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# Psychological Review On Online Shoppers

Online shopping changed forever in 1990 when Tim Berners-Lee created the first World Wide Web server and browser. This was opened for commercial use in 1991. Subsequent technological innovations emerged in 1994: online banking, the opening of an online pizza shop by Pizza Hut, Netscape's SSL v2 encryption standard for secure data transfer, and inter-shop's first online shopping system. Immediately after, Amazon.com launched its online shopping site in 1995 and eBay was introduced in 1996. Then came the iPhone in 2007. Came with it was a revolution. Accessibility to the internet and online stores were at the fingertips of millions of people.

Today, it is regular for consumers to regularly shop and purchase products and services online. Statistics published by the United Nations Conference on Trade and Development forecast that the global B2C ecommerce sales will reach US\$2.4 trillion in 2018, double the market value from 2013. Within the growth of online retailing, it has been recognised that there has been a shift towards the online retail environment to become a place that offers enjoyable experiences as well as value and convenience (Childers et al., 2001).

The retail environment is constantly evolving. Retail started as a brick and mortar industry however the inception of online shopping capability and the smart-phone revolution has created a shift in consumer behaviour due to the availability of products and the convenience of the whole purchase process. This review will focus on three key themes; the demographics of online retail store users, the impact of too many product choices on consumers and the psychological factors behind purchasing a product.

## Demographics of Online Shoppers

In the past decade, there has been a dramatic change in the way consumers have altered their way of shopping. Although consumers continue to purchase from a physical store, consumers feel very convenient to shop online since it frees the customer from personally visiting the store. Internet shopping has its own advantages and it reduces the effort of travelling to a physical store. Decisions can be made from home at ease looking at various choices and prices can be easily compared with the competitor's products to arrive at a decision.

Haver (2008) states that today's younger generation who are more environmental friendly shoppers aren't going to go the store without a slight idea of what they want to purchase. They will narrow down their choices before going into the store to see if that is what they really want to purchase.

His study reveals that mostly people aged between 20-25 are attached to the online shopping and hence the elder people don't use online shopping much as compared to the younger ones. The study highlights the fact that the young people between the age of 20-25 are mostly poised to use the online shopping. It is also found that the majority of the people who shop online buys books online as it is cheaper compared to the market price with various discounts and offers.

However, although the young are more active online than their older counterparts, the online

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skills of older adults are becoming more and more sophisticated (Zickuhr & Coordinator, 2010). In other words, older adults tend to be increasingly active online in the future. Online activities are also showing more similarity between the different age groups. A comparison of data published in 2008 and 2010 indicated that the age group showing the highest increase in the use of online social communities (from 4% to 16%) was adults over age 74 (Zickuhr & Coordinator, 2010).

These reports show that as society ages, older adults are becoming an important potential market for future online shopping services. An increasing number of today's industries are recognising the importance of older consumers as a potential market and thus, designing/developing products and services specifically for older adults, including specialised mobile phones, store departments, transportation, and nutrition. That said, Reisenwitz et al. (2007) found that the elderly in America (over age 65) who have a higher tendency toward nostalgia will less frequently use the Internet or shop online, and they get less enjoyment out of it. The study also indicated that personal innovativeness will affect online behaviours such as use frequency, online shopping adoption, and use for pleasure.

Online shoppers are thought to be more utilitarian in nature. Although convenience and price may be the main drivers for consumers to shop online, the relationship between online retail environment and consumer behaviour has been evidenced more significant than traditionally thought (Eroglu et al., 2003).

## **Choice Overload**

In the world today, there are a plethora of choices to make in retail. This includes branding, colour, style, material, type etc. When there are many choices to make a customer could feel choice overload whereby having too many options negatively effects their shopping experience and actually causes them to purchase less items.

There are advantages of having many options to choose from: a large assortment that is made available all in one place reduces the cost of searching for more options, allows for more direct comparisons between options, and makes it easier to get a sense of the overall quality distribution. These factors can lead to better-informed, more confident choices (Hutchinson 2005). Choosing from a variety of options also meets a desire for change and novelty and provides insurance against uncertainty or miscalculation of one's own future preferences (Ariely and Levav 2000). With regard to food, humans and other omnivorous species consume higher quantities when the number of options to choose from increases (Rolls et al. 1981), possibly indicating the benefits of diversifying one's dietary intake.

Researchers have argued that an increase in the number of attractive alternatives increases an individual's freedom of choice, particularly if the alternatives are equally high valued (Reibstein, Youngblood, and Fromkin 1975). There is also early evidence reported by Anderson, Taylor, and Holloway (1966) showing that an increase in the number of options leads to more satisfaction with the finally chosen option, especially when all options were initially rated as about equally attractive. Arguments that question the possibility of choice overload include; large assortments can have advantages, as a large variety of choices increases the likelihood of satisfying diverse consumers and therefore caters to individuality and pluralism (Anderson 2006). Accordingly, retailers in the marketplace who offer more choice seem to have a

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competitive advantage over those who offer less (Oppewal and Koelemeijer 2005). Second, if negative effects of too much choice are robust and generalizable, theoretically retailers could increase sales by offering less variety. In some cases where this was implicated sales actually went up with fewer options, in many cases, reducing the number of different items led to reduced sales or to no change (Sloot, Fok, and Verhoef 2006). In line with this, in a series of experiments, Berger, Draganska, and Simonson (2007) showed that introducing finer distinctions within a product line increased perceptions of quality and that a brand offering high variety within a category has a competitive advantage.

## **Psychological Factors Behind a Purchase**

Benedict et al (2001) study reveals that perceptions toward online shopping and intention to shop online are not only affected by ease of use, usefulness, and enjoyment, but also by exogenous factors like consumer traits, situational factors, product characteristics, previous online shopping experiences, and trust in online shopping.

The study also reveals that the price of the products has the most influencing factor on online purchase. The second most influencing factor is the security of the products, the third most influencing factor on online purchase is Guarantees and Warrantees followed by delivery time and the next most influencing factor is reputation of the company, privacy of the information and nice description of goods. The study highlights on the easy navigation and access on the internet with people liking for easy to access the online shopping and to be more convenient.

Shoppers are attracted to the time efficiency and amount of information available from online shopping, which can also offer greater value and convenience (Eroglu et al., 2001). Because of this, online shoppers were originally thought to be utilitarian in nature and were believed to place greater emphasis on the price, convenience and functionality, and they associate online shopping experiences with attributes of functionality and rationality (Park and Kim, 2003).

Older adults' experiences on the Internet will affect their evaluation of the risks involved with using the Internet. Kwon and Noh (2010) studied online clothes-shopping behaviour among older American consumers (those born before 1964) and found that consumers' perceptions of product benefits, price discount, and financial risk will affect their intention to shop for clothing online. They also found that the older consumers' perceptions of risk and benefits will be affected by their previous online shopping experiences. However, it was noted that age and online experience did not strongly affect online shopping intentions.

The ever-changing retail landscape is phenomenal. Over the past 10 years, the change in online shopping demographics has been greeted with those over 50 gaining more exposure and attention from industry whilst those in the technological generation have been shopping online more than ever before. Those that do shop online are also faced with some circumstance of choice overload, where the customer has too many choices available to them thus resulting in a negative reaction via buyer's remorse. Whilst this is occurring, there isn't much that the business is doing to stop it as a reduction in choice shows a sign of business weakness. The psychological factors behind shopping online has always come down to convenience through its accessibility and no need of physically attending the store. There are some instances where there is some hesitation from shopping online but that is reflected mostly through the older demographics as they do not trust the websites or online capability they are faced with. This is

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also combined with a sense of nostalgia which entices those to physically enter a brick and mortar store.

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