. These transactions would otherwise take place at physical business premises or through another mean of direct contact with the sales personnel. Industries like travel and employment services are the two of the largest utilizers of the broker model. For example, online travel booking and job application submission are both the type of transactions that would traditionally be done at a place of business, but now frequently completed online by the consumers (Laudon and Guercio Traver 2007, 74).

Market creators are click-only businesses that create a digital space on a website, where buyers and sellers can meet for the searching, displaying, buying and selling of products. For example, online auction sites, such as eBay.com, are market creators (Laudon and Guercio Traver 2007, 75).

And lastly, community providers enable individuals and businesses to communicate and allow consumers to receive product and service related information through links, posts and ads, potentially leading to business transactions. Sites like Facebook.com and About.com are large online community providers, which are operating on digital platforms that can recognize different topics and interests being read or discussed by individuals, and based on the context, capable of targeting relevant ads of partner companies (Laudon and Guercio Traver 2007, 76-77).

2.1.3 Key Features of B2C E-Commerce to Consumers

B2C e-commerce has empowered the consumers, giving them increasingly more control over their shopping procedures.

From a consumer's perspective, online retailing is convenient. The easy, around-the-clock access to online retail outlets allows consumers to avoid queues, extensive searching for products and services, and possible pre-purchase expenses. The online shopping experience is private, immediate and interactive, and therefore end users encounter less external disruption during their shopping, which allows them to shop according to their own needs and wants, at their own pace (Kotler and Armstrong 2005, 555).

The lack of physical boundaries in online retailing enables a vast product and service selection to be readily available for online customers, who can be located in almost anywhere in the world. This also means that the consumers have the possibility to gather product and service information from this vast selection, and consequently be better educated as a potential buyer (Kotler and Armstrong 2005, 556).

Less restricted connectivity in online retailing helps to establish a much closer and active business relationship between firms and final consumers. For example, customer service and post-purchase involvement from the seller's side, is more effective on the Internet, as the setting is interactive, direct and personal, allowing companies to better address customers as individuals (Kotler and Armstrong 2005, 556-557).

Despite the increase of consumer traffic online, there are still risks involved in B2C e-commerce for sellers and buyers. Hollensen (2004, 408) defines these risks as barriers. Although the Internet is a global marketspace, regional barriers may still exist. For example, Internet access limitations, or different legislation, language and cultural barriers can affect the exploitation of online retailing in different geographic locations. Also concerns over online security and web technology can act as a deterrent for individuals, as consumers may hesitate to share

their personal and bank information over the Internet (Hollensen 2004, 394-396, 408).

2.2 M-Commerce

M-Commerce, or mobile e-commerce (Tiwari et al. 2006), is the use of wireless digital devices over wireless networks to enable business activities online (Laudon and Guercio Traver 2007, 19). In other words, the rights or ownership to goods or services is transferred through a mobile device, such as a mobile phone or PDA, while connected to a mobile telecommunications network. Consumers can conduct similar transactions as in B2C e-commerce, the main difference being the method of connection to the Internet (Tiwari et al. 2006).

Chitra (2012) and Tiwari et al. (2006) indicate that there are two ways of understanding the relationship between e-commerce and m-commerce. That generally, mobile commerce is often either viewed an extension to e-commerce, or as an entirely separate transaction channel. Chitra (2012) adds that based on the definition of m-commerce, it is more suitable for being a subset of e-commerce, while Tiwari et al. (2006) call for an integrative and holistic combination of both approaches. In this particular study, m-commerce shall primarily be considered to be a part of B2C e-commerce.

M-Commerce is believed to be the next big impact to online business. It is already changing the ways of conducting business in several industries. The increased mobility has consequently enabled larger degrees of consumer independence, intimacy, accessibility and time saving convenience. Moreover, mobile devices have already long transformed social behavior and communication efforts of people, thus it is no surprise that the devices have influenced the business aspect of everyday life (Chitra 2012).

2.2.1 Key Features of B2C M-Commerce to Consumers

M-Commerce in its early stages had been around for a while. It has only relatively recently been used for all of its effectiveness and capabilities, due to technological advances, and consumers and users getting tech-savvier (Chitra 2012).

Consumers are increasingly using m-commerce for day to day commercial transactions, and m-commerce applications, such as mobile banking, mobile content purchasing and mobile shopping, are gaining popularity (Chitra 2012). M-Commerce enables such tasks to be completed with greater mobility, when comparing to the same tasks taking place in the more traditional e-commerce. Two the most significant reasons behind the utilization of m-commerce for the rather trivial daily consumer transactions are ubiquity and immediacy. For example, a consumer could cross-check product prices while physically in just one particular store, or pay rent while travelling on a bus. Ultimately, the lack of highly restrictive boundaries and quick access to the internet has decreased the time period that a consumer will spend between the intention to buy and the actual purchase (Tiwari et al. 2006). Mobile communications have already long been a part of instant connectivity for many (Chitra 2012). The same instantaneousness largely drives m-commerce, creating convenience for the users (Tiwari et al. 2006).

Along the daily tasks, consumers have been actively using m-commerce for other purposes, such as entertainment and ticketing. Betting and gaming, as well as getting valid tickets in a digital form to a mobile device, all include the before mentioned, prompt and convenient characteristics of m-commerce (Tiwari et al. 2006).

As with e-commerce, m-commerce also has its challenges that may hinder or even deter potential and existing final users. Although vastly popular in Europe, globally m-commerce hasn't reached a similar degree of exploitation as e-commerce, consequently eliminating m-commerce as a viable channel that consumers may use to connect to retailers, and vice versa. Wireless networks used for gaining an access to the internet can set limitations to m-commerce, as wireless

connectivity may be slow, unstable, and unsecure or geographically dispersed (Chitra 2012).

Most mobile devices are small in size to retain the mobility factor, and therefore product and service information must be presented in a user friendly, yet thorough and appealing way. Failure to do so, may remove convenience, rendering the specific m-commerce application or platform ineffective. The variety of mobile devices and mobile platforms or operating systems can in times create compatibility issues, which means that not everything offered is available for everyone (Chitra 2012).

Still, possibly the biggest concerns for consumers are privacy and security. The ever present anonymity online makes consumers suspicious, which can lead to the avoidance of executing electronic transactions over mobile networks. The presence of certified or confirmed secured networks, websites or mobile platforms boosts consumer confidence, the absence is likely to decrease it considerably (Tiwari et al. 2006).

2.3 Payment Methods in B2C E-Commerce in Finland

An online payment is the process of using an electronic method to complete purchases over the internet. On a B2C e-commerce website or web store, transactions are finalized by filling out and sending an electronic order form (TIEKE and Anders Inno Oy 2013, 5.). As the use of web access capable mobile devices is becoming more common, they are likely to transform the future of web based payment methods. According to a 2012 study by research company Pew Research, mobile payments will continuously increase in both, physical stores and online web stores (TIEKE and Anders Inno Oy 2013, 5.).

Generally, online payment methods utilize payment gateway systems, which have been integrated to B2C websites or web stores. The web based payment gateway forwards the customers' electronic order details into their chosen account, which is then charged immediately or after a specific delay. Currently, some of the most utilized payment gateways are, for example, PayPal, Google

Checkout and Moneybookers. In Finland however, the majority of the payment gateways are offered by Checkout, Maksuturva and Suomen Verkkomaksut. (TIEKE and Anders Inno Oy 2013).

Online payment methods vary significantly from country to country (Hollensen 2004). Globally, the most popular online payment method is the use of a credit card. In Europe, the effort to harmonize payment transfers through the Single Euro Payments Area or SEPA project has strengthened the consumers' trust in paying online by simplifying the payment process. In Finland, consumers exploit a variety of online payment methods, the most popular methods being online bank transfers, credit cards, bills, cash on delivery, virtual wallets and mobile payments (TIEKE and Anders Inno Oy 2013, 5.). According to TIEKE and Anders Inno Oy (2013, 5) Finnish consumers prefer to choose and stay with an online payment method that they consider safe and reliable, rather than try a range of different methods.

Table 1. Online payment methods in Finland (TIEKE and Anders Inno Oy 2013, 5.)

Payment Method	Examples	Description
Credit/Debit Card	Visa, Visa Electron, Master-Card and Diners Club.	Payment is completed with the customer's card details, and charged from the customer's credit or from their bank account.
Online Bank Service	Osuuspankki, Nordea, Danske Bank and Aktia.	Customer logs in directly to his/her bank account online, then approves, confirms and pays for the purchase.
Virtual Wallets/Accounts	PayPal, Klarna, Everyday and Joustoraha.	Customer transfers money to a separate online account, and uses it to pay for purchases at once or in several smaller payments.
Bill	-	A physically or electronically delivered standard bill.
Cash on Delivery	-	Customer pays for the purchase with cash upon receiving the goods at a physical location.

Bills in digital formats have largely replaced the traditional paper ones, and despite the continuous move towards direct and immediate payments, many web stores, especially in Finland, still offer billing as a payment method option.

Online bank services are very trusted and popular in Finland, thus consumers are using them for online retailing related payments more than in many other European countries. When using an online bank service as a payment tool, consumers do not disclose any credit or account information to the seller, but rather login to their respective accounts and pay the purchase order there.

Cash on delivery is the oldest payment method for remotely completed purchases in Finland. The consumer's purchase is delivered to a local post office, where he or she pays and collects the goods (TIEKE and Anders Inno Oy 2013, 5.).

2.4 Physical Product Delivery Methods in B2C E-Commerce in Finland

After an online payment is followed through, the product purchases should delivered to the consumer quickly, reliably and cost-effectively. The presence or absence of delivery options can affect sales and the attraction of potential customers. For example, for many customers, the lack of a suitable delivery option may cause them to abandon a purchase altogether.

The effectiveness of deliveries is not solely tied to the sheer number of different options available. For example, a seller may look to adjust delivery prices in order to influence the customer's willingness to buy. Moreover, special deals and discounts could be given as an incentive for large orders (TIEKE and Anders Inno Oy 2013, 6.).

In Finland, ordered consumer products can be delivered to nearly anywhere, and more specifically, according to the convenience of the customer. Although demonstrating a long reach capability, product deliveries within Finland have been criticized for being slow and expensive, when compared to the actions of international or foreign delivery entity counterparts.

The subsidiary of Itella Corporation, Posti, handles the vast majority of consumer product deliveries in Finland, with a variety delivery options available for use. The post office offers delivery methods, such as, deliveries to the closest post office, to a post office or partner store of choice, directly to the customer's home or to SmartPOST parcel terminal. Another company offering similar and popular services in Finland, although with a more limited variety, is Matkahuolto.

There are three key factors that affect the pricing policies of the abovementioned delivery methods in Finland. The most common one is pricing according to the weight of the packaged product. Sellers in Finland are also likely to set a fixed price for the delivery method, or simply offer free delivery based on, for example, the size of orders or as a part of an ongoing campaign (TIEKE and Anders Inno Oy 2013, 6.).

2.5 Online Consumer Traits

Nowadays, consumers are increasingly more in control of what they want and when they want it. They display extensive levels of interconnectivity, are up-to-date in the context of being informed, and communicate through digital channels unlike ever before, and as elements like time and location function decreasingly less as barriers to B2C online retailing, consumers spend more time buying than thinking of buying (Ryan and Jones 2012, 13). The internet is a useful tool for customers that value and place importance on information and shopping convenience, while still being a proactive consumer (Kotler and Armstrong 2005, 559).

The modern day consumer is much more willing to share or compare personal shopping experiences and opinions online, as the threshold for doing so is minimal, due to, for example, highly responsive social media networks. The online access capable or web based digital platforms at the reach of the consumers enable them to create, access, publish and consume content quickly and with ease. In the midst of the massive online information flow, consumers can readily categorize and filter irrelevant and unwanted information, without having to spend

too much time on the search for specific matters of interest. The information seeking conducted lacks great degrees of bias, as consumers retain the control over what to access out of all possible options, instead of certain information being somewhat forced to the awareness of the researching consumer (Ryan and Jones 2012, 13-14). However, that also means that users are more capable of picking the best purchase option to suit a particular need at a particular time, which minimizes the chances for traditional consumer loyalty to take place (Ryan and Jones 2012, 26).

Hollensen (2004, 381) divides Internet users into two different categories: hedonistic surfers and utilitarian searchers. Hedonistic surfers enjoy websites as entertaining visual experiences. They are looking for uniqueness, excitement and novelty, and are likely to follow persuasive and interesting messages on the internet, while without a set goal or purpose for their online surfing. Utilitarian searchers are focused and looking for something specific online. They are mission driven and use rational thinking when navigating around the web.

Laudon and Guercio Traver (2007, 374) categorize online consumers into two groups, browsers and buyers, which share less differences than the previously mentioned internet user types. Browsers research for product and service information online, but purchase them offline at a traditional store. Buyers search for the same information online, but also complete the whole purchase there. Security and comfort issues construct the main differences between browsers and buyers. While the buyers are willing to proceed and finalize purchases online, browsers hesitate and end up choosing an offline alternative.

The online consumer population is in the process of becoming increasingly more heterogeneous, replacing the presence of mass consumer bases with niche groups with detailed individual preferences. Fewer barriers not only exist amongst consumers interacting with each other, but also between consumers and sellers or producers. The proactivity of online consumer involvement has allowed the interactivity between buyers and sellers to reach the highest level so far. The wants and needs of the online buyers are of greater value now than ever

before, giving producers new focal points for their research and development efforts (Ryan and Jones 2012, 14).

Modern day digital consumers are very familiar with the Internet and with the ways to use it for different purposes, one being shopping. The familiarity and gathered user experience has improved the effectiveness and efficiency of consumers' internet usage. This has adjusted online retailing to a form, which is largely influenced and controlled by consumers and their actions (Ryan and Jones 2012, 26).

2.6 Online Consumer Buying Behavior

According to Laudon and Guercio Traver (2007, 370) consumer behavior offline and online are fundamentally similar, both having a variety of focal points, and the main difference between the two being the use of web sites and their features. This will be the assumed premise for online consumer behavior in this thesis.

Consumer buying behavior is the product or service buying behavior of end users, or in other words, individual consumers. These individuals form a consumer market (Kotler et al. 2008, 238), which in this case, is on the internet. The consumer buying behavior comprises from internal and external factors that influence buying related decision-making, which ultimately to leads to a purchase situation of choice. The internal and external factors involved, and their importance, may differ on an individual to individual basis (Baines et al. 2013, 66-67).

Some insight to recognizing and understanding these steps can be carried out by finding answers to six questions: What does the consumer want or need to buy? Why does the consumer need to buy? Where does the consumer go to buy? How does the consumer buy? When does the consumer buy? Who buys? (Kotler et al. 2008, 238). Answers to the questions often point out the selected method for each those elements of a single purchase event, but do not, however, explain why that particular method was chosen, or what took place during the selection process, unless further analyzed.

Table 2. Factors influencing consumer behavior (Kotler et al. 2008, 240)(Jobber 2010, 121).

Cultural	Social	Personal	Psychological	Buyer
Culture	Reference groups	Age and lifecycle stage	Motivation	Buying decision behavior
Subculture	Roles and status	Occupation	Perception	
Social class		Economic situation	Learning	
		Lifestyle	Beliefs and attitudes	
		Personality and self-concept		

Cultural, social, personal, psychological and buyer specific factors are the main influencers for consumer buying behavior (Jobber 2010, 120). The first four factor groups influence the consumer's characteristics and views, which ultimately transfers into influencing the final decision-making process (Kotler et al. 2008, 239).

2.6.1 Cultural Influences

Culture is the most basic, yet the most thorough external influencer for consumers. While being a part of a society, consumers learn about and establish their values, perceptions, wants and behaviors from other members of that particular society (Kotler et al. 2008, 240). Culture is the framework within which consumers and their characteristics evolve (Jobber 2010, 132).

There are different cultures around the world that can have differing norms and values, and therefore consumers learn to emphasize a diverse set of cultural issues in varying manners. Culture does not exist in a static form, as cultural shifts are possible. In a cultural shift, the importance of cultural components changes, usually by either increasing or decreasing. For example, a culture might shift to become more health concerned (Kotler et al. 2008, 240-241). Globalization, mobility and the spread of communications technology has to a certain extent began

a process of cultural and social convergence. Although it is not replacing national cultures, it has created a global culture, which shares common norms and values across continents, which eventually has led to the strengthened presence of global consumers (Jobber 2010, 132).

Subcultures exist within national or regional cultures. Subcultures are groups of individuals that share the same values, norms and many other elements of culture. Subcultures can consist of nationalities, ethnic groups, religion or specific lifestyles, for example. Increasingly, various trends and the popular culture affect the upcoming subcultures (Kotler et al. 2008, 241-242).

Social class refers to the grouping of a population within a certain area (Jobber 2010, 132). The grouping is usually somewhat of a permanent division of society (Kotler et al. 2008, 242), usually based on socio-economic and occupational determinants, accompanied by life stage and lifestyle indicators. Consumption patterns between consumers in different social class groups are likely to vary, thus enabling discriminatory power to distinguish different member groups of a society (Jobber 2010, 132-133). In developed countries, the majority of the population is likely to be at the middle of the classification system, whereas in less developed countries, the majority of the citizens are more likely to be included in the bottom classes (Kotler et al. 2008, 243).

2.6.2 Social Influences

Consumer behavior, especially consumer responses and attitudes, can be highly influenced by social groups and roles. Social influencing can happen directly or indirectly, through groups, to which the consumer either belongs to or aspires to belong to, and in which he or she assumes a role (Kotler et al. 2008, 244, 250).

The closest group type to any consumer is the membership group, which consists of other members that are somewhat closely involved with the consumer's life. Primary membership groups are quite informal and include family, friends, and colleagues, members that are generally a regular part of everyday life. Secondary

membership groups consist of less involved and more formal establishments, such as religious groups and trade unions (Kotler et al. 2008, 244).

Aspirational groups are influencers, from which individuals seek to find acceptance before forming their own behavior or attitude towards particular issues and decisions (Kotler et al. 2008, 244). These groups may include the two membership group types; however, most often, aspirational groups represent high ranking lifestyles, success and famousness, with the focal points being professional, social or personal aspirations (Jobber 2010, 134).

All of the groups have opinion leaders, who are the individuals or majorities that influence the reference group itself (Jobber 2010, 134). Opinion leaders are a key factor for trend creation, and are therefore highly valuable targets for marketers. Other individuals in a reference group also have a role. These roles are defined by the expected activities that a particular role's holder is to perform. The general esteem placed on the role gives it its societal status (Kotler et al. 2008, 250).

2.6.3 Personal Influences

Personal characteristics, such as age, lifestyle, economic situation and personality, also influence consumer decision making (Kotler et al. 2008, 250).

Consumer behavior can be dependent on a person's life-cycle stage, or in other words, be influenced by what is the expected consumption pattern at a particular age. These expectations have been set by society and peers. For example, mature people are expected to handle their finances with greater care than young adults (Jobber 2010, 130). The expectations are prone to change in time, as events, such as lifestyle changes or paradigm shifts take place. For instance, senior citizens are being decreasingly perceived as being incapable of using modern consumer electronics (Kotler et al. 2008, 251).

Occupation affects consumer behavior mainly by setting and enabling the earned disposable income available for consumer purchases. An occupation generally

defines a consumer's economic situation, and often that definition adds or reduces the value that sellers and producers place on the consumer (Kotler et al. 2008, 252).

A lifestyle is a person's pattern of living, more specifically, expressed beliefs, activities, values, morals, norms and opinions (Jobber 2010, 129). Lifestyles themselves are influenced by internal and external factors, such as personality and subculture (Kotler et al. 2008, 252-253).

Personalities consist of unique psychological characteristics, such as autonomy, adaptability and self-esteem, which have a somewhat lasting and consistent effect on an individual. These characteristics aid the consumers in building a self-image, which determines some of their attributes and traits as a customer, for example, one might be naturally more of a risk-taker while another one would be predominantly more reserved (Kotler et al. 2008, 254).

2.6.4 Psychological Influences

There are more important psychological and internal influences for consumer behavior, four important ones being motivation, perception, learning, and beliefs and attitudes (Kotler et al. 2008, 255).

Motivation is driven by personal motives that drive consumers into action, to seek to satisfy their needs and wants (Kotler et al. 2008, 255). The motives also influence the choice criteria for consumer decision making. For example, one person might choose to buy a car because of its performance, while another individual puts more emphasis on the visual appearance (Jobber 2010, 125-126).

Perception refers to the process in which people select, organize and interpret information, in order to form a meaningful picture or a whole, out of various things and issues. There are three main types of perceptual processes, selective attention, selective distortion and selective retention (Kotler et al. 2008, 258).

In the selective attention process, consumers ignore stimuli that they perceive to not be important, meaningful, or consistent with their experiences and beliefs

(Jobber 2010, 123). Selective distortion takes place when consumers adapt received information to suit their own beliefs and attitudes. Selective retention means the process of selecting only a part of the information, usually those parts that support the consumer's own beliefs and attitudes (Jobber 2010, 123-124).

Learning refers to the changes in an individual's behavior that are obtained through experience and experience related knowledge. Consumers often learn to associate products and services they've tried or used, with different kinds of positive or negative characteristics, which likely affects their future buying behavior (Kotler et al. 2008, 260).

Beliefs are thorough opinions, expectations and thoughts that an individual has about something (Kotler et al. 2008, 260). Attitudes reflect an overall favorable or unfavorable evaluation of something. Attitudes are derived from beliefs, which largely determine whether an attitude is positive or negative (Jobber 2010, 127). Both, beliefs and attitudes, are for the most part, acquired through learning and experience (Kotler et al. 2008, 260).

2.6.5 Buying Decision Behavior

The buying situation (Jobber 2010, 121) or in other words, the buying decision behavior (Kotler and Armstrong 2005, 154) is relationship between various degrees of consumer involvement and perceived brand differences. The level complexity and risks involved when engaging in a purchase significantly affect consumer involvement. According to Kotler and Armstrong (2005, 154-155), there are four major types of buying situation behavior: Complex buying behavior, dissonance-reducing buying behavior, habitual buying behavior and variety-seeking buying behavior.

In complex buying behavior situations, consumer involvement is high, there is a significant number of product alternatives, and there are major differences between all the available and suitable brands (Kotler and Armstrong 2005, 154). The products sought are most likely expensive, and a high degree of uncertainty, inexperience and risks with the product categories is often present, which may

require the consumer to further invest time in learning about the goods in question, consequently extending the purchase process (Jobber 2010, 121-122). In such situations, repeat purchasing rarely take place without thorough evaluation each time (Kotler and Armstrong 2005, 154)

Dissonance-reducing buying behavior includes the same high degree of consumer involvement, however, there are only a few perceived differences between available and suitable brands (Kotler and Armstrong 2005, 154-155). For example, the products sought can be expensive, but in terms of value, price and need satisfaction, the differences between product alternatives are minimal. Consumers are able to gather product information faster, and the lack of notable product differentiation can drive the consumer to focus on minor changes in factors, such as price or purchase convenience (Kotler and Armstrong 2005, 154).

Habitual buying behavior occurs in low consumer involvement purchase situations, when little time is spend on evaluating alternatives and the same type of product is repeatedly bought (Jobber 2010, 123). In this case, consumers are often searching for low-cost goods that they use frequently, such as products that they perceive to be commodities. In this buying situation, product characteristics are generally very similar, and variations in consumer buying behavior tends to only take place when responding to major and favorable changes in the sought product or brand category (Kotler and Armstrong 2005, 155).

Consumers partake in variety-seeking buying behavior when the purchase situation requires low involvement, but the brand selection is perceived to be significantly differentiated. Typically, in such buying situations, there are a minimal to no risks in effect when switching between brands, and consumers actively seek to try different products of a particular product category or type. Therefore, consumers are more likely voluntarily seeking for change, than being driven by the dissatisfaction risen from previous product trials (Kotler and Armstrong 2005, 155).

3 METHODOLOGY

In order to conduct a research study accurately, consistently and thoroughly, there are specific methods for data collection and data analysis procedures. A popular and widely utilized tool for obtaining research results is to collect and analyze the data based on its characteristics, which determines whether the data is quantitative or qualitative (Saunders et al. 2009, 151) Quantitative data is numerical and standardized data, and qualitative data is non-standardized data derived from words with meanings. (Saunders et al. 2009, 414, 481). Quantitative data can be analyzed with, for example, charts and diagrams, whereas qualitative data analysis requires conceptualization (Saunders et al. 414, 480). All of the collected new data is primary data (Saunders et al. 2009, 256).

3.1 Data Collection Method

The data collection method selected for this research study is an internet-mediated questionnaire, with which mostly quantitative data was gathered, along with just some qualitative data. An internet-mediated questionnaire refers to a questionnaire that is administered online through the use of the internet (Saunders et al. 2009, 362.) The researcher found this to be the easiest and fastest way for reaching the sample group, while still retaining a probability for a sufficient response rate for the questionnaire. The questionnaire in its entirety is attached to this thesis as an appendix.

The questions in the questionnaire we created to find answers for the thesis research questions, which are:

Q1: What are consumers in Finland buying online? - The types of goods and services sought and bought online by the consumers.

Q2: Why are consumers in Finland buying these goods and services through the internet? - The variety of elements that affect the decision to buy online.

Q3: How are the end users buying and receiving their online purchases? - How consumers connect to the internet to purchase, what buying methods are being used, and what steps take place between purchasing and receiving the purchase.

All of the questions asked in the questionnaire were investigative questions, which aim to find sufficient and satisfying answers for the research objectives and questions (Saunders et al. 2009, 370). The variables present in the study questionnaire, were opinion variables that record the respondents' opinions, beliefs and feelings, behavioral variables that record what the survey participants had done during a certain period of time, and attribute variables that contain data about the characteristics of the respondents (Saunders et al. 2009, 368). As mentioned before, qualitative data in general needs conceptualization in order for it to be transcribed without altering the interpretation. According to Saunders et al. (2009, 490-498) there are three main concepts for processing qualitative data: summarizing, categorizing and structuring data. When summarizing data, key points are lifted to produce a summary representing the gathered findings from the data. Data categorization uses developed data categories to organize the data, and when data is structured, a narrative is present to explain the findings and their relationship with the objectives.

Responses for most of the 15 questions in the questionnaire, provided data in a quantitative form. The majority of the survey's questions were closed questions with given alternatives from which the respondents had to choose, and therefore, the questions were categorized so that an analysis method mainly used for displaying quantitative data, a chart, could now be used for illustrating the findings from this research. There were also two open questions (questions 14 and 15 in the questionnaire). The answers for those questions produced qualitative data, which was summarized by the researcher, and then divided into a few categories that were relevant for the topics of the particular questions. Consequently, this category division also enabled charts to be formed for a simpler displaying of the

results. A narrative was also provided for the summarized open question answers, in order to explain and elaborate, what sort of individual responses had been collected.

3.2 Sample Group and Research Limitations

In order to allow statistical generalizations to be made in this research, a sample needs to be selected, especially since the sample hosting population is vast. The sampling was based on probability sampling, in which a selected sampling frame is based on the research questions (Saunders et al. 2009, 210, 214). In this thesis, the sampling frame is a sample group. Since the research objective is to find out what factors affect online consumer purchase trends in online retailing in Finland, the sample group for this research study were to consist of individuals aged 18 or older, located in Finland, and who had purchased a product or service, or who would purchase a product or service online, at least once during the year 2013. The survey was created so that it could only be fully completed by the individuals that fulfilled the criteria and survey requirements.

Although information on the internal and external factors affecting online consumer behavior will be gathered and then studied in the analysis section, it is important to note that the answers are strictly based on the personal experiences, opinions, behavior, beliefs and attitudes of the survey participants. Purely external influencers that reach out to consumers, such as advertising, have been excluded from this research. It is acknowledged that there are, in fact, more variables affecting consumer behavior, but this research focuses on consumer influencing factors obtained from the used literature.

The research findings represent online consumer behavior related events and actions that had taken place, or would take place, during a specific period of time, the year 2013. Consequently, the findings can be deemed to be either recent or current, as the research was conducted at the end of the same time period. Longer term history of online purchase trends in Finland, or the actions that led to them, will not be of importance for this study.

3.3 Data Reliability and Validity

Research reliability is the extent to which the selected data collection techniques and analysis procedures will give consistent findings (Saunders et al 2009, 156). Data reliability and consistency in this study was maintained by limiting qualitative data collection in the questionnaire, thus minimizing the chances for data interpretation errors. At the same time, quantitative data was collected by using closed questions with alternatives that the respondents were to pick as answers, which eliminated the possibility for data decoding mistakes. Also, the use of a specific sample group for the research, aided the reliability of the study.

Research validity deals with the suitability of the findings for the research, asking whether the findings are really what they appear to be or not (Saunders et al. 2009, 157). In order to avoid validity errors, the researcher opted to ask straightforward and simplified questions in relation to the research objectives.

4 DATA ANALYSIS AND FINDINGS

A link to the thesis survey was sent to 273 individuals. After the survey deadline had passed, a total of 48 people had responded, making the response rate 17.58%. The 273 individuals were confirmed to have been between the ages of 18 and 55, and presumed to be located in Finland at the moment of sending out the questionnaires. All individuals were informed about either all of the require-ments or only about the remaining requirements for taking part in this particular survey, depending on how they received the invitation to take part in the survey. For example, the questionnaire was directly emailed to only the fully eligible peo-ple, but in the social media networks, the survey was sent as a public message, therefore requiring all of participation criteria to be explained.

When taking into account the previously mentioned eligibility requirements for the survey participation in chapter 3 of this thesis, the response rate was rather good. According to Saunders et al. (2009, 364), a response rate of 11% or less is a likely outcome for internet-mediated surveys, and in this case, the response rate was above 11%. Prior to sending out the survey, the researcher did not know whether the survey recipients had engaged in online retailing during this year or not. Therefore, the recipients that did not participate, didn't want to do so, had not bought anything online so far this year, or had not planned to buy anything online later this year.

4.1 Background Data

In the beginning of the survey, a few background information related general questions were asked to slightly differentiate the respondents from each other. Together with results of this differentiation and the answers from the focused questions later on, links between the respondents' age and gender, and their sur-vey answers, can be established.
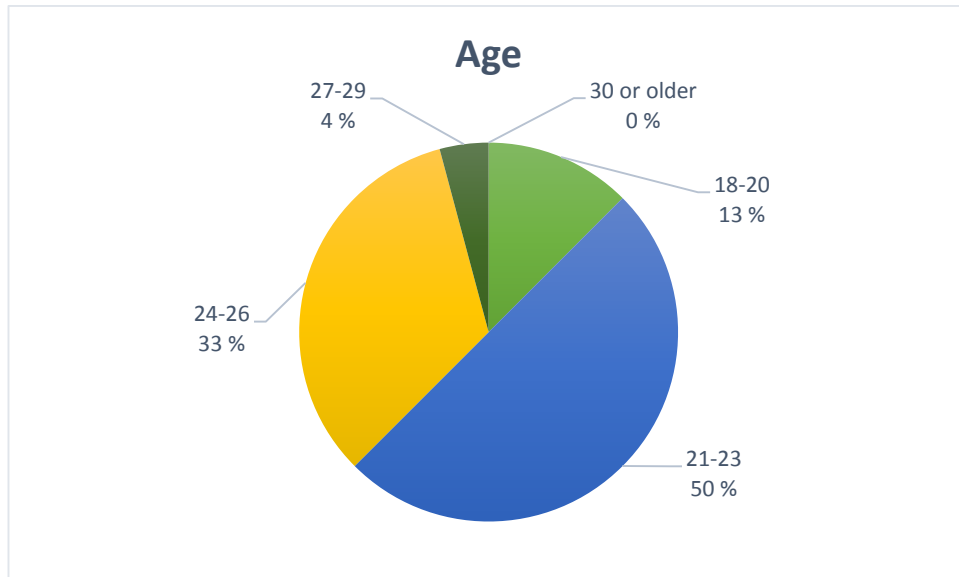
Figure 1. Question 1: Age of the respondents

The age range groups for the first question of the survey were created on the basis of what the recipients' ages were likely to be. The spread of the results shows that the age range divisions were good and inclusive enough for this survey. Half of the 48 respondents were between the ages of 21 and 23, and 83% of all individuals who answered to the survey, were between the ages of 21 and 26. Despite the survey being also sent to people that were 30 years old or older, none of those individuals decided to take part in this thesis survey.
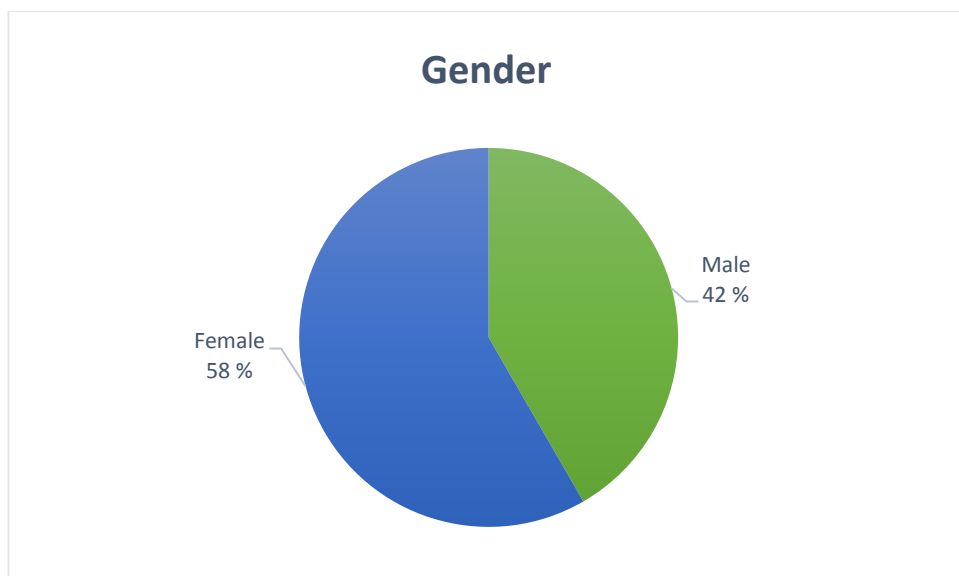
Figure 2. Question 2: Gender of the respondents

58% of the respondents were female, and 42% were male. In other words, out of the 48 people who participated in the survey, 28 were females, and 20 were males.
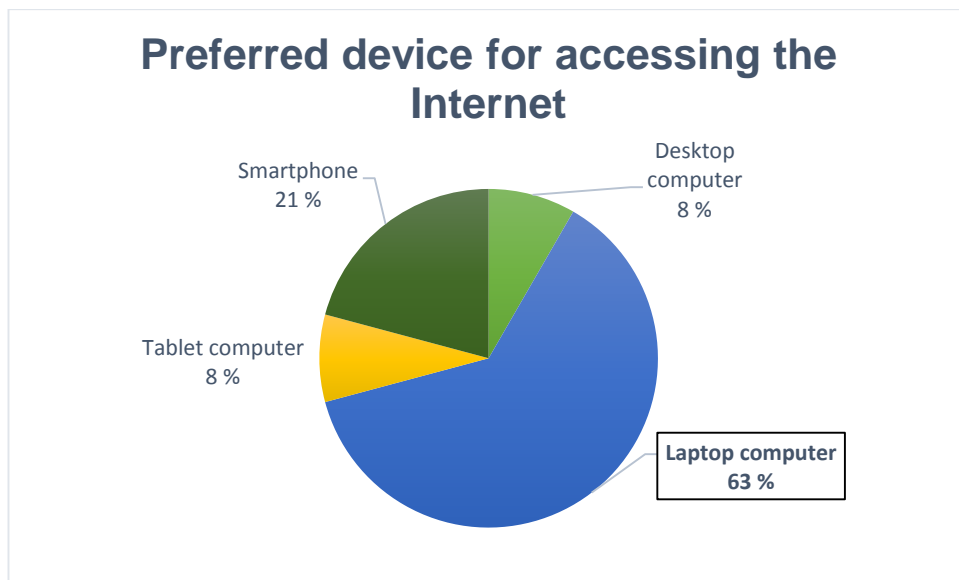

Figure 3. Question 3: Preferred device for accessing the Internet

63% or 30 of the respondents use a laptop computer as their primary device for accessing the internet. According to the results, mobility is clearly of importance, as the use of smartphones, tablets and laptops for regular internet usage, is the preference of 92% of the respondents.
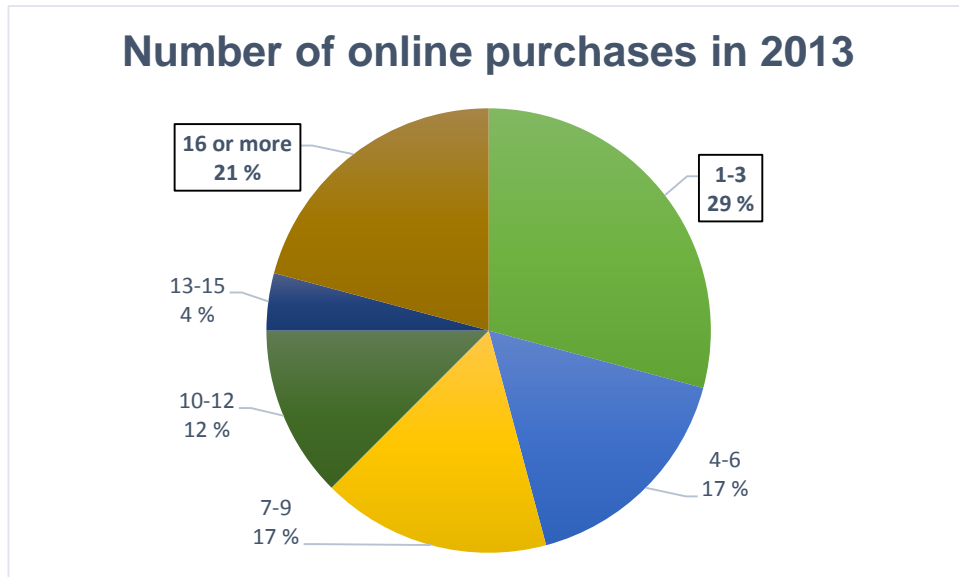
Number of online purchases in 2013

Figure 4. Question 4: Number of online purchases in 2013

29% or 14 of the respondents had either already bought, or had planned to buy, products or services online, 1 to 3 times in 2013. 21% or 10 of the respondents had either already bought, or had planned to buy, products or services online, 16 or more times during 2013. Evidently, people in Finland do engage in online retailing rather actively and frequently. It is apparent that there is no dominating trend for the number of times that people buy products or services online in Finland. Instead, the purchase times are somewhat evenly scattered, and especially since the two most selected options represent the opposite ends of the spectrum, no further conclusions can be derived from the results in terms of consumer buying behavior.

Preferred device when shopping online

Tablet computer
4 %

Smartphone
0 %

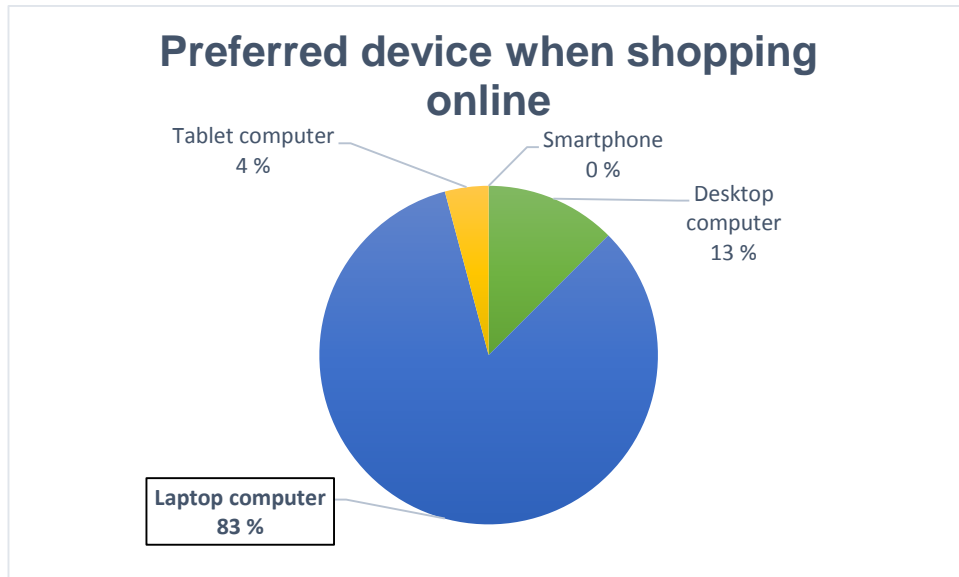Desktop computer
13 %

Laptop computer
83 %

Figure 5. Question 5: Preferred device when shopping online

A large majority of the respondents, 83%, prefer to use a laptop computer when buying products or services online. Despite 21% of the respondents stating that they use a smartphone as the primary option for connecting to the internet for regular internet usage, none of the survey participants selected the device as the preferred device for online retailing. When also compared with the results from Question 3, tablet computers were less preferred, but desktop computers were a more popular option for the online retailing purposes of the consumers, than for their web browsing, emailing and other regular internet usage actions.

4.2 Main Data

The data analyzed in this section provides the most relevant findings for the research. The results either directly answer a research question, provide answers for the research questions, or they support or challenge the other answers found in this part of the analysis.
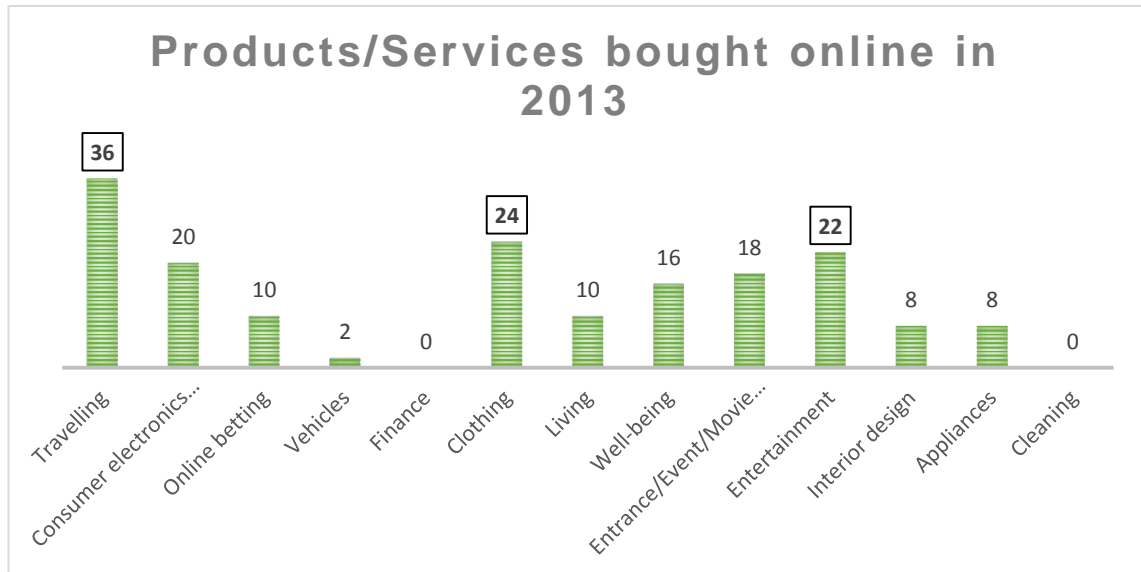
Products/Services bought online in 2013

Figure 6. Question 6: Products/Services bought online in 2013

The first research question aimed to find out what the consumers in Finland buy online. To simplify the analysis process and shorten the survey completion time for the respondents, product and service categories were created for the survey's data collection, instead of having the respondents state their purchases individually. The category divisions were influenced by a similar research conducted by TNS Gallup Oy in 2012, where the objective was to find out what Finnish consumers buy online and how much they had spent on online retailing in 2012 (TNS Gallup Oy 2013). The categories in this research were: travelling, consumer electronics & IT, online betting, vehicles, finance, clothing, living, well-being, entrance/event/movie tickets, entertainment, interior design, appliances, and cleaning. In order to help the respondent to answer accurately, product and service examples were given for most of the categories in the questionnaire, and a comment field was added, in case the respondent felt that the goods or services that they had bought, or were going to buy, did not belong to any of the listed categories. There were no limits on how many categories could be selected.

Most of the products or services bought or planned to be bought by the respondents in 2013, belonged to the travelling, clothing and entertainment categories.

36 individuals selected travelling, 24 selected clothing, and 22 selected entertainment. Finance and cleaning products or services had not been bought, or planned to be bought, by any of the survey respondents.

An informative variable for these results is gender. Looking further in to the product and service purchases of the respondents, gender differences in terms of what was, or were to be, bought online during 2013, were visible. 93% of the female respondents had bought, or planned to buy, travelling related products or services in 2013, and only 50% of the males did, or were to do, the same. 64% of the females, and 30% of the males that took part in the survey, had either bought or planned to buy clothes online during 2013. 50% of the female respondents and 30% of the males, had bought or planned to buy entertainment related products or services online in 2013.

The product and service category from which most of the males had bought something, was consumer electronics & IT, which overall, was the fourth most popular category according to all of the answers for question 6. 70% of the male respondents had bought or planned to buy products or services belonging to that category. Most of the female respondents had bought or planned to buy travelling related products or services, as 93% of them answered so.
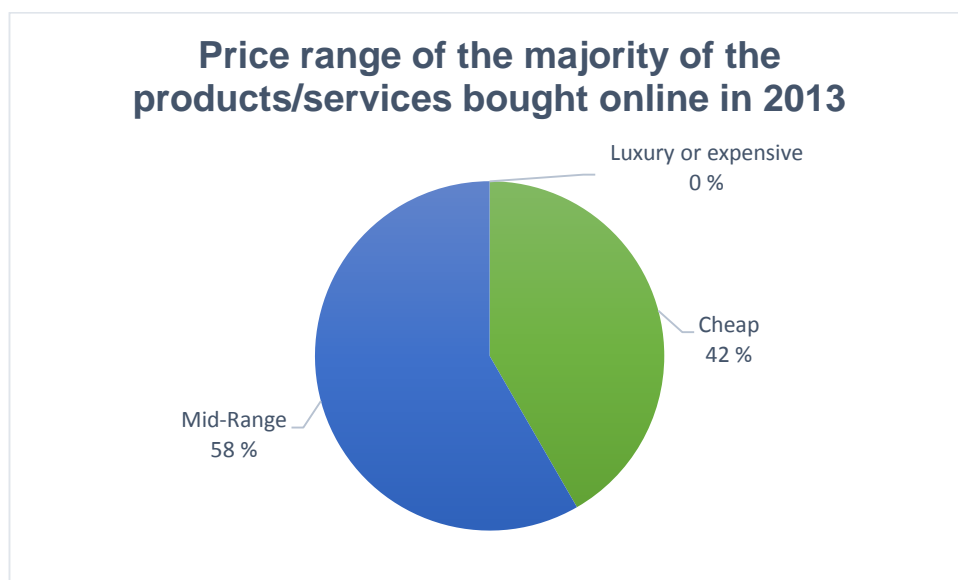

Figure 7. Question 7: Price range for the majority of the products or services bought online in 2013

To find out more about the products and services bought online by end users in Finland, they were asked to state the price range of the *majority* of the products they had bought, or they planned to buy, online in 2013. In terms of price, 58% of the respondents had mainly bought, or planned to buy, mid-range products or services, 42% had primarily bought, or planned to buy, cheap products or services. No one had neither bought, nor planned to buy, luxury or expensive products or services online.

The results for this question can be used to further analyze the products and services bought by the respondents in 2013. Clothing and entertainment, for the most part, would fit perfectly into the cheap to mid-range price range. For travelling, the price range indicators found from the results for question 7, can mean that the travelling was relatively inexpensive or that the travelling related products or services bought, or planned to be bought, online in 2013 did not comprise the *majority* of the products or services bought by the respondents, who still had used the internet to buy something related to travelling, perhaps even something expensive. The same situation could apply to the fourth most selected product and service category, consumer electronics & IT, as either the *majority* of those products or services were in fact relatively cheap, or they could have been expensive, but the category didn't represent the *majority* of the products or services bought by the respondents who, nevertheless, had bought something that was either consumer electronics or IT related.

Purchase frequency for the majority of the products/service bought online in 2013

Purchased frequently
8 %

Purchased rarely
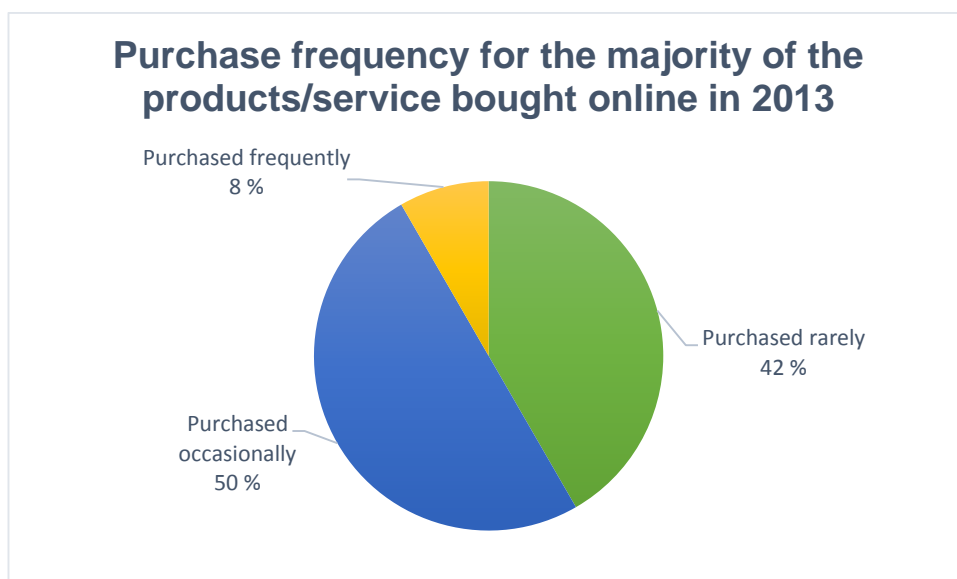42 %

Purchased occasionally
50 %

Figure 8. Question 8: Purchase frequency for the majority of the products or services bought online

The purpose of this question was to find out the purchase rate for the *majority* of the products or services that were either bought, or planned to be bought, online by end users in Finland. In other words, to get an insight of the purchase habits that were present for the most part during online purchase situations. The results suggest that overall somewhat non-repetitive online purchase habits took place, as in terms of online shopping activity and the time gap between online purchases, 42% of the respondents purchased products or services rarely online, 58% purchased occasionally and only 8% purchased frequently.

Significant differences between brands in the online product/service selections?
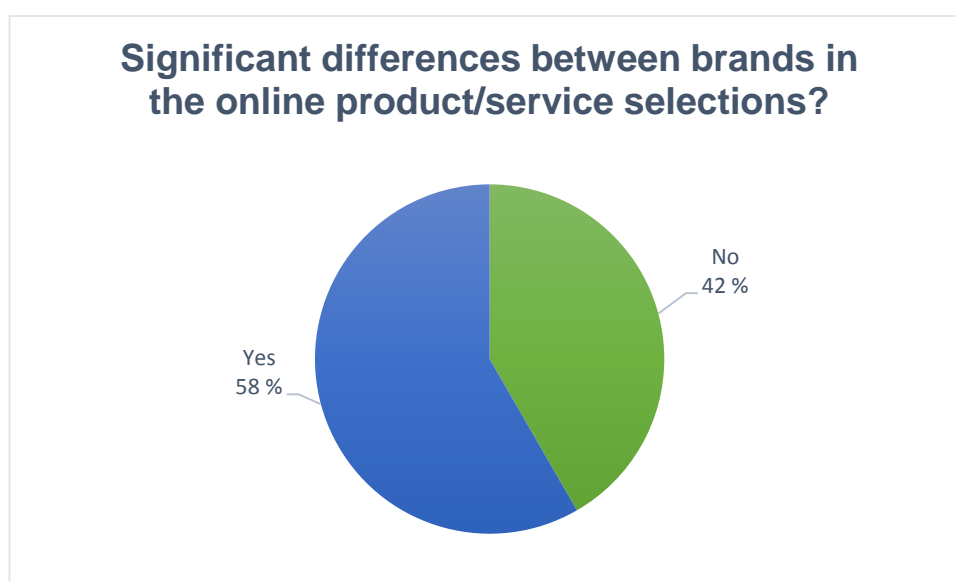
No
42 %

Yes
58 %

Figure 9. Question 9: Significant differences between brands in the online product or service selections?

In question 9, the respondents were asked to state whether, in their opinion, there is significant differences between the brands in the online product service selections from which they had either bought, or planned to buy something from, in 2013. The shares between the answers were quite even, but a 58% majority of survey participants saw that there were indeed significant differences between the brands.

When analyzing the results from questions 7, 8 and 9, with the buying decision behavior types explained in chapter 2.6.5 of this thesis, an overall dominant buying behavior type can be determined based on the majority answers of each question. The results indicate that the products bought were relatively inexpensive, quite rarely bought and significant brand differences were present. The low consumer involvement and the presence of significant brand differences fall under variety-seeking buying behavior, in which the risk in switching between brands is perceived to be minimal, and therefore product or service trials can happen often, especially in situations where dissatisfaction arising from already bought products or services, is present.
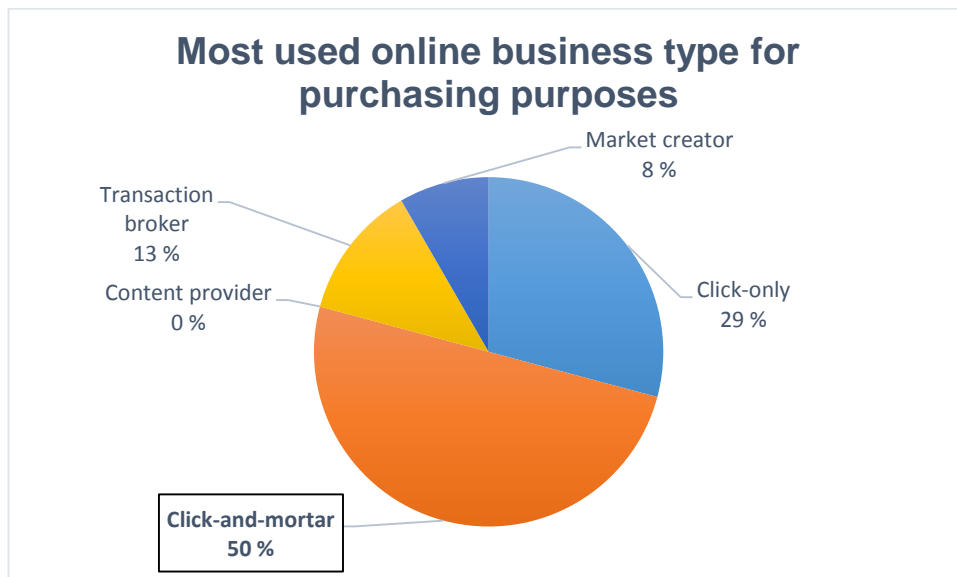

Figure 10. Question 10: Most used online business type for purchasing purposes

The relevant online business types listed in question 10 were gathered from chapter 2.1.3. The objective was to find out what online business types did the consumers mostly use or visit when shopping online in 2013. Half of the respondents had mainly bought products or services, or were going to buy them, from click-and-mortar businesses. These businesses have traditional physical stores and a web store. Click-only companies, or companies with a retail presence only on the internet, were primarily used or visited by 29% of the respondents, online trans-

action handling transaction brokers were primarily used by 13% of the respondents, and market creators by 8%. No one had primarily bought, or planned to buy, digital content from content providers.
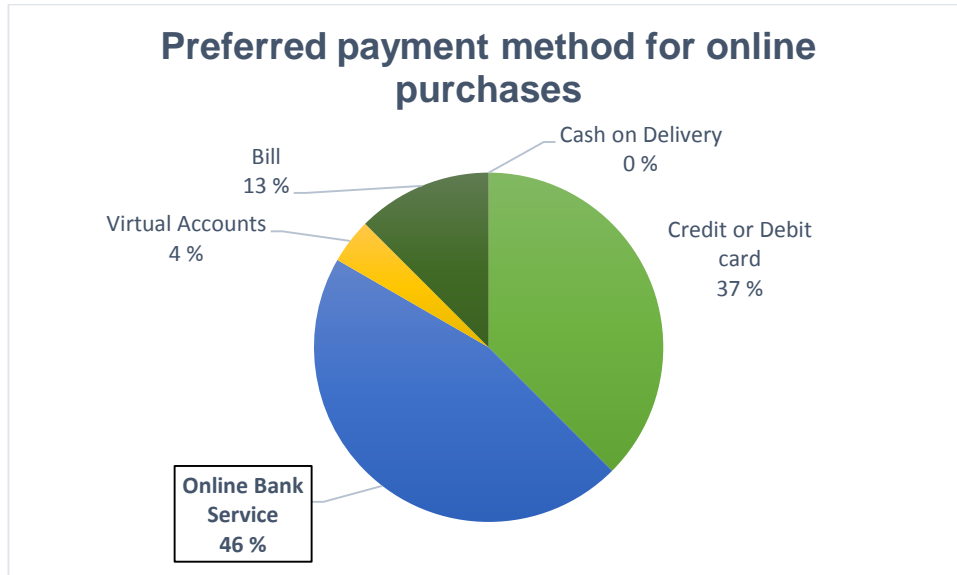

Figure 11. Question 11: Preferred payment method for online purchases

Results from question 11 provide a direct answer to the first part of the third research question: how are end users buying their online purchases? The alternatives for the question were gathered from chapter 2.3. 46% of the survey participants had mainly used, or planned to use, an online bank service to pay for their online purchases, 37% had used or planned to use either a credit or a debit card, 13% had paid or planned to pay with a bill that was received after the purchase, and 4% used a virtual account to pay for their purchases. No one had paid, or planned to pay, with cash upon receiving the purchase. According to the results, 50% (online bank service + virtual accounts) of all of the respondents paid, or planned to pay, for their purchases online, without a notable delay between ordering and paying. Credit and debit card payments, and paying with a bill could be completed online or offline, either immediately or after a delay.
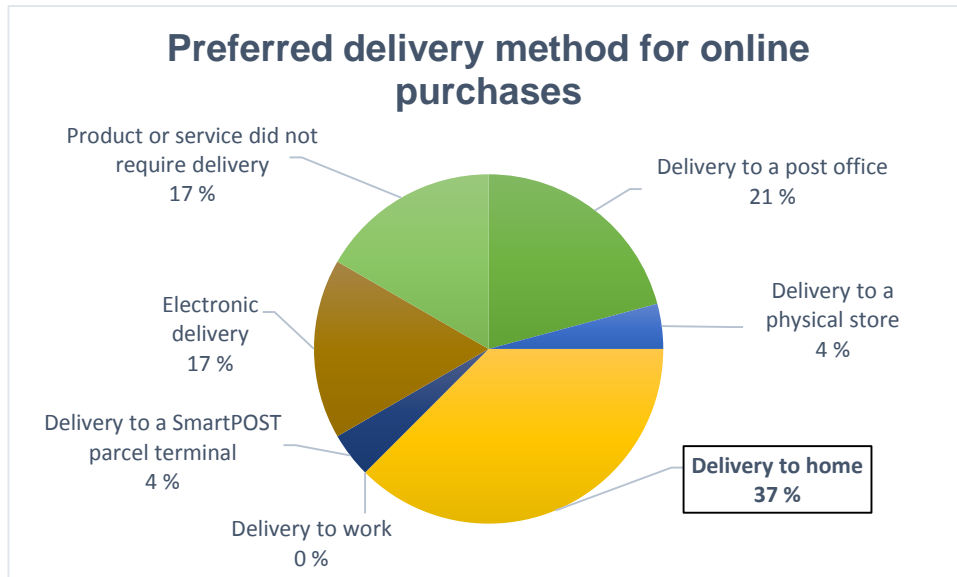
Figure 12. Question 12: Preferred delivery method for online purchases

The answers for question 12 provide a direct answer for the second part of the third research question: how are the end users receiving their online purchases? The delivery method alternatives for the question were for the most part derived from chapter 2.4, and the non-physical product delivery method, electronic delivery, was an alternative based on the product and service categories listed for question 6, since for example, entertainment in a digital form requires an electronic delivery (e.g. music bought from the Itunes Store, which is an online digital media store). Also an option was given in case of events, in which the product or service did not require delivery at all (e.g. buying a lottery ticket online).

37% of the participants had mainly selected to have their purchases delivered straight to home, 21% had mainly opted to pick up their purchases from a post office. 17% purchased products that primarily needed an electronic delivery, and another 17% of the respondents mainly bought products or services that did not require delivery at all. 4% had their purchases delivered primarily to a SmartPOST parcel terminal, and another 4%, for the most part, ordered products to be delivered to a physical store of the company from which they had bought something online. None of the respondents had used their workplace as the primary location for the deliveries of their online purchases.

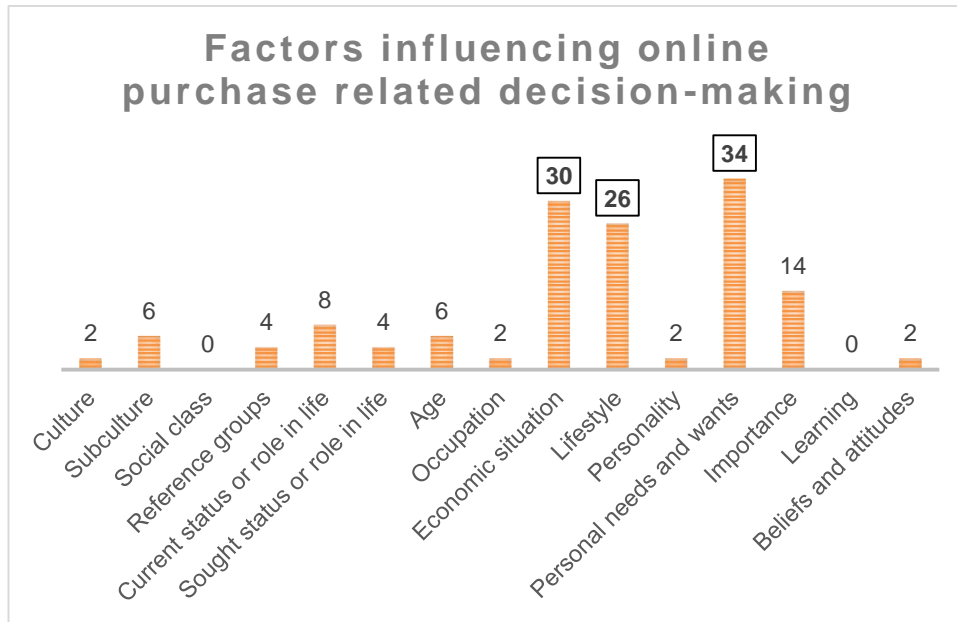**Factors influencing online purchase related decision-making**

Figure 13. Question 13: Factors influencing online purchase related decision-making

Results from question 13 indicate the importance of various decision-making influencers for the online consumers, therefore providing an overview to a key element of consumer buying behavior in online retailing. The options for the question were collected from chapters 2.6.1 to 2.6.5. The listed influencers were culture, subculture, social class, reference groups, current status or role in life, sought status or role in life, age, occupation, economic situation, lifestyle, personality, personal needs and wants, importance, learning, and beliefs and attitudes. To help the respondents in their answering process, examples for some of the categories were provided in order to explain what the categories included. The respondents were instructed to choose 1 to 3 influencers that they felt were the most important for their decision-making, based on their own online shopping experiences.

34 individuals selected their personal needs and wants as a key influencer, 30 people found their economic situation to be an important factor affecting their buying behavior online, and 26 stated that their current lifestyle influences their online purchase related decision-making. 14 of the participants responded that the perceived importance of the product for them is an essential influencer, and

the rest of the categories got a relatively small, but equal degree of importance from the consumers.
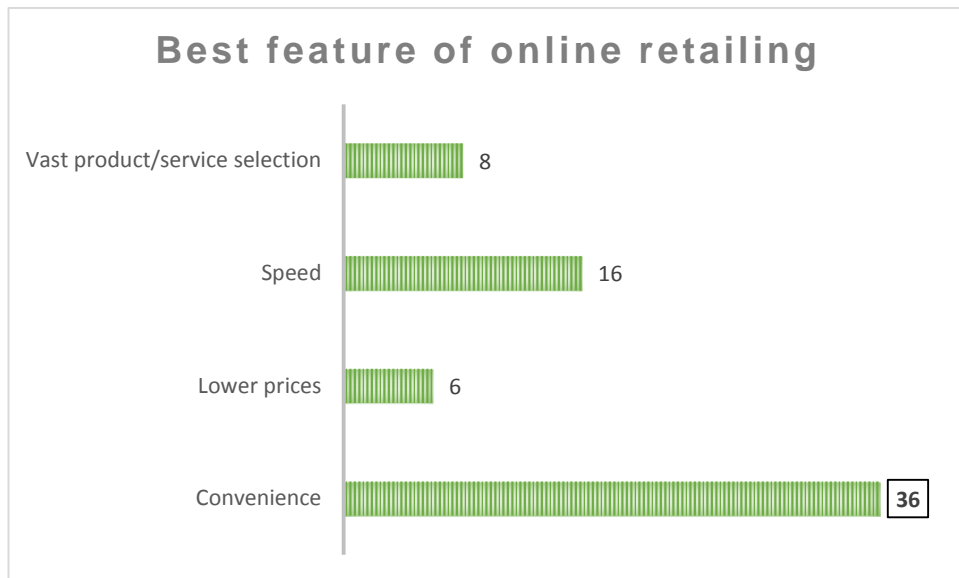

Figure 14. Question 14: Best feature of online retailing

For question, the survey participants had an opportunity to shortly, but freely write, what in their opinion was the best feature of online retailing. The researcher combined the answers into four relevant categories for analysis purposes. Several of the respondents ultimately reported more than one feature, but since it was impossible for the researcher to know whether those features were all seen as best features, or whether one was better than the other(s), all responses were taken into account and included in the data analysis.

8 individuals stated that the vast product and service selection, and the immediate access to all of it, is the best thing about online retailing. 16 respondents had picked the speed of shopping online and its time saving attributes. 6 individuals said that lower prices and good deals for products and services bought online, is the most valuable feature of online retailing. Out of 48 respondents, 36 selected convenience as the best feature. Amongst the reasons for selecting convenience, were for example, ease of paying with an online bank service and credit cards, shopping directly from home, free product delivery, simplicity, and responsiveness of web stores.

As found in chapter 2.1.3, according to Kotler and Armstrong (2005, 556-557) convenience, lack of physical boundaries, vast product and service selections and less restricted connectivity, are some of the main benefits of online retailing. The ubiquity and immediacy of electronic commerce mentioned by Tiwari et al. (2006) in chapter 2.2.1 as a benefit, can be linked to the vast product and service selections, product/service availability and the quickness of online retailing, all of which which was found from the answers of the survey participants. Based on the survey results, consumers have certainly recognized these benefits as being a part of their own online retailing experiences.

The results from question 14 provide the most direct answer for the second research question: why are consumers in Finland buying goods and services through the internet? Amongst the various elements that affect the decision to buy online, are these experienced benefits of online retailing that have been recognized by people in Finland who buy products or services online.

Worst feature of online retailing

Complexity	4
Lack of testing	20
Reliability	14
Unclear return policies	4
Security	14

Figure 15. Question 15: Worst feature of online retailing

The respondents also had an opportunity to state what they felt was the worst feature of online retailing. The research also combined the gathered results into categories, in order to better illustrate the findings. Just like with question 14, some of the respondents wrote more than one worst feature as an answer, but

for the sake of data consistency, all of the gathered data was included in the chart and when analyzing the results.

4 of the survey participants found the complexity of online retailing to be its worst feature. Issues, such as, not having the optimal internet connection required for a smooth online shopping experience, having to register to websites before being able to order or purchase, and inconsistent delivery prices, were amongst reasons why complexity was viewed to be present at times. 20 people stated that the lack of testing was the worst feature of online retailing. The lack of testing refers to the inability to test physical products for things, such as, product quality, size, actual materials used, and whether the product's colors are really as seen on the screen of a device before buying the product. 14 respondents had experienced reliability related issues, and saw them as the worst features of shopping online. Some end users felt that they couldn't rely on web stores, for instance, when they couldn't be certain that they would receive their purchase after paying, or that they had received something else than what they had already paid for. Also, false product information had some people questioning the reliability of online stores. 4 people found unclear or lacking product return policies to be the worst feature, and 14 had security issues, such as frauds and the wrong use personal information, as their foremost concern.

According to Tiwari et al. (2006), as stated in chapter 2.2.1, security and privacy are the biggest concerns for consumers online. Hollensen (2004, 394-396, 408) says the same, as seen in chapter 2.1.3, and adds regional barriers, such as internet access limitations, and possible end user deterrents like web technology related issues, as concerns for online retailing customers. Based on the survey results, the respondents have in fact faced most of the concerns introduced in the earlier chapters, and on several occasions, also recognized them as the worst features of online retailing.

5 CONCLUSIONS

5.1 Conclusions Based on the Research Findings

The objective of this thesis was to find out what consumers in Finland buy online, what factors drive them towards buying those products or services, and how they pay for their purchases and have them delivered.

The first research question was: What are consumers in Finland buying online? According to the research results, in Finland, end users, mainly between the ages of 21 and 26, have actively bought products and services online. Consumers had especially engaged in purchasing from the vast and extensive travelling, clothing, entertainment, consumer electronics, and IT related product and service selections. Following that, various entrance tickets, as well as, well-being related products and services on the internet, were also of importance for several consumers.

During 2013, the number of online purchase events completed by online consumers, varied significantly between different individuals. Some had only shopped online once or twice, while others had purchased products clearly more than a dozen times. A notable majority of female online consumers had bought travelling related products and services, such as flight tickets or booked hotel rooms, online, while a large majority of male end users had bought consumer electronics. While gender differences in consumption patterns were visible, the end users' age on the other hand, did not prove to be an informative variable, as it did not have any significant effects on the purchase trends, or on consumer behavior.

The second research question was: Why are consumers in Finland buying these goods and services through the internet? The research findings show that the personal needs and wants, the economic situation, and the lifestyle of the consumers has distinctly the biggest impact on the consumers' decision-making when they purchase goods or services online. The end users, for the most part, looked to also be driven by a need to seek for variety and change from the product or service selections from which they had previously bought goods or services

from. This indicates that the perceived risk for switching between or trying new products or services that they will buy online, is minimal and can happen quite often. The majority of the products or services bought by the end users, tend to be cheap to mid-range, in terms of price, and in terms of time and purchase frequency, this majority is primarily bought either rarely or occasionally by these online consumers.

Based on their personal experiences in 2013, online consumers in Finland find the access to vast product and service selections, the time saving quickness of buying from web stores, the availability of lower prices and good deals for goods and services, and the convenience stemming from the ease and simplicity of using the internet for purchasing purposes, to be some of the best features of online retailing to an end user. They also like, for example, the lack of having to leave their homes for shopping, as well as, the ease of paying for purchases online with credit cards or by using an online bank service.

These same consumers also stated what based on their experiences, were the worst features of online retailing in 2013. They felt that the inability to test products for quality, and right size, material or color, before completing the purchase, was predominantly the worst attribute of online retailing. Security concerns, like frauds, reliability issues, such as not receiving paid purchases, and unclear return policies for goods bought online, were too amongst the worst features of online retailing. Some of the consumers also listed issues arising from complexity present in online retailing. For instance, not being able to get a smooth online shopping experience due to technical problems or connectivity limitations, or having to go through registration procedures before being eligible for buying.

The third and final research question was: How are the end users buying and receiving their online purchases? Half of the end users that took part in this study, preferred to buy goods or services from companies that had physical stores and a web store. A slightly smaller, but still a relatively big share of consumers, primarily bought goods or services from companies that only exist online. All of the consumers mainly used an online bank service, or a credit or debit card to pay

for their online purchases, and for the most part, had their purchases delivered either directly to their homes, or to a post office to wait for collection.

Overall, the consumers are willing to switch to different products or services in the respective product and service selections available online. And since these consumers tend to not spend much money on the majority of their online purchases, which they tend to not buy often, it is obvious that while consumers in Finland actively explore the online retailing field, these previously mentioned concerns regarding online shopping, do affect consumer behavior, and to a certain extent, limit the consumers' utilization of online retailing in Finland.

5.2 Suggestions for Further Research

This thesis only covers some of the influencers that affect online consumer behavior, leaving out, for example, external factors that are beyond the control of consumers. Extensive studies could be conducted to explain the end users' online retailing related behavior with more detail. Amongst the topics of interest could also be, for instance, the specific amounts of money spent by the consumers on different goods and services when they shop online, or whether consumers rather search for purchase related information online than buy there.

Alternatively, similar extensive research could be done for a case company, so that the focus would be on that company's particular business field, and aim to find out, what the consumers' activity within that field is, and how the case company could benefit more from that activity.

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Administered questionnaire

Factors Behind Consumer Purchase Trends in B2C Online Retailing in Finland

Thesis Survey

The purpose of this survey is to find out what factors affect customer purchase trends in the B2C online retailing field in Finland.

Online retailing refers to the selling of goods and services to end users through the utilization of the Internet. From a consumer's point of view, it is essentially online shopping.

1. Age

○ 18-20

○ 21-23

○ 24-26

○ 27-29

○ 30 or older

2. Gender

○ Male

○ Female

3. Which of the following devices do you use <u>the most</u> when accessing the internet?

○ Desktop computer

○ Laptop computer

○ Tablet computer

○ Smartphone

4. How many times have you purchased, or how many times you will purchase, a product or service online during <u>this year</u>? *If you're not sure about the exact number, please answer according to a close estimate.*

- ○ 1-3
- ○ 4-6
- ○ 7-9
- ○ 10-12
- ○ 13-15
- ○ 16 or more

5. Which of the following devices do you <u>mainly</u> use when buying products or services online?

- ○ Desktop computer
- ○ Laptop computer
- ○ Tablet computer
- ○ Smartphone

6. What kind of products or services have you bought, or you will buy, online during <u>this year</u>? *Please select the most suitable categories.*

- ☐ Travelling (e.g. flight tickets, hotel booking)
- ☐ Consumer electronics & IT (e.g. computers, mobile phones, internet access)
- ☐ Online betting/gambling
- ☐ Vehicles (incl. equipment, parts, insurances)
- ☐ Finance (e.g. shares)
- ☐ Clothing
- ☐ Living (e.g. electricity, water, home and life insurances)
- ☐ Well-being (e.g. fitness, medicine, cosmetics)
- ☐ Entrance/Event/Movie tickets
- ☐ Entertainment (e.g. DVD's, console games, music) (In a physical or digital form)

☐ Interior design (e.g. furniture, renovation)

☐ Appliances

☐ Cleaning

Other, please specify the product, service or category:

7. In terms of price, which of the following alternatives best describes the majority of the products or services that you have bought, or you will buy, online during this year?

○ Cheap

○ Mid-range

○ Luxury or expensive

8. Which of the following alternatives best describes your purchasing habit in regard to the majority of the products or services that you have bought, or you will buy, online during this year?

○ Purchased rarely

○ Purchased occasionally

○ Purchased frequently

9. In your opinion, is there significant differences between the brands in the product or service selections, from which you have bought something, or you will buy some-thing, online during this year?

○ Yes

○ No

10. At which of the following online business types have you mainly done, or you will mainly do, your online shopping this year?

○ Click-only (the company only operates online)

○ Click-and-mortar (the company has a webstore and physical stores)

○ Content provider (digital content, e.g. Itunes, Spotify)

○ Transaction broker (transaction processing online, e.g. Hotels.com, ebookers.fi)

○ Market creator (unites individual buyers and sellers, e.g. Ebay.com, Huuto.net)

11. Which payment method have you <u>primarily</u> used, or you will primarily use, for your online purchases <u>this year</u>?

○ Credit or Debit card

○ Online Bank Service

○ Virtual Accounts (e.g. PayPal)

○ Bill

○ Cash on delivery

12. Which delivery method have you <u>primarily</u> used, or you will primarily use, for your online purchases this year?

○ Delivery to a post office

○ Delivery to a physical store

○ Delivery to home

○ Delivery to work

○ Delivery to a SmartPOST parcel terminal

○ Electronic delivery

○ Product or service bought did not require delivery

13. Which of the following alternatives are the <u>most important factors influencing your online shopping related decision-making</u> in 2013? *Please select 1-3 key influencers.*

☐ Culture (e.g. Finnish culture, norms and values)

☐ Subculture (e.g. popular culture)

☐ Social class

☐ Reference groups (e.g. parents, siblings)

☐ Your current role or status in life

- ☐ A role or status that you wish to have
- ☐ Age
- ☐ Occupation
- ☐ Economic situation
- ☐ Lifestyle
- ☐ Personality
- ☐ Personal needs and wants
- ☐ Importance
- ☐ Learning
- ☐ Beliefs and attitudes

14. What, in your opinion, is the <u>best</u> feature of online shopping that you have experienced in 2013? *Please write a short answer in the text box below.*

15. What, in your opinion, is the <u>worst</u> feature of online shopping that you have experienced in 2013? *Please write a short answer in the text box below.*