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# Internet purchase behaviour of Australian internet shoppers

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## **Abstract**

Just as Internet retailing is a relatively new and rapidly changing marketing activity, Internet shoppers form a relatively new consumer group that is evolving as the early adopters are increasingly joined by members of the broader market. In addition to the composition of this group changing, tracking the fundamental behaviours of Internet shoppers may be hampered by differences in research reporting methods and the costs associated with identifying genuine Internet shoppers for research purposes. Accordingly, this paper describes an Internet survey in which the behaviour of 1283 Australian Internet shoppers was examined. The frequency with which participants purchased products online was examined relative to the most recent 12 months and previous years. Data regarding the categories of goods and services purchased by individuals was also collected. And finally, the survey captured differences and similarities in the motives for purchasing products online across divergent categories of Internet retailing.

## **Keywords**

Internet, Purchase, Behaviour, Australian, Internet, Shoppers

## **Disciplines**

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# Internet Purchase Behaviour of Australian Internet Shoppers

Julie E. Francis, University of Wollongong

## Abstract

Just as Internet retailing is a relatively new and rapidly changing marketing activity, Internet shoppers form a relatively new consumer group that is evolving as the early adopters are increasingly joined by members of the broader market. In addition to the composition of this group changing, tracking the fundamental behaviours of Internet shoppers may be hampered by differences in research reporting methods and the costs associated with identifying genuine Internet shoppers for research purposes. Accordingly, this paper describes an Internet survey in which the behaviour of 1283 Australian Internet shoppers was examined. The frequency with which participants purchased products online was examined relative to the most recent 12 months and previous years. Data regarding the categories of goods and services purchased by individuals was also collected. And finally, the survey captured differences and similarities in the motives for purchasing products online across divergent categories of Internet retailing.

Keywords: Internet shoppers, buying behaviour, Internet purchase motives

## Background

Internet shoppers form a relatively new and growing population of consumers. Conceivably, the composition and characteristics of this group would be changing as more consumers follow the lead of the early technology adopters who first purchased products online. However, tracking the changes in this population presents a challenge. Internet shoppers form a low incidence group of consumers for which there is no database of members (Schonlau, Fricker & Elliot, 2004), Internet shopping behaviour is not readily observable and privacy laws prohibit sending unsolicited emails. Subsequently, identifying Internet shoppers for research purposes is difficult and costly. In turn, the availability of information pertaining to the key behaviours of Internet shoppers is relatively limited and that which is freely available is often less than current. While this situation is ostensibly a *market research* problem, it has various implications for marketing academics given that being aware of population's key characteristics factors into identifying information gaps, developing theories and designing sampling strategies. Accordingly, this paper offers a descriptive report on the buying behaviour of Australian Internet shoppers relative to three key attributes: Internet purchase frequency, the types of products purchased and primary motivations for purchasing products online.

### ***Internet Purchase Frequency***

While the number of Australian consumers that purchase products online continues to increase (NOIE, 2003), data regarding the loyalty of Australian's to this shopping medium is limited. For instance, up until 2000 the Australian Bureau of Statistics (ABS) reported the frequency with which Australian's purchased products online. At that time, 26% of Internet shoppers made one online purchase per year, 41% made two to four purchases and 33% made five or more annual purchases (ABS, 2000). However, the substitute report, the National Office for the Information Economy's (NOIE) "*Current State of Play: Online Participation and Activities*", does not include purchase frequency data. Also, commercial surveys, such as Nielsen/NetRatings, do not offer current purchase frequency data free of charge and a search of academic journals failed to identify research in this area. Thus, high quality and current information regarding the Internet shopping frequency of Australian consumers is not readily available in the public domain.

Understanding Internet shopper loyalty also involves considering the number of years that Internet shoppers have been purchasing products online and whether their purchase frequency has changed over time. Such information may be particularly important given the suggestions that a large portion of Internet shoppers are once-off novelty seekers and that dissatisfaction with online shopping is widespread (Ramaswami, 2004; White & Daniel, 2004). However, as was the case for purchase frequency data, there is an absence of freely available information regarding Internet shopper 'churn' and the longer-term buying behaviour of Internet shoppers.

### ***Internet Purchase Categories***

A further attribute of Internet shopper behaviour is the type of products purchased online. This issue is mostly reported via single-product categories, such as books, music or groceries. In the context of Internet retailing however, such categories may offer limited guidance. For instance, purchasing 'music' online may involve ordering a CD that is delivered via post, purchasing then downloading a digital music file or thirdly, subscribing to a streaming service and listening to the music via the Internet (Dennis, Fenech & Merrilees, 2004). These options involve divergent purchase, acquisition and product usage procedures that are potential sources of insights into the characteristics and technology use of the relevant Internet shoppers. Thus, the category of 'music' does not fully convey that which has been purchased and it disguises issues that may be integral to developing theories about, or designing research which involves, music shoppers.

A broader concern is the extent to which relevant industry reports offer a holistic overview of Internet shopping behaviour. For example, NOIE (2003) separate retail financial services (e.g. share trading) from other forms of Internet retailing and they do not measure the purchase of adult-only products, which may represent up to 10% of all Internet retailing (Dennis, Fenech & Merrilees, 2004). Also, data in the public domain rarely, if ever, provides insight regarding the range of products purchased by individuals. Arguably, this information would assist the process of forming theories that rely on understanding patterns or clusters in online buying behaviour.

### ***Internet Purchase Motivations***

While few studies have examined the Internet purchase motives of Australians, such studies have been conducted in the US and UK. These efforts variously discuss utilitarian motives, such as convenience, speed or efficiency, and hedonic motives, such as fun, sociality and enjoyment. Concurrently, some contextual issues warrant attention. For instance, Donthu and Garcia's (1999) study of Internet shoppers found that this group was innovative and less concerned with price than non-Internet shoppers. However, being a 1999 study, it is likely that the Internet shoppers were early technology adopters and thus, may not reflect the views of those who have only recently commenced shopping online. Also, some studies into the 'motives for Internet shopping' involved consumers who had never purchased products online and thus, were not actually motivated towards Internet shopping (e.g. Childers *et al*, 2001; Menon & Khan, 2002).

Furthermore, the presence of conflicting results across some studies suggests that it is necessary to examine consumer motives relative to specific categories of Internet shopping. For instance, where Dholakia (1999) concludes that the lack of sociality is a disincentive for shopping online, Wolfenbarger and Gilly (2001) indicate that freedom from sales staff and family members is a motivating factor. Thus, clarifying when this factor is a disincentive or an incentive would be beneficial. Towards this end, Francis and White (2004) examined the sources and inhibitors of value relative to Fulfilment-Product categories of Internet shopping and identified systematic differences across the categories. While the study did not directly examine motives, the research participants were Australian Internet shoppers and the results suggest that insights may be gained by examining Internet shopping motives relative to the Fulfilment-Product categories.

Given the limitations associated with the available descriptive information pertaining to Internet shopping behaviour by Australian consumers, this paper will examine three issues. Firstly, the survey will examine the frequency with which Australian consumers purchased products online relative to the most recent 12 months and the years since first making an online purchase. The types of purchases completed will be examined relative to the Fulfilment-Product categories of Internet retailing. And finally, the primary motive for purchasing products online rather than via conventional shopping methods will be examined for each Fulfilment-Product category.

## Method

The data was collected via an Internet survey in which participants were recruited via an email that contained a link to a secure survey Web site. A market research firm identified the email recipients from a sampling frame that was comparable to the Australian population in terms of demographic variables such as age, gender, income and area of residence. Thus, judgement sampling was performed (Henry, 1998). Emails were sent to 3120 Australian consumers that had purchased products online for personal, non-business reasons and responses were obtained from 1283 Internet shoppers. This generated a response rate of 41%. Of the participants, 82% were over 25 years of age, with 59% being 26-55 years of age. The age distributions were consistent with NOIE (2003) data. The sample included a reasonably equal number of males (49.6%) and females (50.6%) and the proportion of Internet shoppers from each state or territory was inline with ABS (1997) census data. Almost 80% of the participants reported annual household incomes above \$50,000, with 45% indicating incomes above \$75,000.

The initial questionnaire items examined the categories of products that individuals purchased online. The purchase category items were presented first to clarify that which was, and was not, an Internet purchase and to aid recall of purchase incidents. Sequentially, each Fulfilment-Product category was described by drawing from the category definition (Francis & White, 2004) and reinforcing that which was not included in the category (e.g. free samples, paying bills). Participants indicated whether they had purchased goods or services from the category. While these items are too lengthy to quote in this paper, the categories may be summarised as follows: *offline-goods* involves ordering goods that are physically delivered (e.g. CD's, books), *offline-services* involves services that are purchased online then used offline (e.g. airline or event tickets), *electronic-goods* includes purchasing and downloading digital goods (e.g. MP3's, software) and *electronic-services* involves services that are purchased, co-produced and consumed online (e.g. share trading, chat sites). Regarding purchase frequency, participants indicated the number of occasions that they had purchased goods or services from any Internet site in the previous twelve months (excluding business purchases), compared the number of occasions with that of previous years and indicated the number of years since their first Internet purchase. The category-specific motives data was captured by asking participants to indicate the main reason for making the category purchase online. After retrieving the data, descriptive statistics were formulated by extracting response frequencies and performing crosstabulations.

## Results

### *Internet Purchase Frequency*

Table 1 presents the results for Internet purchase frequency and purchase frequency relative to the years since first online purchase. Of the sample, 53% indicated six or less online purchases during the previous twelve months. This figure rose to 76% for new Internet shoppers that had

made their first purchase during that twelve month period. Also, 61% of participants with less than two years of Internet shopping experience reported six or less purchases in the previous year and while participants with three or more years of experience tended to make more Internet purchases, relatively few reported 13 or more purchases per year. Furthermore, when describing their Internet purchase frequency, 37% of participants indicated that they had made a lot more purchases in the previous 12 months while 29% reported only slightly more purchases and 34% indicated approximately the same or fewer purchases than in previous years. This implies that increases in Internet purchase frequency may occur moderately over an extended period.

**Table 1: Internet Purchase Frequency**

	Number of Purchases in Previous 12 Months				Total
	1	2-6	7-12	13 or more	
Total Sample	7%	46%	24%	23%	100%
<i>First Internet Purchase</i>					
Less than 1 year ago (12%)	27%	49%	16%	8%	100%
1-2 years ago (23%)	6%	55%	20%	19%	100%
3-4 years ago (43%)	4%	32%	29%	35%	100%
5 or more years ago (22%)	6%	46%	24%	24%	100%

### ***Internet Purchase Categories***

The proportion of participants with purchase experience for each category was 94% for offline-goods, 76% for offline-services, 62% for electronic-services and 55% for electronic-goods. As for the number of categories by individuals, 10% reported only one category, 35% reported incidents from three categories and 30% reported incidents from all four categories (Table 2). The number of categories purchased did not vary with age, gender or income. However, it appeared to increase marginally with years of Internet shopping experience. Relatively, a high number of participants with less than one year of Internet shopping experience had purchased from one category only (21%) while the dominant proportion of participants that had shopped from all four categories had five or more years of Internet shopping experience (40%). Also, participants that had not purchased electronic-goods tended to purchase from fewer categories while participants that had purchased electronic-goods were the most likely group to purchase from multiple categories, with 56% of electronic-goods shoppers purchased from all categories.

**Table 2: Internet Purchase Categories**

	Number of Categories Purchased				Total
	1	2	3	4	
Total Sample	10%	25%	35%	30%	100%
<i>First Internet Purchase</i>					
Less than 1 year ago (12%)	21%	28%	32%	19%	100%
1-2 years ago (23%)	12%	30%	36%	22%	100%
3-4 years ago (43%)	8%	24%	35%	33%	100%
5 or more years ago (22%)	5%	20%	35%	40%	100%
<i>Electronic-Goods</i>					
Have not purchased (45%)	21%	43%	36%	0%	100%
Have purchased (55%)	1%	10%	33%	56%	100%

### ***Primary Internet Purchase Motive***

Data pertaining to the primary motivation for making a given purchase via the Internet was analysed in terms of the total sample as well as each of the Fulfilment-Product categories (Table

3). Overall, the most frequently reported motive was that the product was less expensive online (28%). This was followed by purchasing online being easier than going to a conventional retail outlet (25%) and to obtain unique products (20%). At the lower end of the rankings, only 3% of participants were primary motivated by the fun of Internet shopping while being able to have the product delivered to someone else (2%) or to avoid sales staff (1%) were the least frequently reported motives. The motives of fun, sending products to someone else and avoiding sales staff were also the three least frequent motives across the Fulfilment-Product categories (Table 3).

**Table 3: Primary Internet Purchase Motive**

	Primary Motive for Internet Purchase				
	Total Sample	Offline-Goods	Offline-Services	Electronic-Goods	Electronic-Services
Less expensive online	28%	35%	34%	18%	28%
Easier than conventional	25%	25%	29%	24%	20%
Obtain unique product	20%	23%	4%	30%	23%
Faster than conventional	15%	5%	24%	16%	13%
Other	6%	6%	6%	7%	6%
Fun of Internet shopping	3%	3%	1%	3%	6%
Deliver product to other	2%	2%	1%	1%	2%
Avoid sales staff	1%	1%	1%	1%	2%
Total	100%	100%	100%	100%	100%

The most frequently reported primary Internet purchase motives varied across the Fulfilment-Product categories. For instance, where the most frequently reported motive overall relates to price (28%), the frequency with which this motive was reported increased for offline-goods (35%) and offline-services (34%) yet it decreased in the case of electronic-goods (18%) such that pricing was only the third most frequently reported motive. Also, where obtaining unique products was the third most frequently reported motive overall (20%), it was the most frequently reported motive for electronic-goods (30%) and it was rarely nominated for offline-services (4%). By contrast, the offline-services category resulted in an above average proportion of participants purchasing online because it was faster than conventional methods (24%) while being faster than conventional shopping was rarely indicated for offline-goods (5%).

## Discussion

This survey described key Internet purchase behaviours of Australian consumers and in doing so, provided information that is not readily available in the public domain. Granted, probability sampling was not used. However, judgement sampling was used and the sample demographics

were inline with ABS census data. Thus, it is reasonable to suggest that the results offer an indicative snapshot of Australian Internet shoppers that may assist Internet retailing researchers when identifying information gaps, formulating theories or developing sampling strategies. Furthermore, two preliminary conclusions emerged from the survey. Firstly, it appears that increases in Internet purchase frequency and the range of products purchased tend to occur gradually over a number of years. Secondly, the primary motives for purchasing goods and services online vary across Fulfilment-Product categories of Internet shopping. As for future research, this descriptive report may help to provide a foundation for more detailed, category-specific studies of Internet shopper loyalty and motivations. Furthermore, replicating the present study at regular intervals would facilitate tracking changes in the Australian Internet shopper population.

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