Internet Buying Behaviour in the Czech Republic

MICHAL PILÍK
Department of Management and Marketing
Tomas Bata University in Zlín
nám. T. G. Masaryka 5555, 760 01 Zlín
CZECH REPUBLIC
pilik@fame.utb.cz

Abstract: The paper deals with the e-Commerce management theory and is aimed primarily at its usage in business-to-consumer markets. On-line purchasing management is increasing not only in the Czech Republic also in Europe and all over the world. The customers who think rationally use on-line shopping because of money saving, speed delivery and chance of products comparison. This paper presents semi-results of project financed by Czech Science Foundation P403/11/P175: The factors influencing customer’s on-line behaviour in e-commerce environment on B2C and B2B markets in the Czech Republic. 90 % of respondents use e-shops for buying products in the Czech Republic. 55 % of them use Internet for buying regularly and 35 % of them irregularly. 10 % of respondents haven’t use e-shops yet.

Key-Words: - Marketing, Internet, Internet Buying Behaviour, B2C Market

1 Introduction

China International Electronic Commerce Center Director Liu Junsheng said, “The financial crisis, has posed a challenge to e-Commerce. At the same time, it also brings new opportunities.” [1] With the rapid growth of e-Commerce, many transactional activities are now being conducted through the Internet. It has changed the traditional marketplace into one in which the business model is highly complex and requires rapid changes to business strategies, products and services, marketing methods, etc. [2]

More than 85 % of the world’s online population has used the Internet to make a purchase - increasing the market for online shopping by 40 % in the past two years - according to the latest Nielsen Global Online Survey on Internet shopping habits. Globally, more than half of Internet users have made at least one purchase online in the past month, according to Nielsen. Among Internet users, the highest percentage shopping online is found in South Korea, where 99 % of those with Internet access have used it to shop, followed by the UK (97 %), Germany (97 %), Japan (97 %) with the U.S. eighth, at 94 %. [6]

2 Problem Formulation

The markets are global. The world and business are becoming faster. The dynamic development of modern communication technologies makes life and business easier than before - not only for final customers also for companies. It allows companies to use the Internet and World Wide Web as a new channel for marketing and selling.

The rapid advancement of technology and its application by business seems to be accompanied by similarly rapid changes in terminology. The use of the term “electronic commerce” has been supplemented by additional terms such as e-business, e-marketing, i-commerce and more specialist terms such as e-CRM, e-tail and e-procurement. [3]

Price is considered to be the most important factor that influences customer purchasing decisions in Internet shopping. Internet shopping is characterized by risk and uncertainty for customers. Therefore, theories that explain human behaviour under conditions of risk and uncertainty can shed light on customer behaviour in the context of Internet shopping. [4] But we work with the thesis proceedings as well as in the post-conference luxurious books by WSEAS Press. Thank you for

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1 This paper was supported by project of Czech Science Foundation P403/11/P175: The factors influencing customer’s online behaviour in e-commerce environment on B2C and B2B markets in the Czech Republic
that not only price influenced on-line buying behaviour in the Czech Republic and also in the whole world.

The core of project Czech Science Foundation P403/11/P175: The factors influencing customer’s on-line behaviour in e-commerce environment on B2C and B2B markets in the Czech Republic is to explore the relationship between quality, satisfaction, trust and customers’ loyalty in e-commerce environment on B2B and B2C markets in the Czech Republic together with any other factors which might influence consumer buying behaviour.

The situation in the e-Commerce area is very prospective in the EU countries. A study aimed at e-Commerce in EU countries has been carried out. Here are some results:

- Consumers are generally satisfied with online shopping especially when it comes to comparing prices, the wider range of offers, the affordability of products and the choice of alternative suppliers. Consumers are less enthusiastic about aspects such as product information, advertising, and the protection of privacy, issues of trust and the possibility to return goods during the cooling-off period.
- There exists a strong potential for cross-border trade in online commerce. One third of EU citizens would consider buying a product or a service from another Member State via the internet because it is cheaper or better. In a multicultural Europe, there is a demand for more choice and a wider variety of offers than local stores or global brands can supply.
- The potential of cross-border trade is failing to materialize. From 2006 to 2008, the share of online shoppers in the EU has increased from 27 % to 33 % of consumers while cross-border e-Commerce remained stable. Only 7% of consumers currently buy cross-border online. The result is a gap between domestic and cross-border online shopping. (Kuneva, 2009)

Internet World Stats has reported that the estimated number of Internet users reached 2 267 233 742 on December 31, 2011 (InternetStatsToday, 2012). 32,7 % of world population has Internet connection. Table 1 shows the latest data about Internet users in world regions. As we can see most Internet users are in North America. It is not a big surprise that 78,6 % of the population has Internet connection in Internet’s birthplace. If we compare the Czech Republic with the European average we have to say that the situation in the Czech Republic is better as in whole Europe. 70,9 % of population has Internet connection in the Czech Republic. E-Commerce potential is very high in Europe, North America and Australia.

Table 1 - World Internet users and population statistics [7]

<table>
<thead>
<tr>
<th>World Regions</th>
<th>Internet Users</th>
<th>Penetration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>1 037 524 058</td>
<td>13.5 %</td>
</tr>
<tr>
<td>Asia</td>
<td>3 879 740 877</td>
<td>26.2 %</td>
</tr>
<tr>
<td>Europe</td>
<td>816 426 346</td>
<td>61.3 %</td>
</tr>
<tr>
<td>Middle East</td>
<td>216 258 843</td>
<td>35.6 %</td>
</tr>
<tr>
<td>North America</td>
<td>347 394 870</td>
<td>78.6 %</td>
</tr>
<tr>
<td>Latin America/ Caribbean</td>
<td>597 283 165</td>
<td>39.5 %</td>
</tr>
<tr>
<td>Australia/ Oceania</td>
<td>35 426 995</td>
<td>67.5 %</td>
</tr>
<tr>
<td>World Total</td>
<td>6 930 055 154</td>
<td>32.7 %</td>
</tr>
</tbody>
</table>

2.1 General Project Objectives

The general project goals are:

- The extension of theoretical background about problems of Internet buying behavior and factors influencing it (e-quality, e-satisfaction, e-trust and e-customers’ loyalty) in e-commerce environment on B2B and B2C markets in the Czech Republic
- The analysis of on-line behavior and the influences (e-quality, e-satisfaction, e-trust, e-customers’ loyalty and other factors) in developing e-commerce B2B and B2C markets in the Czech Republic
- The verification and creation of Internet buying behavior model (e-quality – e-satisfaction – e-trust – e-customers’ loyalty) which is suitable for e-commerce market in the Czech Republic

2.2 Research Goals, Methodology and Data Collection

The research goals for purpose of this paper are:

- to analyse how many people buy on-line in the Czech republic;
- to describe what are the main reasons for using on-line shops;
- to show which e-shops do the Czech on-line customers prefer and
to analyse what are the main barriers for using e-shops for Czech on-line customers.

The on-line questionnaire survey during the period June - September 2012 was used. The questionnaire includes 41 questions and the main goal was to get know the current situation on field of on-line buying in the Czech Republic focused on factors influencing on-line buying behaviour.

Pseudo random selection of respondents was used. 337 respondents attended the research and 269 completed questioners were evaluated. As we can see in Figure 1 the sample includes 118 men (44 %) and 151 women (56 %). It almost follows the sex structure in the Czech Republic.

2.3 Research Questions

The following research questions were set prior to the research:
- RQ1: Czech people are conservative and do not purchase on the Internet too much (they don’t use on-line shops as a major place for purchasing products or services).
- RQ2: The main reason for on-line shopping is price and the possibility of quick products comparison.
- RQ3: The biggest fear for Czech customers to use e-shops is security.
- RQ4: Czech on-line customers prefer Czech e-shops but most of them use foreign e-shops as well.

3 Internet Buying Behaviour in the Czech Republic

Online purchasing is an extremely popular form of purchasing products and services in Western Europe and the USA. In the Czech Republic the tradition of Internet usage is a little bit shorter and especially the older generation still struggles with the basic usage of the Internet not to mention online purchasing.

Figure 2 describes the current situation on Czech on-line market. As we can see 90 % of Czech Internet users use this media for purchasing products or services. But only 35,3 % buy on-line regularly. It means that most Czech Internet users buy on-line but only irregularly and still use traditional shops for majority shopping.

Fig. 2 – Internet buying in the Czech Republic in % (own search)

Kim, Xu, Gupta (2012) published: “Price is considered to be the most important factor that influences customer purchasing decisions in Internet shopping.” They are true. Any researches don’t have to be done to know that lower price is pre-dominate factor. There is the same situation in the Czech Republic. As we can see in Figure 3 price is the most important factor for on-line buyers. The second one is convenience and the possibility of on-line quick comparison of products. Customers can return the products in two weeks after purchasing without any reason but this factor is not significant. The other reasons were e.g. wider range of products and possibility of purchasing products from abroad.

Fig. 3 – Customers’ Main Reasons for Using On-line Shops (own search)

Czech on-line customers choose e-shop on base of references, clarity and menu navigation, terms of
delivery, graphic design and additional services of e-shop. Due to virtual system of business on the Internet most customers need to have references because they don't know virtual salesman. Sophisticated customers read discussions on the Internet before they spend their money on-line. Positive or negative worth-of-mouth influences online business very much too. It is clear when customers are not able to orient in e-shop then they leave e-shop very quickly and it is very easy in virtual business. Customers use e-shops because they don't want to waste their time visiting „stone“ shops but they need to have products quickly. Then delivery conditions are very important for customers as well. Design of the e-shop is the same like package design. Most customers leave e-shop if they are not satisfied with e-shop design and don't feel safety there. It is very surprising that on-line customers don't verify e.g. e-shops’ participations in Internet associations, e-shop history or don't look for delivery and sales conditions. Figure 4 illustrates these results.

Czech on-line customers prefer Czech (or Slovak) e-shops (77 % of respondents) as we can see in Figure 5. The main reasons for preferring Czech e-shops are:
- better and quicker reclamation process;
- lower delivery costs;
- speed of product delivery;
- higher level of trust in Czech e-shops.

![Fig. 4 - Figure 2 - E-shop Selection Criteria in Absolute Numbers (own search)](image)

Only 1.2 % of respondents prefer foreign e-shops for purchasing products. For them the main reasons why they buy in e-shops abroad are:
- lower prices than in Czech e-shops;
- wider products offer;
- higher quality products than in Czech e-shops.

Why Czech people don’t accept Internet as a medium for purchasing products or services? What they feel as biggest barriers for using this media as shops? There exist many reasons. Respondents could tick more than one answer so the total of answers can’t be hundred per cent. 63 % of respondents think that the biggest barrier of Internet shopping is general fear of personal data misusing. About 50 % of them think that the reason is low trust in information technologies in Czech society. Figure 6 demonstrates other results.

![Fig. 6 – Barriers of On-line Shopping in the Czech Republic (own search)](image)
The last research question was about preferences between Czech and foreign e-shops. Czech on-line customers prefer domestic e-shops but almost 22% respondents use foreign e-shops as well.

The presented results were only partial output of complex research. The main result will be the model of on-line consumer buying behaviour which will be presented in any other conference.

References:

4 Conclusion
The Internet and its tools no longer feel unfamiliar. Still the majority of its users are afraid of on-line purchases even though there are a number of advantages. Young generation is an exception. The Internet enables (together with new marketing approaches) customers as well as companies quickly, efficiently buy and sell goods or services.

The area of e-Commerce is still a new phenomenon in the Czech Republic which is worth exploring and developing. Czech people use Internet as a medium for purchasing product or services but they are still a little bit sceptical because they don’t use it regularly. They really don’t use it as a major place for their purchasing. So we can reject the first research question (RQ1). They use it because of better price and convenience. It follows from analysis of main reasons for using on-line shops. We can reject the second research question (RQ2) on the base of this result. Security is not the highest fear of Czech customers to use Internet shops. Czech customers feel as the biggest problem the impossibility of testing products. They don’t consider the security as significant problem. It seems they trust IT technologies. The third research question is rejected too.

![Fig. 7 - Fears by Internet Shopping in the Czech Republic (own search)](image-url)