A COMPARATIVE STUDY OF ONLINE AND OFFLINE CONSUMER DECISION MAKING WITH REFERENCE TO TOURISM INDUSTRY

Ms. Shashi Shekhawat  
Research Scholar, The IIS University, Jaipur  
Dr. Shuchi Singhal  
Associate Professor, International School of Informatics & Management, Jaipur, India

ABSTRACT

The consumer buying behaviour has been always a distinguished marketing subject, extensively studied and pondered over the last decades. It is believed that consumers or customers make purchase decisions on the receipt of small selectively chosen pieces of information. Thus it will be very important to understand what and how much information is required by the customer to help him evaluate the goods and service offerings. Online consumer buying behaviour is the behaviour displayed by consumers in searching for, purchasing, using and evaluating of products or services that they expect will satisfy their needs through web media whereas offline consumer buying behaviour refers to the buying behaviour of the ultimate consumer who prefers to visit traditional stores or contact salesman/use magazines/newspapers/telephonic media for buying any product/service. The online and offline consumer behaviour has been examined under various contexts over the years. In the proposed study a survey has been conducted with the help of structured questionnaire, with sample size of 100 respondents in Jaipur city. The study progresses with a hypothesis that there is a significant difference between consumer buying decision processes in online vs. offline medium. For data analysis Chi-square test would be applied on the actual and expected results. The paper attempts to propose a research framework with major focus on differences between online and offline consumer decision making so as to understand the online consumer behaviour in a comparative manner. This proposed framework not only provides us with a cohesive view of online vs. offline consumer behaviour, but also serves as a salient guideline for researchers in this area. The study has certain managerial implications for marketers.

Key Words: Online and offline consumer buying behaviour, consumer decision making
Introduction

The study of consumer behaviour focuses on how individuals make decisions to spend their available resources (time, money, effort) on consumption-related items (Schiffman and Kanuk, 1997). Consumer behaviour is a vast field in which the proposed study focuses on consumer decision making process. The process by which a person is required to make a choice from various alternative options is referred to as decision making. The changing market environment provides momentum for a careful study of consumer decision making or buyer behaviour.

Internet has brought about major changes in the way corporate do business. Manufacturers are able to products and services more quickly and efficiently. This is because of interactive shopping environments which are enabling manufacturers and retailers to learn on how to satisfy consumers’ individual taste and preferences more effectively. In this internet era, online buying has evolved gradually; as more people have started to work online and get affected by various advertisements/lucrative offers given by online portals. Use of the internet is beneficial to both marketer as well as customer like for marketer, it result in increasing revenues by allowing personalize products or services, and for customer, it acts an easy, widely accessible medium of marketing communications. Although there are benefits in online shopping, traditional methods of buying are preferred more over online transactions in Indian market, thus there is need to depiction those factors which play important role online/offline purchase decision making.

Coleman and Levine (2008) highlighted that present-day consumers are conducting more sophisticated online searches to sustain a purchase decision, expecting easily available and accessible information about products and services. Consumers more prefer to make online orders, download products, upgrade an existing product or service, use internet based free or subscription applications or services, or contact other users who can provide first-hand
experience on using a particular product of interest. The rapid increase in consumers’ involvement in online purchase has transformed the Internet into a powerful force that influences consumer behaviour (McGaughey and Mason, 1998). Internet allows travellers to access reliable and accurate information, as well as the possibility of making reservations in much less time, and with less expenses and inconveniences than required by conventional methods (Igor H. Crnojevac, 2010)

Alba et al. (1997) concluded that there is a major difference between online and offline shopping, that the online consumers are able to obtain more information about both price and non-price characteristics.

**Tourism Industry**

Tourism is an action taken by any person or group, which leads to movement from a place to another. It is a growing and highly competitive industry that transform according to varying demands of customers. India is called a tourist's ecstasy where not only the natural beauty but also glorious historical places, monuments are existing. The tourism department is centrally governed by ITDC and individually by respective state’s tourism department, beside that several private approved tourist agencies are there which assist domestic as well as international travellers. The proposed study covers Rajasthan tourism (Jaipur) for conducting the research.

**Objectives**

The paper is focussed towards the following objectives:

- To comparatively analyse the consumer decision making process in online vs. offline channels.
- To analyse consumer buying behaviour in online and offline medium for different age groups.
- To study the factors resisting customers for making online purchase decisions in tourism industry.
Hypothesis

H(0) There is no significant difference between consumer decision making in online vs. offline medium of purchasing.

H(a) There is a significant difference between Consumer decision making in online vs. offline medium of purchasing.

H(0) Perception in consumer buying behaviour online and offline medium is independent of age.

H(a) Perception in consumer buying behaviour online and offline medium is dependent of age.

Review of Literature

Reviewing the earlier studies may pave a path for finding new and innovative routes for research, at the same time as contemporary issues are taken into consideration.

Bellman et al. (1999) propounded that web consumers shop online or use online services to save the time.

Ventkatesh Shanker et al. (2002) in proposed a conceptual framework and developed hypotheses about the effects of the online medium on customer satisfaction and loyalty and on the relationships between satisfaction and loyalty. The results intended that, counter to prevailing fears, the online medium could help firms build a reliable customer base.

Heijden et al. (2003) explored the factors that influence consumer’s intentions to purchase online using two different perspectives: a technology-oriented perspective and a trust-oriented perspective. It was found out that the trust-antecedent 'perceived risk' and the technology-antecedent 'perceived ease-of-use' directly influenced the attitude towards purchasing online.

Jacqueline et al. (2003) found out that online stores are less acceptable overall than traditional stores.

Kohli et al. (2004) examined support for decision-making phases using 134 online consumers. They also extended the model to include consumers’ cost savings and time savings, as well as their satisfaction with the e-commerce channel.
Gupta et al. (2004) examined consumers’ channel switching tendency (from offline to online), and then based on the consumer purchase decision process, identified and studied the drivers and hinderers of such propensity. The results of this study help us to understand the attitude differences between consumers who have different preferences over the shopping channels. Lewin et al. (2005) examined inclinations for shopping online or offline to vary across products, consumers, and stages of the shopping experience. When attributes such as large selection and shopping quickly are prime, online shopping is chosen and when personal service and ability to see-touch-handle the product is prime, offline shopping is chosen.

Dr. Ujwal Lanzewar (2011) explored the critical motivational factors that influence the online buying decisions of people, established their causal impact, and developed an integrated framework for Business intelligence based on motivation driven decision making. S. Beldona et.al (2012) provided some significant predictions about Indian travellers’ choice of both of offline and online channels while purchasing air travel. Socio demographic characteristics including lifestyle, age, and education are significantly correlated with channel choice. The older the travellers, the greater their propensity to choose an offline channel such as a travel agent and airline phone or office. At the same time, education does not explain the variance in the online channel choice but is negatively correlated with the offline channels.

**Online Consumer Behaviour**

The origin of the internet has given new routes to consumers regarding collecting information, comparing products or prices and the prospect of purchasing through the internet. Online consumer buying behaviour is the study of the processes involved when individuals or groups select, purchase, use various products, services, ideas, or experiences to satisfy needs and desires through online channels. Therefore consumer behaviour on the internet is an important factor for marketers. To predict consumer behaviour on the internet marketers need to understand how, where and why consumers behave online.
Offline Consumer Behaviour
Offline consumer buying behaviour refers to the buying behaviour of the ultimate consumer who prefers to visit traditional stores or contact salesman/use magazines/newspapers/telephonic media for buying any product/service. This study intends to explore what online consumers employ when they are in a particular stage of the buying decision process.

Consumer Decision Making Process
The consumer decision making process describes the course of action consumer go through before, during and after a decision to purchase a product. It consists of five stages:
(1) Problem identification.
(2) Information search.
(3) Alternatives evaluation.
(4) Purchasing decision.

Online Decision Making Process
The internet affects consumer decision-making behaviour in all the three stages: pre-purchase stage, purchase stage and post-purchase stage

Pre-Purchase Stage
In the pre-purchase stage, marketers are interested in knowing how customers search for information, the sources they use and the mental process they undergo while taking purchase decisions. For an online shopper, the task of deciding from a range of alternatives is complicated by the options that are available.

Problem recognition
Customer problem recognition can get triggered by internal or external stimuli. Internal stimuli are perceived to be states causing discomfort and can be physical or psychological. While using the internet, broadband providers will display advertising messages indicating ‘your internet
connection is very slow,’ which may act as an internal stimulus prompting the customers to lookout for faster alternatives to their existing, dial-up ISP. A customer may also be motivated to go online through off-line advertising, for example, tele brands (www.telemartime.com, homeshop18.com) advertise about online product or service offerings.

**Information search**

Today’s, technology savvy customer is always on the move, very mobile, prefers using the computer and mobile phone and owing to paucity of time prefers to shop online. By seeking information on the net, the consumer not only saves time and effort but is also able to make comparisons between the competing offers. Such customers prefer using the internet which searching for information on various product categories. Marketers need to encourage customers to search on the internet especially by conveying and creating an image of enjoying a risk free online shopping experience.

**Evaluation of alternatives**

It is observed that those customers using the internet are very much informed about the relevant website to visit for the particular product or service. Researchers have indicated that although price effect the purchase decision there are other factors such as the retailer, brand name which is considered as an important dimension in the decision making process.

**Purchase Stage**

Typically, once customer evaluates the alternatives available for purchase, they have two options before them, using the information obtained from the internet:

- They may visit a retail outlet to buy the product.
- They could purchase the product online i.e. via the internet itself.

In order to attract the customers towards online buying, the online marketer could make efforts at customizing and making the purchase experience more experience more attractive through personalization.
Post Purchase Stage

In the post purchase stage, the online marketer has to work towards providing online satisfaction, building loyalty and address the issue of returns.

Stages in Online Decision Making

<table>
<thead>
<tr>
<th>Pre –Purchase Stage</th>
<th>Purchase Stage</th>
<th>Post Purchase Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Problem Recognition</td>
<td>Mass Customization or personalization</td>
<td>Working towards customer satisfaction and loyalty</td>
</tr>
<tr>
<td>Information Search</td>
<td>Security Concerns</td>
<td>Tackling returns</td>
</tr>
<tr>
<td>Evaluation of alternatives</td>
<td>Building trustworthiness of the website</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Turning browsers into buyers</td>
<td></td>
</tr>
</tbody>
</table>

The current study is based upon various concepts and figures revealed in past studies, and also primary data has been collected through questionnaire method.

Population and Sample

- **Type of Study**
  The present study is based on exploratory Investigation, where review of literature and various facts about online and offline consumer behaviour has been explored out to give the current study a representative format.

- **Age of Customers**
  The age of respondents in the current study is in range method which is from 15 years to 45 years. The average age of customers is around 25 years.

- **Sampling Method**
  The sampling method is convenient sampling, as the consumers can be chosen randomly as per our convenience.
• **Sample size**
  Sample size is 100 respondents taken from Jaipur in Rajasthan.

• **Data Collection**
  Although secondary data has also been taken from websites and sources but the basic measure of primary data collection is questionnaire method. The respondents are all those internet users who directly or indirectly get affected by web marketing.

• **Data Analysis**
  Data analysis has been done by using SPSS & Microsoft Excel.

### 6.3 Results and Discussion

#### 6.3.1 The Sample

The sample statistics reveals that among various products offered in tourism people mostly prefer to buy railway tickets, flights and hotel booking online.

#### 6.3.2 Data Representation

A. When data was analysed for internet surfing rate and the consequent buying of online tourism products it was come to the fact that although 64 people among 100 surf internet but they prefer to buy online product and services occasionally.

![Internet users who are online buyers for tourism services](image-url)
B. To comparatively analyse the consumer decision making process in online and offline channels, chi square test has been applied. It was hypothesized that there is a significance difference between online and offline consumer decision making process.

Table 1 Observed results

<table>
<thead>
<tr>
<th></th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Grand Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Online medium</strong></td>
<td>5</td>
<td>32</td>
<td>18</td>
<td>100</td>
</tr>
<tr>
<td><strong>Offline medium</strong></td>
<td>23</td>
<td>15</td>
<td>62</td>
<td>100</td>
</tr>
<tr>
<td><strong>Grand total</strong></td>
<td>28</td>
<td>28</td>
<td>144</td>
<td>200</td>
</tr>
</tbody>
</table>

Table 2 Expected results

<table>
<thead>
<tr>
<th></th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Grand Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Online medium</strong></td>
<td>14</td>
<td>14</td>
<td>72</td>
<td>100</td>
</tr>
<tr>
<td><strong>Offline medium</strong></td>
<td>14</td>
<td>14</td>
<td>72</td>
<td>100</td>
</tr>
<tr>
<td><strong>Grand total</strong></td>
<td>28</td>
<td>28</td>
<td>144</td>
<td>200</td>
</tr>
</tbody>
</table>

P value - .00713
This p value is less than .05 which depicts that there is a difference between online and offline consumer decision making process.

These differences can be analysed from information search stage to post purchase sale. While in online search, the customer have number of websites where one can visit and check the products or services available in very less time, whereas in offline methods it is very time consuming has one has to visit various stores like tourist agencies or railway stations for instant ticket booking. In purchase stage, online shopping provides customisation, more variety, 24/7 facility but lacks in privacy, financial security whereas in offline buying it is safe purchase. In post purchase stage online buyers will have to contact through email or online complaint toll free numbers for any problem, it’s almost
same for offline buyers but they can directly meet store manager that tourist agency in case of any urgency. Now a day’s online portals also have their outlets in major cities.

C. To analyse perception of different age groups in online and offline medium, chi square test has been applied.

Table 1 Observed results

<table>
<thead>
<tr>
<th>Age group</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Grand total</th>
</tr>
</thead>
<tbody>
<tr>
<td>15-25</td>
<td>5</td>
<td>5</td>
<td>20</td>
<td>30</td>
</tr>
<tr>
<td>25-35</td>
<td>9</td>
<td>6</td>
<td>28</td>
<td>43</td>
</tr>
<tr>
<td>35-45</td>
<td>6</td>
<td>2</td>
<td>11</td>
<td>19</td>
</tr>
<tr>
<td>Grand Total</td>
<td>20</td>
<td>13</td>
<td>59</td>
<td>92</td>
</tr>
</tbody>
</table>

Table 2 Expected results

<table>
<thead>
<tr>
<th>Age group</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Grand total</th>
</tr>
</thead>
<tbody>
<tr>
<td>15-25</td>
<td>6.52</td>
<td>4.23</td>
<td>19.23</td>
<td>30</td>
</tr>
<tr>
<td>25-35</td>
<td>9.34</td>
<td>6.07</td>
<td>27.57</td>
<td>43</td>
</tr>
<tr>
<td>35-45</td>
<td>4.13</td>
<td>2.68</td>
<td>12.18</td>
<td>19</td>
</tr>
<tr>
<td>Grand Total</td>
<td>20</td>
<td>13</td>
<td>59</td>
<td>92</td>
</tr>
</tbody>
</table>

P value is 0.79466

p value > .05

Means Null hypothesis in accepted and consumer buying behaviour online and offline medium is independent of age.

Although previous researches have shown that youngsters and people in 30’s age group are more prone to online shopping, but contradictory results have evolved in this survey.
In this study, mostly consumers are of age group from 18 to 45, comprising college going, students, private or public sector employees who are techno savvy for services like tickets, flights, taxi booking. This might be possible reason for controversial results.

Factors Resisting Customers for making Online Purchase Decisions

Today’s, technology savvy customer is always on the move, very mobile, prefers using the computer and mobile phone and owing to paucity of time prefers to shop online. But still there are some factors prevail in online channel that sometimes directs a customer to switch to traditional methods of buying. Some of these factors are being discussed in this study; the factors have been derived from focused group interview.

- **Lack of Privacy and financial security**
  Online customers are concerned about the amount of personal information that websites collect from them and how it is likely to be used; as we perceived financial risk is also there while making transactions through debit/credit cards

- **Overload of Information**
  Although customers can obtain more information about various products and services, at times too much information can prove to be confusing and devastating.

- **Complexity**
  The customers prefer to conduct complicated transactions in a face-to-face environment.

- **Technology Failure**
  Sometimes technical errors due to problem in connection or any other reason leads to embarrassment during online shopping.

- **Lack of Transparency**
  Existence of several fake online portals resist for using online channels.

- **Lack of Originality**
  End products or services may vary as shown on web portal.
Discussion and conclusion

In consistence to previous researches, buying behaviour and the factors influencing (Efthymios Constantinides, 2004) the decision-making process of online consumers has some similarities as well as differences between them and the offline customers.

From extensive review of literature and a small scale survey, some strategic implications for marketers has been suggested which might helps to fill the bridge between online and offline consumer decision making process. Marketers need to encourage customers to search on the internet especially by conveying and creating an image of enjoying a risk free online experience. A big way of tackling the security and privacy concerns of the online customers is by building trust in their brands. Tourism website should be more user friendly with easy access. Online retailers need to keep a track of customer response to various tactics and make efforts to convert browsers to actual purchasers. As there is lack of human contact, empathetic relations should be maintained through emails or greeting at post purchase stage. Membership facility and online feedback system should be maintained that might help in sustaining customer satisfaction and loyalty.

Way Forward

New methods, technologies and tools for improving and expanding the online experience are frequently arising, as a result of technological advancements, market trends or as a response of online sellers to the shifting online population. The study has wider scope at it can be conducted at larger geographical scale to analyse deeply the online vs. offline consumer behaviour and social media platform can also be used for feedback.

References


15. Consumer Attitude towards Traditional Stores and Online Stores.


**Webliography**

- www.ijrcm.org.in
- www.zenithresearch.org.in
- www.euroasiapub.org
- www.gjmr.org