How Customer Perception Shape buying Online Decision

By Chan Cheng Yee & Rashad Yazdanifard
Help College of Arts and Technology, Malaysia

Abstract- Consumers are playing an important responsibility in online shopping. When online retailers can identify the factors that can affect consumers’ buying behaviour and the associations between these factors and type of online buyers, then they can further widen their marketing strategies to convert potential customers into active ones and at the same time remain the loyal customer as one of the asset of the business. The purpose of the paper will focus on some consumer perception toward buying online decision. It was discovered that overall website quality, commitment factor, customer service and purchase decision are key factors which influence consumers’ perceptions, satisfaction and loyalty of online shopping. When customer unsatisfied with their purchases or increase number of acceptable brand, an individual will become less loyal and brand switching will be occur.

Keywords: online shopping, online purchase, electronic commerce, customer perception, customer behaviour, website characteristics, customer satisfaction, brand switching.

GJMBR-E Classification : JEL Code: D81

© 2014. Chan Cheng Yee & Rashad Yazdanifard. This is a research/review paper, distributed under the terms of the Creative Commons Attribution-Noncommercial 3.0 Unported License (http://creativecommons.org/licenses/by-nc/3.0/), permitting all non-commercial use, distribution, and reproduction in any medium, provided the original work is properly cited.
How Customer Perception Shape buying Online Decision

Chan Cheng Yee & Rashad Yazdanifard

Abstract - Consumers are playing an important responsibility in online shopping. When online retailers can identify the factors that can affect consumers' buying behaviour and the associations between these factors and type of online buyers, then they can further widen their marketing strategies to convert potential customers into active ones and at the same time remain the loyal customer as one of the asset of the business. The purpose of the paper will focus on some consumer perception toward buying online decision. It was discovered that overall website quality, commitment factor, customer service and purchase decision are key factors which influence consumers' perceptions, satisfaction and loyalty of online shopping. When customer unsatisfied with their purchases or increase number of acceptable brand, an individual will become less loyal and brand switching will be occur.

Keywords: online shopping, online purchase, electronic commerce, customer perception, customer behaviour, website characteristics, customer satisfaction, brand switching.

I. Introduction

In this century, most of the big companies are used electronic commerce to conduct business. It is proved that doing business by using online Internet will make the big different compared from the traditional business. Moreover, by using electronic commerce as a new ways of making business, it can figure out the key assets and in the same time all the customers get the benefits. Next, many companies conducting their business by changing the way of using website and the Internet. As nowadays more companies use the internet to do their business, the possibilities for conducting business-to-business commerce on the Internet will eventually expand greatly, and become more of a regular part of commerce than it is today (David Kosiur, 1997).

II. Customer Perception

According to Keller (2003) claims that in consumer behaviour, perception referred to the way of stimuli which interact and integrated by the consumer towards the products. In another word, perception mean as the process by which individual choose, organize and interprets their stimuli that relates to their choice of buying decision. In the same situation, each customer may have different point of view (Dave G., 2013). Besides that, brand is in fact that create awareness, reputation, and importance in the marketplace so customer have to understand their perception to choose the right decision before making a purchase (Ellword, 2002).

The concept of customer perception was creating by their experience on how they observe the service that offered by the company and in the end whether they actually satisfied with the experience or not. One of the ways to make the business more successful is by present a good customer service and service quality (Wilson, Zeithaml, Bitner and Gremler, 2008). In this case, the success of the business can be identifying by the image and impressions of the brand or website as well as the products are selling meet the customer expectations (Porter & Claycomb, 1997).

The whole process of perception is made up by three different stages. First stage is called the exposure stage, next is attention stage and lastly is the interpretation stage. The brain is the one who stimuli in the attention stage and interprets the stimuli according to the previous experience and what the individual desires in the interpretation stage (Solomon, Bamossy, Askegaard and Hogg, 2006)

Figure 1. The Process of Perception (Solomon, Bamossy, Askegaard and Hogg, 2006)

The first stage, Exposure was define as stimuli comes within the reach of one or more of our five senses which would be sense of see, hear, smell, touch and taste. Consumer will look for information that will help achieve certain goals either it for immediate or long
range usage. Next, Attention occurs when stimuli activates as allocation of mental processing capability. (Solomon, Bamossy, Askegaard and Hogg, 2006) When an individual’s attention is attracted, the mind will be focuses on stimuli ready and willing to process further information to know more about the products. Getting attention is one of the major concern for marketers because customer might feel curious and want to know more about the products (Neal, Quester & Hawkins, 2002).

The final step in the perception process, interpretation happens towards one’s sensation. Besides that, interpretation relate on how an individual can understand and make sense of incoming information. For instance, it can either influenced by characteristics of the stimulus, the individual or the situation (Neal, Quester & Hawkins, 2002).

III. WEBSITE CHARACTERISTICS

A website’s characteristics can be differentiating to cognitive or experiential signals where it can manipulate on buyer trust in direct and indirect ways. In this situation, cognitive signals allocate the buyer to trust the firm’s capability and the products. Both features may also affect trust and loyalty indirectly because when individual have purchased the goods or services, their perception towards the features that they have buy either increase their satisfaction and consequently their trust in the firm. Otherwise, experiential signals define as the emotions and proposed to have an effect on trust only once they have been experienced and have produced a positive effect on satisfaction (Lee and Overby, 2004). Figure 2 shows that the website characteristics that can influence customer buying decision.

![Figure 2: The Website Characteristics that influence customer online buying decision](image)

a) Service Quality (Cognitive)

According to Jun & Yang & Kim (2013) claimed that online service quality is one of the way to identify the success of online business. One of the reason that the perceived quality of the product or services is becoming more competitive in business world because people named business era now as Quality Era (Peeler, 1996). Moreover, service quality also defined as a comparison between expectations and performance. According to Trocchia and Janda (2003) claimed that service quality may be reflected in the firm’s effort to provide better service either through a wide assortment of products, a good quality-price relation, a good delivery service, broad and detailed information on the product and services or a greater customisation of the customer.

A research shows that service quality has been referred as the extent to which a service meets customer’s needs or expectations (Dotchin & Oakland, 1994). When a business creates a high quality in service, it will easily meet the customer expectation and their need which can create loyalty towards the customer once they satisfy with the purchased product or services. A successful business must not only do well on satisfy customer needs yet it also needs to give them surprise and delight them. From this point of view, delighting customer is a way to exceed the customer expectations (Mosahab, Mahamd & Ramayah, 2010). A research done by Singh (2002) claimed that online customers have increasing expectations about services offered to enhance their online shopping experience.

b) Warranty (Cognitive)

Warranty is another ways from cognitive signal where it is a way to show it as a commitment to meet what the customer expectations. Warranty is a contract that covers up the solution to future contingency for example failure or any problem about the products that have been bought (Emons, 1988). A typical life cycle of failed products is shown is figure 3, where the process starts from product manufacture time and ends at the time when they returned to the manufacturer. (Shaomin w., 2012)
According to the figure above, first of all products will be manufactured by the manufacture company and the products will be send in warehouse. After that, product will be selling to the distributor towards the purchaser as it is also known as end users. When the end user notice the product is failed, the product will be return to the manufacture to claim the warranty (Shaomin w., 2012).

c) Security and Privacy Policies (Cognitive)

Security and privacy play an important role in order to create trust from the customer. It is important to one business maintain their customer information as privacy for example their personal data, transaction etc. Online transaction is one of the main attribute for online business to provide their information to their customer to make decisions. A research shows the e-commerce is more likely to use for those customer who have greater awareness of security and privacy for their data to spread out.

This awareness can be built by giving customers clear and obvious access to the security and privacy policies of the web site or by the design of a protocol that ensures fair exchange, that neither the customer nor the merchant suffer a loss due to unfair practices of the other player in the transaction (Ray and Zhang, 2008). According to Wang et al. (2004), providing privacy (and security) disclosures is an effective way for online retailers to develop cooperative relationships with shoppers. They have stated that most web users would cooperate with information requests if the sites provided a statement regarding how the collected information would be used. Security and privacy policies also foster customer satisfaction. As perceptions of security and privacy risk decrease, satisfaction with the information service is expected to increase (Ha, 2004; Park and Kim, 2006).

When consumers fear that in online buying their privacy might be violated, their personal data divulged and that promises made will not be kept, they will probably be interested in the information and warranties the firm offers in order to diminish their fear of potential negative buying experiences. Their buying process will be more rational and they will evaluate more alternatives before making a decision (Martin S. & Camarero C., 2008). Besides that, Rodgers et al. (2005) claimed that online satisfaction is influenced by information quality in the case of buyers with less online experience, who are likely to be those who perceive more risk.

d) Interactivity (Experiential)

Interactivity is define by an organization run their businesses by manipulate the focus in features, process, perception, or combined approaches in order to have interaction with their customers (McMillan and Hwang 2002). According to Rice (1948) claimed that interactivity is defines as the ability of a business’s communicate system that have the interaction between the sender and receiver so that communicators can have more control over the pace, and identify the structure and differentiate the type of customers. For example, the interaction that will happen in offline stores is between a customer and salespeople. Instead of the web businesses the perception is depend on the interaction with the firm’s website.

Moreover, Interactivity can be identifying by the number of customer click, queries and searches.

When the website was user friendly, it could generate higher satisfaction by providing a clear information to give the customer more understand towards the product (Shankar et. al., 2003). A determination of satisfaction from customer can be shown from the act of the purchase from the web site purchase experience (Zeithalm et. al., 2000). A research shows that interactivity led to enhancement of number of buying and also can increase the satisfaction level of the customers (Cheng and Chang, 2003).
Design of the web site (Experiential)

Web site design is the appeal that user interface design presents to customers. In the online environment, the web site is the meeting place between the consumer and the firm. In this case, the web site is one of the communicating ways with customers therefore its design of appearance and structure is very important (Bramall et. al, 2004). The design characteristics of the web site for example browsing structure, informative contents and graphic style will therefore have an impact on the quality evaluations of the service provided by the electronic channel and on consumer satisfaction. When online business is being as popular and wildly competitive as it is, businesses must well design and user friendly in order to attract more customer to purchase their goods. There are few ways as below use by the businesses.

i. Be Attractive

When a website is user friendly, it not only can attract visitors yet also keep them to repeating purchase. To make a website more attractive, firstly, the website must have different colour rather than only black and white. The contents should be simple to read and tidy. For example, title of the website should show in a colour that clear on any computer screen. If the background of the website is too many graphic user will feel tired to read the contents. The suitable background is light-coloured and black text. (Seo, 2012) Beside that, the website should have suitable language and graphics which are familiar. Beside that it will be friendlier if they come with audio, video, text, and graphics. This will help the customer can do more than just look at it. (Andrew Dahl & Leslie Lesnck, 1995)

ii. Speed is Important

People are less patience nowadays, they will feel annoying if they waiting for loading to a website. They will simply change to other website that loads faster. From this, company have to make sure their website is load quickly. To enhance this problem, the company can reduce the large or number of images. Other than that, less clutter and simple design will allow the website to load faster (Seo, 2012). Moreover, it is important to keep the time to download is short. Do not put the heavy graphics which contain high memory and this will led to slow down and minimize the size of the image (Andrew Dahl & Leslie Lesnck, 1995)

IV. Functionality of E-Commerce Website

The functionality of e-commerce website is, the customer can click on the company website and look thru the details. Customer can click on the corporate profile to view the history, goal, vision and mission. This is very important because the customer can have more knowledge about what the company are doing and how many years that the company are doing business. It can build the confidence from the customer to the company. Other than that, customers can click on the online catalogue. Customers can view all the product that the company are selling and what are the price of its products. The product are show whit the picture with colouring and this is to attract more customer will try and buy the product. (Lightner, Nancy J, 2004)

V. Purchase Decision

The meaning of buying decision process is show how a customer perception and behaviour before, during or after they purchase a product or services. There are five stages to assess customer’s buying decision process (Johnston E, 2013).

![Figure 4: The process of buying decision (Johnston E, 2013)](image)

a) Need Recognition & Problem Awareness

The first step of one’s buying decision is recognition. When an individual does not have recognition, purchase cannot take place. The need can be differentiate by internal stimuli for example hunger or external stimuli like advertising. According to Hierarchy Needs of Maslow there are five categories of needs. When an individual achieve one of the needs, their next target is to achieve another needs are higher. When the needs are strong and the product and services offer by the organization can fulfil the needs of the customer, then a purchase decision will be made. Most of the customer will begin search information about the product in order for them to choose the right decision (Johnston E, 2013).

b) Information Search

The next step is information search created when customer recognized the problem or need and
find out the best solution to choose the right decision. In this stage, consumer might do some research from internet, media, or some printed material like brochure, magazine to gather the information (Johnston E, 2013).

c) Evaluation of Alternatives

After customer gathers the information, they will evaluate the products into different categories and brand. This can help the customer to evaluate the products which is what he/she looking for. In this step, one’s attitude and behaviour can easily get influenced not only by itself yet also influenced by people around them. When the customer satisfy with the product, they might buy it and otherwise when the dislike about the product they must give up and try to look for others product as well. Furthermore, involvement is another factor that can influences in the evaluation process. Research show that when a customer involve higher participate in the product or brand, the probability of buying the product will be higher (Johnston E, 2013).

d) Purchase

The next stage is purchase decision where customer will buy the product or brand (Johnston E, 2013). During this stage, the consumer has the intention to buy the product because he/she is already evaluating all the value and alternatives that the product will bring towards him. One of the way to determine the customer buy the product is when they satisfy or understandable about the product and have the intention to buy it (Boundless, 2014).

e) Post-Purchase Evaluation

The final stage of customer buying decision is the post-purchase evaluation. It is general for customer to think about their experience after they bought the purchase and customers will either compare whether the product is meet the expectation. It is either the customer satisfies and re-purchases the product or dissatisfied towards the product. This can highly influence the decision process for repeat purchases from customers in the future. When a customer is satisfied from their early experience they will not care much of the changes in price because they will concentrate of the quality and they trust the product will satisfied themselves (Boundless, 2014). Besides that, customer will also create world of mouth from their past experience whether it is positive or negative. To deal with the post-purchase stage, the marketing team plays an important role to persuade the potential customer that the product to satisfy his or her needs. Then after having made a purchase, the customer should be encouraged that he or she has made the right decision (Johnston E, 2013).

VI. Customer Loyalty

Customer loyalty is one the technique to success in e-commerce (Reichheld & Schefter, 2000).

From a behavioural view, customer loyalty is defined as repeat purchase which the number of times of purchaser chooses the same product or services made by the purchaser in that category. (Neal, 1999) Loyalty can be of important value to the organization as well as the customer itself. Customers are willing to create loyalty towards a business that the company is offer the product or services which is different from the others company (Reichheld,1996). When a customer is loyal to a company, they will pay more attention towards the product and may minimize time of searching and evaluating before they purchase (Yang & Peterson, 2004). Besides that, when a customers are loyal to the company, they will inclined to forget customer service mishaps, display decreasing sensitivity to price, and create positive word-of mouth about the business to others. As a result, customer loyalty can be a major source of sustained growth and profit as a strong asset (E.W. Anderson & Mittal , 2000).

VII. Customer Satisfaction

Customer satisfaction is a key factor in information of customer’s desire for future purchase (Mittal & Kamakura,2001). Furthermore, the satisfied customers will probably create word-of-mouth based on the good experiences. This fact, especially in the Middle Eastern cultures, where the social life has been shaped in a way that social communication with other people enhances the society (Jamal & Naser, 2002). Moreover, satisfaction brings the meaning of the difference between expectation and performance, but there are also have the differences between quality and satisfaction. For example, Parasuraman et. al. (1991), one of the famous researchers in service quality say that satisfaction is a decision made after experience while quality is not the same.

VIII. Brand Switching

Brand switching is defined as the customer decision to purchase a product different from that previously or usually purchased. Moreover, brand switching can be instigated price promotions, in-store displays, superior availability, perceived improvements or innovations in competitive brands, desire for novelty, number of available brands, perceived risk, frequency of purchase, changes in quality, or level of satisfaction with the most recent purchase (AllBusiness.com, 2014).

a) The Moderating Role of Switching Costs

Switching cost can be definite as the cost that avoid customer from switching to another competitor’s product or services. Besides that, switching costs not only can be influence by economic in nature, yet it can be also influence by psychological and emotional (Sharma & Patterson, 2000). With the enhancement of the Internet technology now, the switching cost
becomes a more tactical force by using IT to foster communication and coordination among supply chain partners (Lin F. & Lo Y. & Sung Y., 2006). Factor that can influence the switching costs are different according by the type of product or services, business and customer (Jackson, 1985; Port, 1980).

The figure below shows a conclusion research done by Dr. Rajesh and Umeshannad G. (2008) that the differences between the interaction of stimuli, consumer characteristics, decision process and consumer response before they choose a product. The research was gather by using 50 respondents to test about how they response in different interaction.

---

**Figure 5:** The Black Box Model (Dr. Rajesh and Umeshannad G, 2008)

The research was done to identify the different between interpersonal stimuli (between people) or intrapersonal stimuli (within people) as shown in figure 4. According to the figure above, the marketing stimuli are designed by the companies where they will identify the 4P (Product, Price, Place and Promotion). Meanwhile, the environmental stimulus is happen in our social factors based on the economical, political and society.

The result shows that inside the buyer black box, it contain of different characteristics of buyer and their decision process that can influence their determination reaction. Moreover, the black box model consists of buyer response with their conscious and rational decision process. There are also many responses from the buyer shows how they identify during the differential stimuli and processes (Dr. Rajesh and Umeshannad G, 2008).

**IX. Conclusion**

It can be conclude that when an online business can understands the perceptions of the customer. This can help the businesses to get a higher chances of satisfaction for their customer and at the same time can attract and maintain their loyal customers. In online business, the creation of trust is a primary goal to achieve a greater development of e-commerce and create a loyalty customer. Next, context it is more difficult to retain customers due to the existence of a large number of alternatives and to the lack of trust and the high risk perceived, which may inhibit electronic purchase. From this point of view, aspects such as service quality, web site quality and the level of satisfaction from the previous experience are important in order to reduce the risk of consumer perceives in an online context and at the same time can gain the customer trust. In order to create a loyalty customer, the firm should strengthen the objective of the website characteristics like service quality, Internet users who buy online more frequently are more likely to trust the web site based only on the satisfaction they obtained in previous interactions.

**References**


Books

Website