Consumer preferences and attitudes towards eCommerce activities. Case study: Greece

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Abstract: - This is the second part of a study on consumer preferences and attitudes towards the internet technology and eCommerce activity in Greece. In this second part the authors build up on the results of the first part which investigated the role of the internet technology and the frequency of its use in everyday life in the country. More electronic transactions related issues were studied i.e. the ease and comfort of using plastic money, the types of products and/or services most preferred to be purchased or hired online, the obstacles that block almost the whole internet user population in the country from engaging such transactions. Unfortunately the results are not positive of the current situation in the country and the projects seem to be rather pessimistic at least for the near future of eCommerce in the country.

Key-Words: - Electronic commerce, digital consumer preferences

1 Introduction

In the first part of this study the authors discussed about the role of the internet in everyday life in Greece and the frequency of the use of the new technology. This investigation was necessary in order to enable the authors draw conclusions as to what are the reasons behind the stagnation of eCommerce growth in the country.

The result of this research was two-fold. One, the majority of individuals (about 67%) uses the internet on a weekly basis whereas only 33% of them use it on a monthly basis. This fact verified the growth of the information society so far encouraging the motivation for its further development. The second, however, revealed a general confusion among the internet users and non-user alike as to the actual role of the internet in everyday life, be it an informative or a working tool.

The above results look quite promising. However, a nice-looking and well-structured building may satisfy the people that invested in it, those that built it and the passers by gazing at it. However, until and unless consumers and/or companies use it, it will remain an investment waiting to be paid back and it will not be too long before the specter of bankruptcy knocks on the door. This, of course, is also true of the information society grown in Greece during the period 2000-2006.

2 Aims and Objectives

The aim of this second part of the study is to examine the Greek digital consumers' online preferences and attitudes towards eCommerce activities based on demographic criteria, i.e. age, gender, occupation, education and income level. More specifically, we sought:

- to identify the reasons why Greek digital consumers do not commit to eCommerce transactions, i.e. purchase products or services over the internet,
- to explain whether this phenomenon relates only to local businesses or if it is a general phenomenon applying to global businesses as well,
- to suggest possible "incentives" by the businesses that could trigger positive reactions on the part of digital consumers.

3 Background

A number of factors, other than the demographic described in the first part of this study, play a significant role in increasing eCommerce activity. These are more related to the products themselves than to the consumers. The brand name of products is one of them. Experience shows that the brand name provides a quality assurance to consumers rushing at buying a product online or to those who are not power users. However, this phenomenon is weakened as the consumers rely more on the internet as their source of information and comparison between products [1].

Probably the most important factor related to the products is their nature. Products that are cheaper, non-tangible (such as travel packages,

software and CDs), information-based and with a high rate of customization and personalization are easier to buy [2], [3] than those which need to be touched during shopping like apparel [4]. Also, eService is a type of online product able to absorb more customers towards online transactions by granting improved quality through efficiency, reliability, fulfillment and privacy in comparison to ordinary services [5].

The price of the product ties together with the previous factor in affecting, in a positive or negative way, the online transaction. The prices of the products offered online should be lower compared to those of the same or relative products offered in physical stores. In addition to that it should be noted that consumers favor those eCommerce sites that offer not only choices about different products but, furthermore, the ability to bargain the prices [6]. This explains the huge commercial success of certain sites based on the auction model such as eBay, yahoo, etc.

Another important element of an electronic transaction is consumer trust. Owing an internationally accepted credit or debit card is the essential component of executing an eCommerce transaction but it is not sufficient. Owners of such cards should be comfortable at using it on the web. The problem is there are different ways of internet-based opportunism the most common being credit or debit card fraud, chain letters and fake online auctions [7]. Trust in the financial organization that supports the online transaction is a suggested solution to this problem as trust in the real world is an absolutely different issue than trust in eShoping virtual market [8], [9]. The role of trust, actually, is to make up for the lack of any kind of face-to-face relationship between the online customer and the seller which is the most important barrier in gaining consumer trust in the virtual online market.

Product information and presentation also comes into play when online transaction is the goal. The internet can improve the information symmetry, i.e. the fair balance of information between a buyer and a seller, between the two parties of a transaction. The high rate of competition in e-commerce forces the retailers to present real information about their products in order to attract their potential customers. This strategy together with building good reputation about a company are the mechanisms that lead to the reduction of the phenomenon of information asymmetry which means the seller has all the information about the products to be sold with the buyer being less informed [10]. It could also solve the problem of the low quality and the misleading information on the products sold which are listed among the main sources of consumer complaints together with delivery problems, security concerns, customer service and others [11]. The presenting method of the products is another major issue in the expansion of e-Commerce. Availability of human-interaction, ease of navigation, credibility, rate of response and appearance are the factors that can influence customers' perceived quality of a product [12].

4 Methodology

This second part of the study is concerned with the Greek consumers', digital or not, attitude towards certain aspects of eCommerce activities. Although still quantitative in nature, it includes several qualitative elements as well, namely the problem of finishing an online transaction, the types of products and/or services most preferred by the consumers and the barriers/obstacles blocking eCommerce growth in the country.

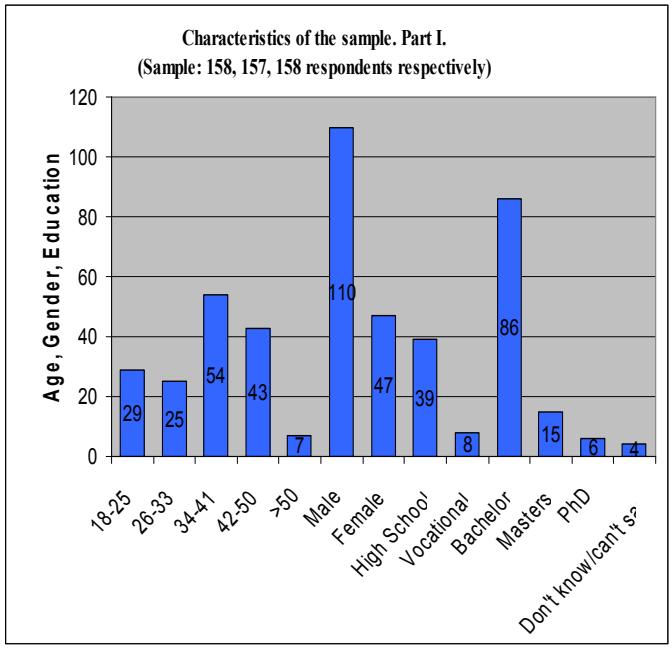

Figure 4.1: Characteristics of the sample. Part I (by age, gender and education)

The same off-line questionnaire was the selected instrument for implementing this research with a specific number of questions targeted towards addressing the aforementioned issues. As explained in the first part of the study, 158 questionnaires were filled in all, 28 of which were filled during the pilot survey. The survey took place between December 2006 and January 2007. During the pilot study, first couple of weeks, the questionnaire had been changed twice aiming at clarifying certain points.

An effort was made to have enough samples from different demographic groups based on age,

gender, education, occupation, expertise and income (figure 4.1, 4.2). In order to have unbiased data and statistics different locations have been selected for choosing to run the survey. Schools and universities were the places for finding young students and educated academic people. Households were the place for finding middle age and retired people and by choosing different areas in the city there were different income groups included in the sample population. Work places such as public or private companies gave some responses by employees with different kinds of expertise. Hospitals were a reference place for medicine and medical related staff. Religious places, cinemas and cafés, even clubs were the places where different kinds of people were found randomly.

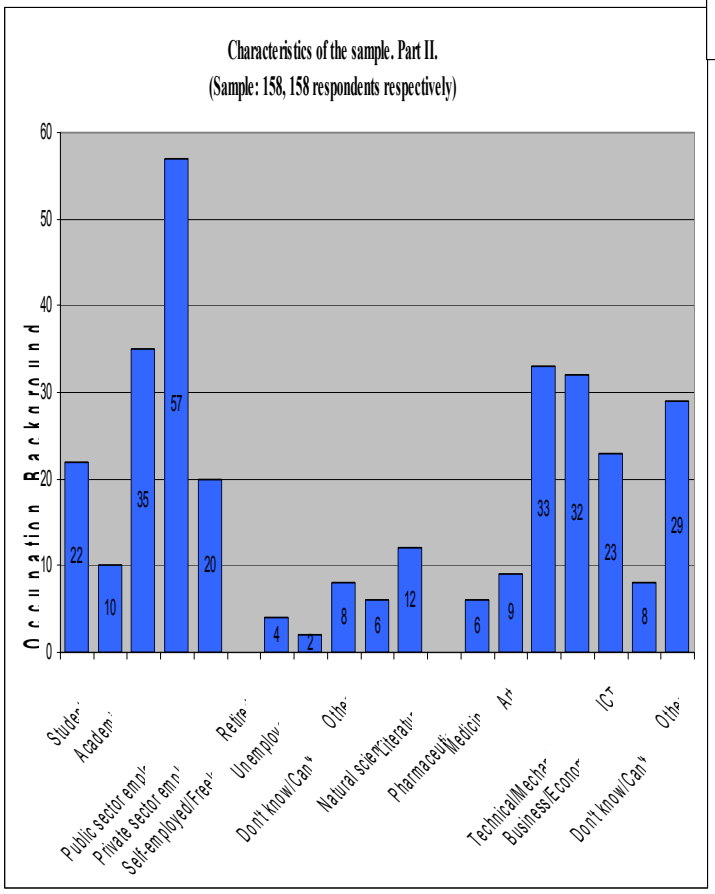

Figure 4.2: Characteristics of the sample. Part II (by occupation and background)

5 Findings

5.1 Intention of using credit/debit card for online transactions

One of the steps of making an online transaction, fundamental if online payment is necessary for the transaction to complete, is the use of a credit or debit card. Examining this issue the situation is crystal clear and quite negative (figure 5.1). Overall the vast majority (116/158; 73%) of the participants in the survey admitted they are against this idea. A small but significant 22% of them (34/158) stated positive in such an action and a 5% (8/158) couldn't or wouldn't say.

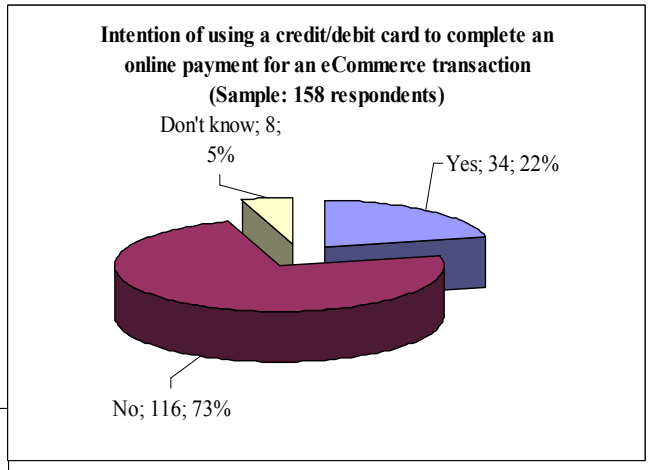

Figure 5.1: Intention of using credit/debit card for online transactions

5.2 Past experience on online transactions

The survey participants were, furthermore, asked whether they committed an online transaction in the past or not. As figure 5.2 points, the large majority (105/158; 67%) said they did not, but a quite significant part of them (48/158; 30%) admitted they did. A very small percentage (5/158; 3%) couldn't say or wouldn't say. It is, however, even more interesting to compare this result with the previous result on the intention of using bank cards for online payments. Indeed, it seems that the number of people not having committed an online transaction in the past is smaller than the number of those not having the intention of using bank cards for online payments. This might mean that a significant 6% of the participants did engage in an online transaction in the past but their experience was such that not only they regretted doing so but, furthermore, they decided not to repeat it again in the future.

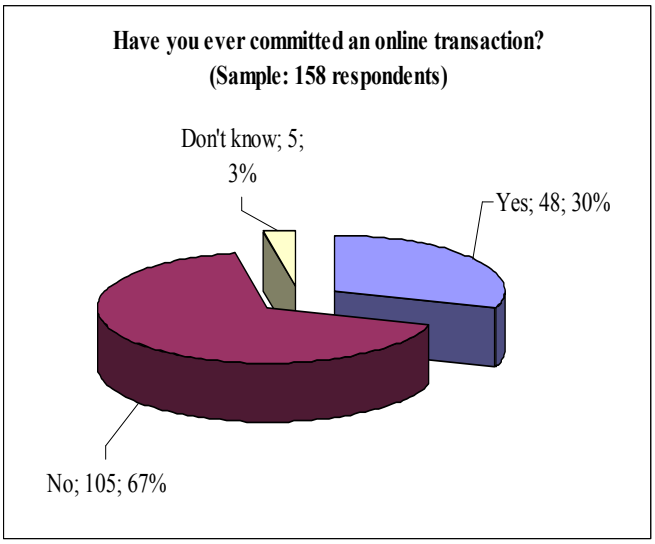

Figure 5.2: Have you ever committed an online transaction?

5.3 Preferences on products/services most willing to purchase/hire online

The survey participants were, also, asked to vote on those products, services or activities they would be willing to purchase, hire or engage while online. Figure 5.3 illustrates the results of this part of the survey. As expected books, music, CDs and videos were the most selected choice of those available (81/161 respondents, 50.3%) with the travel options (e.g. online reservations) following behind (70/161 respondents, 43.5%).

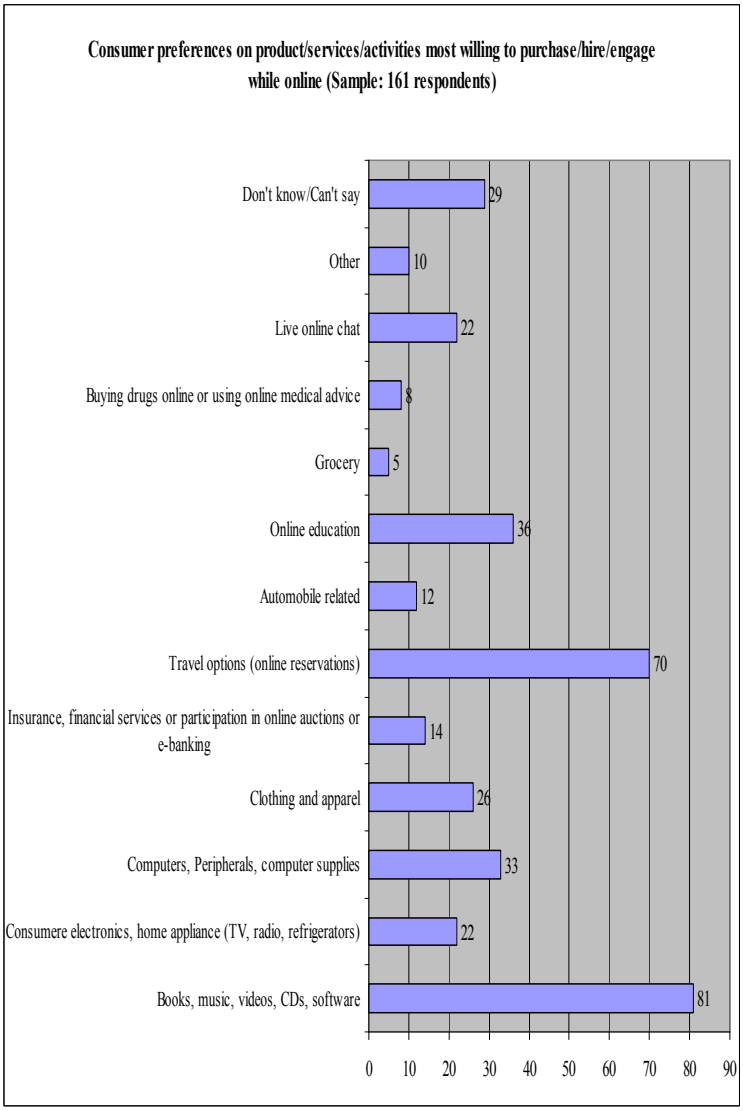

Figure 5.3: Consumer preferences on products/services most willing to purchase/hire while online

A substantial number of votes were given to online education (36/161 respondents, 22.4%) and computers, peripherals and computer supplies (33/161 respondents, 20.5%). Consumer electronics and home appliances as well as clothing and apparel were two choices expected to be selected by a good number of respondents but weren't much really (22/161; 13.7% and 26/161; 16.1% respectively). Likewise with the live online chat option which was expected to be among the choices of the respondents but instead it was only voted by 22 of them (22/161; 13.7%).

One of the most interesting findings was to see only 8.7%% of the votes (14/161) going to the option related to insurance, financial services or participation in online auctions or e-banking despite the fact it is assumed to be of the most favourite activities online for internet users worldwide. The rest of the choices were sparsely selected. Indeed, 12

respondents (12/161; 7.5%) voted for the automobile related products/services, 10 of them (10/161; 6.2%) voted for the "other" option representing all other products/services not explicitly mentioned in the survey. A quite small 5% voted for drugs and/or medical advice sought over the internet (8/161) and just 5 respondents (3.1%) suggested grocery as their favourite option. Lastly, there were a substantial 18% of the respondents unwilling – or unable? - to say (29 votes).

5.4 Barriers/obstacles blocking consumers from committing an eCommerce transaction

The majority 53.8% of the respondents (72/158; 45.6% strongly agree, 13/158; 8.2% agree) stated they simply do not trust their internet connection to disclose their credit/debit card transaction. Only a fifth (24/158; 15.2%, strongly disagree, 9/158; 5.7% disagree) did not see any problem with that idea, a small (16/158; 10.1%) were not sure and 15.2% (24/158) were unable to say. Slightly fewer 52.5% (68/158; 43% strongly agree, 15/158; 9.5%) are afraid of using plastic money to perform an online transaction with 22.8% (21/158; 13.3% strongly disagree, 15/158; 9.5% disagree) not minding at all, 15/158 of them (9.5%) been somewhere in the middle and 24/158 (15.2%) unable or unwilling to say.

The consumers who do not enjoy e-Shopping (42.4%) are more than those who do (30.4%). Indeed, 32.3% (51/158) completely dislike it or 10.1% (16/158) dislike it as opposed to 16.5% who enjoy it (26/158) or 13.9% who probably enjoy it (22/158). There are a few (14/158; 8.9%) in the middle and a significant number of them (29/158; 18.4%) who could not or would not answer. Almost the same picture for those (39.3%) who would not buy things they cannot touch first (48/158; 30.4% strongly agree, 14/158; 8.9% agree) compared to a 29.8% (30/158; 19% strongly disagree, 17/158; 10.8% disagree) who would not mind, 17.1% with an opinion somewhere in the middle (27/158) and a 14% (22/158) unable or unwilling to say. Likewise respondents provided their opinion whether they feel comfortable of the online shopping process. 39.9% stated they do not feel comfortable (46/158; 29.1% strongly agree, 17/158; 10.8% agree) whereas 26.6% of them did not find a problem (28/158; 17.7% strongly disagree, 14/158; 8.9% disagree), a very significant 17.7% (28/158; 17.7%) not been sure whether they agree or disagree and a 15.8% (25/158) not answering the question.

There is a balance between those respondents who believe e-shopping is not worth the high risk (33/158; 20.9% strongly agree, 18/158; 11.4% agree) and those who disagree (32/158; 20.3% strongly disagree, 15/158; 9.5%) while there was an equal number of those who were not sure which side to take been somewhere in the middle (30/158; 19%) and those not answering the question (30/158; 19%). Figures are almost quite as balanced when responses of whether consumers trust online stores are examined. About a third of them (37/158; 23.4% strongly agree, 13/158; 8.2% agree) do not trust online stores but another third (32/158; 20.3% strongly disagree, 23/158; 14.6% disagree) do trust them and there is third who are either not sure (34/158; 21.5%) or could not or would not say (19/158; 12%).

Concerning the issue of whether e-Shopping is associated with delivery problems, consumers mainly do not agree. The majority 32.9% (33/158; 20.9% strongly disagree, 19/158; 12% disagree) do not see the delivery of products bought online as a problem causing them to be away from online transactions. Almost a quarter of them (37/158; 23.4%) are in the middle and almost another quarter of the respondents (26/158; 16.5%, 9/158; 5.7%) did associate e-Shopping with delivery problems. About a fifth of them (34/158; 21.5%) could not or did not want to say. Also, consumers do not associate e-Shopping with poor quality products or services. 40.5% of the respondents refused the idea (42/158; 26.6% strongly disagree, 22/158; 13.9% disagree), 21.5% were not sure whether they agree or disagree (34/158) and even fewer (19/158; 12% strongly agree, 9/158; 5.7% agree) generally agreed. There were a 20% of them not willing or not able to say.

Finally, as to whether the internet connection costs are high and cause a problem for online transactions, respondents mostly (41.6%) disagreed. The majority did not see such a problem (43/158; 27% strongly disagree, 23/158; 14.6% disagree) and considerably less (27.2%) either completely agreed (31/158; 19.6%) or just agreed (12/158; 7.6%). A small but significant 13.3% had a middle opinion (21/158) and another 17.7% (28/158) would not or could not say.

6 Conclusion

The results this second part of the study showed some quite interesting facts quite disturbing and discouraging as to the future of eCommerce. The first is that Greek consumers do not trust plastic money which is essential part of every electronic transaction, regardless if it is a credit or a debit card.

To make things even worse, even some of those who used plastic money for such types of transactions in the past regret this and are, now, quite reluctant in doing the same thing in the future.

Second, the preferences of the digital consumers in Greece as of the types of products and/or services most willing to purchase or hire while online does not differ much from those in other more developed digital countries. Music, books, CDs, videos and travel options are preferred the most, whereas drugs, medical advice, grocery and the like are preferred the least.

Third, the reasons behind local digital consumers' abstinence from online transactions must be noted. They are not quite comfortable with the process of making a transaction and prefer instead to touch and feel the products they intend to buy. Third, and much to our surprise, they tend to trust well-known international brands and firms rather than the relevant Greek ones. Finally, they do not seem quite at ease with the English language most often used in the web sites they visit which is one more reason they are avoiding any type of eCommerce transaction.

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