

EFFECTS OF THE ONLINE ON THE EXOGENOUS INFLUENCE FACTORS OF CONSUMER BEHAVIOUR

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Abstract

The online environment and our online behaviour and activity greatly impacts our lives as individuals, as social groups and as consumers. One of the most important impacts of the Internet has been on our consumer behaviour because it has changed our decision-making process for buying goods or services. The current paper aims to underline the effects of the internet age and online usage on the consumer behaviour, especially on the external influence factors that act upon the consumer when he/she is buying. The paper presents the concepts of consumer behaviour, in a classical and online environment, the main exogenous influence factors, it shows how these elements are influenced by the online. We are also presenting several important statistics about the online consumer behaviour in relation to brands, value, shopping intent and consumer segments.

Keywords: *Marketing, Consumer Behaviour, Internet, Influence Factors, Business Environment*

JEL classification: *M30, M31, M39*

1. Introduction

The last three decades have represented a shift in the way company do business. At the same time, the development of the Internet and the expansion open the online environment has generated new opportunities and challenges for medium and small size enterprises. The online environment and the online behavior of the company's and of the individuals has greatly been affected by

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the development of the online world. probably the greatest challenges generated by the development of the Internet can be observed in the way we as individuals are buying products and services. Consumer behavior as a subject is one of the most research areas in the marketing field. But at the same time the marketing specialists must be aware of the changes that occur in the context of the evolution of online shopping.

In today's world where COVID-19 has changed the lives of individuals and companies and in the context of numerous lockdowns around the world, the online has become the primary method of communication, off study and of social interaction. These changes have greatly increased online shopping, have changed our decision-making process for certain goods and services.

Among the most challenging activities for marketers is to identify what the consumers are buying and what they are not buying, as well as to identify the specific products or services that they prefer to buy online and offline. Of course, nothing has changed more than the way we use the Internet to buy online. Therefore, among the most important influence factors off consumer behavior is or might be changed by the usage of the online tools to buy goods and services. The increasing popularity of computer and mobile communication systems have generated a change in the way individuals and companies buy goods and services and understanding how these equipment being used in the buying process has become paramount for understanding consumer behavior (Kim and Baek, 2018).

2. Brief literature review

Consumer behavior has been one of the most research areas and is one of the most important aspects that marketers and decision makers are looking at when deciding what goods or services should be brought on to market. As we all know the main objective of the marketing activity is to satisfy the needs and desires of the current and potential consumers, therefore in the practical and theoretical marketing activity a new concept has emerged, namely consumer behavior. This activity meant that the marketing specialists and even the psychologists started to look into the minds of the individuals and the companies understood the need to identify how the consumers are buying and utilizing the goods and services that they provide.

Over the years, consumer behavior has been defined by many of the marketing practitioners and academics from several perspectives. On one hand this activity identifies the manner in which individuals are behaving during the

buying and consumption of goods and services and on the other hand we try to see how the final goods or services are being used. Since its arrival on the marketing scene in the late 50s and the beginning of the early 60s, consumer behavior has gone through several important changes that also affected its definition.

When we talk about consumer behavior we also talk about the client or the consumer and the American Marketing Association has defined the consumer as “traditionally, a consumer is the ultimate user or consumer of goods, ideas, and services. However, the term also is used to imply the buyer or decision maker as well as the ultimate consumer.” (marketingpower.com, 2012).

The well renowned marketing professor Philip Kotler (Kotler et. al., 2018, p. 668), defined the consumer buyer behavior as: “the buying behavior of final consumers, individuals and households of goods and services for their personal consumption”. This is one of the latest definitions off the consumer behavior concept but along the years the consumer behavior concept has changed. Jacob Jacoby define in 1976 consumer behavior as “the entirety of the consumers decisions with regard to the acquisition consumption and usage of goods, services, activities, experiences people and ideas by the individuals.” The same American Marketing Association offered along the years two definitions of the consumer behavior from which we underline the following: ” to the study of how customers, both individual and organizations, satisfy their needs and wants by choosing, purchasing, using and disposing of goods, ideas and services” (ama.org, 2020).

According to Purcarea and Ratiu (2007, p.29), consumer behavior represents a “dynamic process with very little strict rules that the marketing specialist must understand, and which can be influence and at the same time need to be educated”. From this last definition we can observe that marketing has an important role in defining the 21st century consumer behavior especially when we are discussing the extensive usage of the online environment. Of course, there are many other define authors that that define consumer behavior (Cătoi and Teodorescu, 2004, Balaure et. al., 2002, p.180, Hawkins, 2007) and from all these we can underline several common features with regard to consumer behavior:

- the consumers are for the most part individuals, what we can't leave behind the organizations as consumers.

- the main research activity of consumer behavior always involves the decision-making process.
- the study of the decision-making process has in mind the satisfaction of needs and desires of the individuals or of the companies but are buying certain goods and services.

But which are the main influence factors off consumer and buying behavior? Over the years the consumer and his behavior have been influenced by different factors that lead to different outcomes of the decision-making process. We must recognize that there are differences between consumers and also there are differences between the manners in which day by a certain good or service. When we talk about influence factors, we usually think about endogenous and exogenous influence factors. As the title of the paper suggests today, we will be tackling the exogenous influences that operate in the life of the 21st century consumer.

From a theoretical point of view, the main exogenous influence factors that act upon the consumer during the decision-making process are: *family, the social class, the social groups, culture and subculture*. These are the classical exogenous influences that might generate changes off the consumer. Over the years many authors have tackled the analysis of the exogenous influence factors, which will also do today what on a slightly less extensive manner.

The family can be defined as a social entity that influences the decisions of each of its members and can be comprised of one or more individuals that leave alone or together in a single household no matter the degree of family connection between them (Hoyer and MacInnis, 2010, p. 344, Hoyer and MacInnis, 2010, p. 344)

The social class is according to Kotler (Kotler and Armstrong, 2018, p. 673), the "relatively permanent and ordered divisions in a society whose members share similar values, interests, and behaviors."

The social groups are among the most important influence factors up the decision-making process. These groups either small or big can generate an important enough influence on the individual to the shift the consumer from one behavior to another. From the marketing perspective we know that there are mainly two types off social groups: The membership groups and the reference groups.

If the membership group represents a group that has a direct influence on the individual, in contrast the reference group "serve as direct and indirect

points of comparison or reference in forming and individuals' attitudes or behaviors". ((Kotler and Armstrong, 2018, p. 163). From this perspective the 21st century online movement has generated the development of social groups that use the online as their main communication environment namely the *online social networks*. The online social networks are online communities where individuals exchange information opinion and usually socialize. This is one of the new changes generated by the online and by the Internet. Marketing specialists are working towards harnessing the power off the new online social networks (Facebook LinkedIn Twitter snap chat tick tock etc.) with the purpose of promoting their products or services and to develop a closer relationship, a more personalized relationship with their current consumers and their potential clients.

Culture and subculture are probably the most basic influence open individuals needs desires and behavior. We as individuals usually develop our consumer behavior through learning and therefore the influence of culture and subculture is largely learned since childhood and throughout the individual's entire life. In the context of globalization of interacting 24/7 online and offline, in the context of using social media, communicating with family and friends and in the context off the possibility to buy goods and services from all over the world at any time being day or night, cultural shift may appear in the life of the individuals.

Spotting these shifts is one of the most important activities that a marketing specialist must undertake in order to understand how consumer behavior is influence but cultural subculture. The more diverse the country, the more dynamic is the culture. From observing countries like the United States of America we can see that The American culture is largely divide it into subcultures that influence the members of said subculture in their buying behavior for example we have Hispanic American consumers, we have the Native Americans, we have the Asian American consumers and many more. All these subcultures have of course their own consumer behavior based on their traditions values a moral compass education etc.

As we can see the exogenous influence factors of consumer behavior are extremely important in defining how and what influences the acquisition of goods and services by the individuals, but the question remains: How did the online change the exogenous influence factors and consequently how did it change consumer behavior.

3. The online and the changes of consumer behavior

As stated before, consumer behavior has changed drastically in the last decade due to the online environment. The habits of the consumers seems to have also changed in the light of an explosive usage of e-commerce, online stores, and social networking sites. Until several years ago shopping within a store, shopping physically was the norm today in the context of lockdowns of quarantines and of COVID-19, the consumers have greatly shifted towards the online.

Before we go further in discussing changes to consumer behavior, we must set the stage regarding the online environment. According to Datareportal.com (2020), in its October global report there are more than 4 billion people around the world that use social media monthly with an average increase of 2 million new users every day. In the last 12 months (and probably due to the pandemic) social media adoption has jumped by more than 12%, and consequently the time spent using social media and staying connected online has also continued to increase.

Going back to the online consumer behavior we observe that during the last years and especially in 2020 (due to the emergency state caused by the pandemic) the acquisition criteria and the consumer behavior have changed compared to the previous. But at the same time of course there are stop products that are being purchased mostly offline: products like groceries, paper products, cleaning supplies, etc. versus the products that are most likely to be purchased online: books and media, video games, electronics and accessories oh gifts. We must be aware of the fact that some of the products are being bought online or offline due to the convenience and accessibility.

When we look at the main reasons and influence factors while comparing the motivation for making offline purchases versus online purchases, according to a study developed by the Impact Learning Center in 2020 (Hearn, 2020), We have

- *reasons to buy in-store*: the need to physically see and touch the product; the need to have the product immediately; not to pay shipping costs; the necessity to test the product before buying; having fun while shopping;
- *reasons to buy online*: convenience and accessibility, possibility to compare prices and to see how the prices have risen or lower (due to the usage of price comparison apps); to save time; to avoid crowds or other people; to have the possibility of reading reviews before buying a certain product.

Of course, there are other reasons to go towards the online. In a McKinsey and Company study (, like the fact that younger generations and high-income earners are those that are mostly adopting and shifting towards the online. According to said report while online shopping has been adopted by the great majority of the market segments, those that have spent more time shopping online work the young individuals (generation X and Generation Z) while concentrating on buying several particular categories: clothing and footwear, at home entertainment and food (take out or delivery).

A different interesting aspect related to consumer behavior generated by the shift towards the online especially in the last 12 months is according to McKinsey (2020) an unprecedented change of brands by the consumers. The same report shows that around 75% of US consumers are trying new shopping behavior in the context of stores, closing economic pressure and a shift in buying priorities. The change in behavior has also been observed when comparing acquisition of brands. Approximately 36% of consumers are trying new brands and 25% are incorporating the new brand, while 73% of those that buy new brands declare that they will continue to do so in the near future.

These changes also have an interesting effect on the company and on the suppliers because they must ensure a high level of availability but at the same time, they must provide customer value (this is the heart of marketing). 48% of the respondents mention that they buy products because they are in stock (they are available), while 34% of the consumers state that the product is available where he/she are shopping.

An interesting aspect underlined by the research is that there are 5 consumer segments (Charm et. al. 2020) that has emerged in the context of the online and especially in the context of the COVID-19 pandemic, as follows:

- Affluent and unaffected: usually the consumers that are rather optimistic about the future, usually male with a higher than average income.
- Uprooted and underemployed: these consumers are majorly impacted by the job insecurity; they are cautious on how they spend their money and on what they have a low optimism about the future.
- Financially secure but anxious: usually over 65 years old, they felt a high impact on their lives (due to COVID-19), generally pessimistic with concerns to get the necessary supplies that they need.

- Trying to make ends meet: careful about how they spend their money, with their jobs on the line due to the pandemic, they are usually represented by minority groups and rural population.
- Disconnected and retired: over 65 with a lower income than the financially secure but anxious, they are usually optimistic and like to display next to normal characteristics and behaviors while shopping.

Of course, not everywhere the feeling and the impact of the online especially in the last 12 months is the same there are countries and consumers that act differently, some of them reacting to the online at their own pace with their own priorities and social values. This is where the difference in culture and subculture resides and influences consumer behavior in the online environment. There is a large difference in culture and subculture as well as in the composition of the social groups, between consumers from the United States and the consumers of Europe, or even between consumers of different countries of Europe.

When we consider Europe or the old continent as it is sometimes called, the difference in the response today online differs. According to a McKinsey report of November 2020 (Catena et.al, 2020), the online, in the context of coffee, has created seven general trends that have emerged in the consumer behavior of European consumers:

- A shift towards value: according to the report 31% of Europeans consider that a crisis like COVID-19 will have a lasting impact on the economy and therefore the consumer confidence is slow to recover, the level of confidence in September 2020 is the same as it has been in March 2020.
- Would you think unnecessary expenses: The European consumers are looking for ways to save money and more than 27% of them are looking for more affordable alternatives to certain brands and products that they usually buy. This trend seems to be the same all around the world.
- An increase in Internet and online shopping: due to the limitations of the past 6 to 12 months, the European consumer took advantage of the digital offers from communication to shopping to food delivery, with an average growth across online acquisitions of 10 to 25% (depending on the country and the level of development).

- And increase usage all several online and omnichannel services: While not something normal in Europe many of the HORECA industry establishments have shifted from the face to face offline activities two online and home delivery in order to save their businesses due to the lack of clients. This shift in consumer behavior and at the same time in providing goods and services has led to saving many of the businesses off this field of activity.
- Interest in smaller/cheaper brands: in the context of an ever changing online environment and in the context of COVID-19 call mom the consumers turn towards choosing smaller companies, more trustworthy companies, and the attitudes of the consumers towards large brands has also shifted.
- Changes in loyalty: according to McKinsey (2020) almost 66% of European consumers are changing brands retailers and methods of shopping. Due to the changes, due to the economic pressure that increase is all over the world, the consumers are trying to find the best ways to buy products and services at lower prices consider the convenience and safety. It seems that more than 80% of the consumers are interested in maintaining this behavior even after the crisis has ended
- Differences between generations - as it was the case in the United States the same is true in Europe where the younger generations (Generation Z and the millennials) R adopting and changing their shopping behavior much faster than people over the age of 45. The members of Generation Z, age between 18 -25 call mom he seemed to have embraced the digital shopping much faster than other age groups.

As for the Romanian consumer, the online world is also evolving, there are about 15,3 million users, as of January 2020, with an increase of almost 300 thousand since January 2019. The Internet penetration rate is at 80% as of January 2020. There are more than 11 million social media users in Romania, with an increase of more than 5,5% (570 thousand) between April 2019 and January 2020, with a penetration rate of 57% of the population. Mobile connectivity is at 26,63 million mobile connections, decreased by 244 thousand from 2019 to 2020.

In connection to the online consumer behavior, the Romanian consumer has also shifted gear towards the online. An interesting aspect pointed out by a research developed in 2019 (Dragan, 2019) is the fact did the

online shopping behavior has changed in the direction of the influence that online commercials have on buyers with different income levels. When discussing at which level of the decision-making process is the online coming at, we can clearly state that consumer habits are influenced by the search, selection of information, purchase decision and post buying experience.

According to Forbes Magazine Romania (Guțu, 2020) and based on EY international study (Bellu, 2020), on a sample of 4859 people the Romanian consumer has changed his or her online buying behavior in the last 6 to 12 months. According to the report there are new four categories of online consumer behavior: consumers that drastically reduce their expenses (27,3%); consumers that keep on spending but stay calm (26,2%); consumers that save money and stock up (35,1%); and consumers that hibernate and spend (11,4%). Furthermore 42% of the respondents to the study expect a permanent change in their buying behavior and more than 33% of them state that they would like to spend more money on local products.

The study results also point out that most of the attitudes behaviors and customs related to the buying process have changed and many of those changes, many of the buying methods will probably stay the same even after the crisis has passed. The current behavior of companies is also being discussed and according to several key players in the retail industry, most of the online advertising and promotional activity, publicity, have determined the clients to demand more with regard to the products that they buy and therefore consumer satisfaction has become more and more difficult to achieve because the consumer has as its main objective a higher satisfaction and the higher perceived value. As we have seen many of the changes of the online world have greatly affected the consumer their buying behavior, and the way that they are behaving while they are online, at the same time we must be aware that the influence factor that govern the consumer behavior and the decision-making process is also shifting and changing rapidly to accommodate for the new challenges that the online, the pandemic and post pandemic are throwing at the individuals and at the companies.

4. Conclusions

The online and the consumers are changing, and the companies and the society also must change with them and the last three decades have been mostly all about change, all about adapting the new realities of the world we live in. While change is benefic for society, sometimes too much change can

generate chaos and uncertainty. The development of the Internet, its integration within our lives our family and into our day to day activity has created newer and bigger opportunities than ever before. Where 40 or 50 years ago communication was being done in a rather difficult manner, today we are able to communicate with one another almost instantly using phones using the Internet using social media and many other communication tools. The company have become interconnected, they stay in touch with consumers, they take orders and deliver their products and services all over the world, 24/7. This is the world that we live in, a world where the consumer can order from across the globe, where he can compare products, where he can see different prices and where he can judge what is best for him.

In a business environment where the online has been integrated in almost everything, in an age where some of the consumers are “born” holding a smartphone or tablet, understanding the influences that act upon the consumer is fundamental for the survival of a company. The endogenous and exogenous influences that help us decide what product or what service to buy are being tested and are changing to adapt to these new realities. Families, friends, colleagues, the social class, culture and subculture, represent the exogenous influence factors that are usually the most impacted by the increasing usage of the Internet in our day-to-day lives.

The paper presented several theoretical aspects related to consumer behavior and to the exogenous influence factors, but at the same time it presented some interesting aspects derived from secondary data analysis and research undertaken to understand how the online environment changed consumer behavior and these exogenous influence factors. We are fully aware that such an activity takes time, and it implies the development of transversal quantitative marketing research methods. We have seen changes in consumer behavior, we have seen changes in the lives of the consumers of the United States in Europe and we have also seen new segments of consumers that have emerged due to the cover 19 crisis. Of course, these changes could shift back to the previous they could be incorporated in our future lives and that remains to be seen.

As retailers and companies in general, contemplate the changes in consumer behavior, all organizations and institutions must adjust their marketing strategies to the new realities of the online environment (with or without COVID-19. They must adjust their activity, if possible, they should adjust their mass marketing mix, they should increase the value or the

perceived value that the client or the consumer feels, they should try to go digital as much as possible to ensure a full coverage of the entire buying behavior activity. At the same time the companies must rethink their message and be creative and synchronized with the time the challenges and the desires of the consumers.

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