

# AN ANALYTICAL STUDY ON THE IMPACT OF DIGITAL MARKETING CHANNELS ON BUYING BEHAVIOUR OF ONLINE CUSTOMERS

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## Abstract

The paper aims to explore the impact of digital marketing channels on the purchase decisions of online customers. It has been found that online companies use various forms of digital channels that allow or motivate consumer to purchase through online sources. The study conducted is empirical whereby the two factors on the digital channel; perceived usefulness, and ease of use were assessed amongst 138 online customers. The study found that perceived value and perceived ease of use of digital channels motivated the customers to buy from online sources considerably.

**Key Words:** Digital Marketing Channels, Buying Behavior, Online Customers.

## Introduction

The use of digital media for marketing purposes has been on the rise, with an increasing number of companies using digital marketing to reach their target markets. This can be seen by the fact that around 77% of customers go online to check the reviews of the products, whereas a whopping 3 million advertisers are resorting to social media for reaching their customers with 93% of total online purchases being influenced by social media (Heitzman, 2017). These figures can be seen as an indication that digital marketing channels are the new way to go for the businesses.

The growth in online sales in India can be seen from the fact that the volume of the digital commerce market in India increased from \$4.4 billion in 2010 to \$17 billion in 2014 and reached \$ 38 billion by 2016 (IBEF, 2017). The number of online shoppers is expected to have an exponential growth as it increased from 20 million in 2013 to 100 million in 2016, which can be attributed to the increase in sales of smartphones with mobile data (IBEF, 2017). The total digital commerce market in India is growing at a CAGR of 44.77 percent with the increasing growth in the penetration level of smartphones and internet and increased demand of the customers (Deloitte, 2016).

## Objectives of the Study

The aim of this paper is to study the influence that digital marketing channels have on the purchase decision of online customers. This study shall focus on the growth of online sales, which have been made under the influence of digital marketing channels.

## Literature Review

The review of literature is done briefly under three heads namely, theory of buying behavior to have a general understanding of the fundamental concept of buying behavior, followed by digital marketing channels and strategies and its effectiveness in the context of buying behavior and finally a few empirical research works on buying behavior which are described as follows:

### Theory of Buying Behavior (online)

Online buying behavior is defined as, the study of understanding how the consumer makes a

decision about spending his/her limited resources, such as time, effort and money for purchasing”(Smith, 2011, p. 2). An examination of various theories of consumers' online buying behavior shows that the basic foundation of most of them was classical theories of Theory of reasoned action (TRA) and Technology Acceptance Model (TAM). TRA was formulated by Icek Ajzen and Martin Fishbein in 1980 to explore the attitude based research and the difference between human attitudes and behaviors. The model states that the behavior of online customers cannot be regarded as completely voluntary and under control which led to the addition of perceived behavioral control (Khurana and Kaur, 2017).

TAM, on the other hand, was derived from the theory of reasoned action, which was formulated by Davis in 1986. The model implicates that the attitude to accept a particular system of information is based on two aspects; perceived usefulness and perceived ease of use. Perceived usefulness is the perseverance of human to consider that there is specific use or importance of the information system and perceived ease of use indicates simply the perseverance of the human on the thinking of how easy it is to use the system (Khurana and Kaur, 2017) Besides these two models, there is no other integrated, relevant and universally accepted consumer behavior model in existence.

### **About digital marketing channels and strategies and its effectiveness**

There are various marketing channels and strategies, including website advertisements, YouTube videos, e-mail notifications and game based advertisements. Previous studies have shown that companies require doing online advertising in order to be effective in influencing consumer behavior. It was found that banner advertising was the most effective in capturing the attention of the buyers and ultimately leading to purchase (Goh and Chintagunta, 2010). However, the views of website based advertisements differ from one person to another whereby they may also perceive it negatively (McCoy et al., 2012). Cho and Cheon, (2014) too supported the findings of McCoy et al., (2012) in which it was found that online advertising slows customers from achieving their personal goals or may even make them lazy. This factor and perceived excessive advertising issues may impact the consumers to avoid online advertising. Therefore, marketers need to alter their marketing strategies in order to adapt themselves to the requirements of the millennials that are more brand-conscious and therefore, respond different to advertisements as compared to their parents.

### **Empirical review**

Karjaluoto, (2007) investigated the different factors that influenced the level of trust of the consumers in e-commerce model by dividing them into external factors and internal factors. The study found that trust was the main factor behind repeat purchase of customers which would eventually lead to long term buyer commitment.

Mukherjee, (2007) reinforced the role of trust and commitment of the sellers towards buyers in online space. The study mainly concentrated on finding out how the trust of the buyers could be gained by websites and at the same time, delivering the promises they made to them in order to culminate in longer relations with the customer. This paper also examined the commitment-trust theory (CTT) which is related to online retailing

Lim, (2012) sought to identify the perspectives and attitudes of online shopping by using the TAM model. There were four hypotheses based on the different factors of TAM and found a positive impact on the buying intention of the consumers. The main conclusion of the study indicated that in today's

world, digital consumers are accepting technology to make an informed decision regarding their purchase behavior.

## **METHODOLOGY**

The methodology of the study of the research paper is described as follows:

### **Data Type and Sources**

The study is based on both primary and secondary data; review of literature is based on the secondary data and the main research work to study the impact of digital marketing channels on the buying behavior of online customers is done based on primary data.

### **Sampling Plan, Sample Size, Questionnaire and Data Collection**

The collection of data is done by the use of simple random sampling tool and a relevant questionnaire is prepared with respect to the objective of the study and administered on pilot sample of 32 and corrected and finalized the questionnaire and administered on 175 online customers and after the scrutiny of the collected data 138 respondents are taken as the final and effective sample size for analysis of the data.

### **Data Classification, Tabulation and Statistical Tools**

The collected data is classified tabulated in one-variate to understand the profile of the online customers and also with respect to the objectives of the study, such as times of online purchase, digital methods use motivation cause, and digital marketing channels. The study of impact of digital marketing channels is analyzed by the use of regression, correlation and ANOVA.

### **Reliability Test**

The reliability test was done to showcase the reliability of the responses provided by the respondents were true. In addition, the reliability test was also done to link the regression of the study will help in finding the impact of digital marketing channels on online purchase behavior. In this regard the independent variables of the studies were tested for Cronbach's alpha test with value of 0.934 for 15 items of perceived usefulness and ease of use.

#### a) Research hypotheses

The hypothesis framed to study the implications of the research is:

The strategies of digital marketing channels used by companies do not impact the online purchase behavior of customers in India. The strategies followed by the different online companies are:

- Digital channels showcase new products every time
- The digital stores have a wide range of brands and products
- Digital stores provide several types of discounts and benefits
- Digital channels allow comparison of two or more products
- Digital channels offer easy returns and replacements
- Digital channels enable easy referral to my friends and family
- Digital channels help in easy decision making for products
- These channels provide safe and secure payment options

- Digital channels provide notification on arrival of new products or price reduction of saved products
  - Digital channels allow easy navigation for products
  - Digital channels provide easy payment modes
  - The platforms are user-friendly with loads of features
  - Purchase through digital channels takes lesser time
  - These platforms enable saving or wish listing products
  - Digital channels can be used by both children and older people
- b) Limitations and assumptions of the research

The following are the limitations and assumptions of the study:

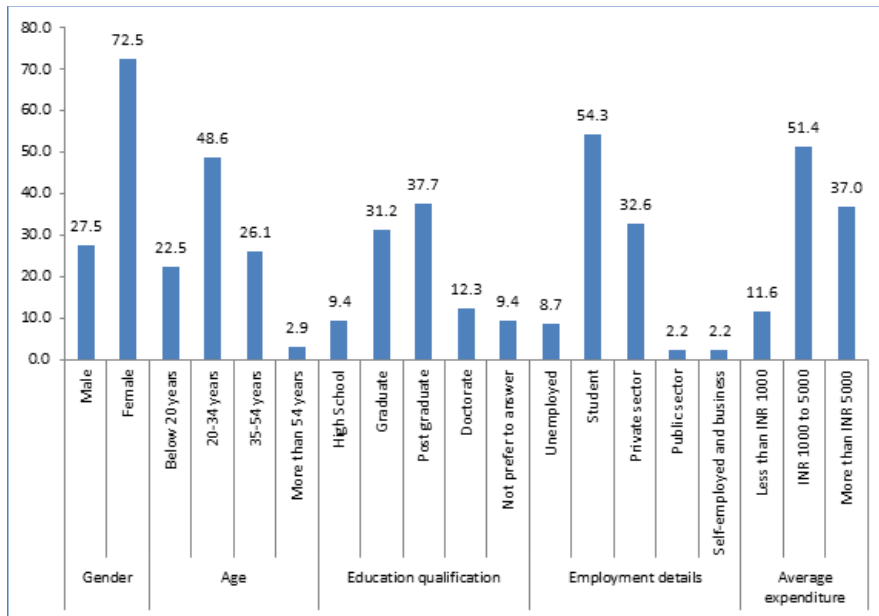
- Effective sample size 138 may not be sufficient hence the results are subject to verification concerning the real market trend. However the research outcome is nearer to the real market trend.
- It is assumed that online marketers follow the above listed strategies to motivate and boost up the online sales.

## FINDINGS

The following are the outcomes of the research:

### Profile of the respondents

- a) As per the **Figure 1**, it is observed that 73% of the sample respondents are females and the rest 27% of the sample respondents are male online buyers, implying female online buyers are far greater than that of males.
- b) With respect to age, more number of online buyers are seen in the age group between 20 & 34 years (48.6%), followed by 35 to 54 years (26%), below 20 years (22.5%) and above 54 years (2.9%) implying that youngsters are more inclined to be online buyers.
- c) Majority of the online buyers are seen with post-graduation as their educational qualification (37.7%) followed by the respondents with graduation as their educational qualification (31.2%) implying 69% of the online buyers are with minimum graduation.
- d) Highest number of online buyers is seen in students segment (54.3%) followed by private sector employees (32.6%) and public sector employees account for just 2.2%. In other words students and private sector employees are the major online buyers.
- e) In terms of spending, it is observed that 51.4% of the respondents normally spend between 1000 and 5000 INR at a time, followed by 37% of the respondents do spend more than 5000 INR and 11.6% of the sample online buyers spend below 1000 INR on an average.

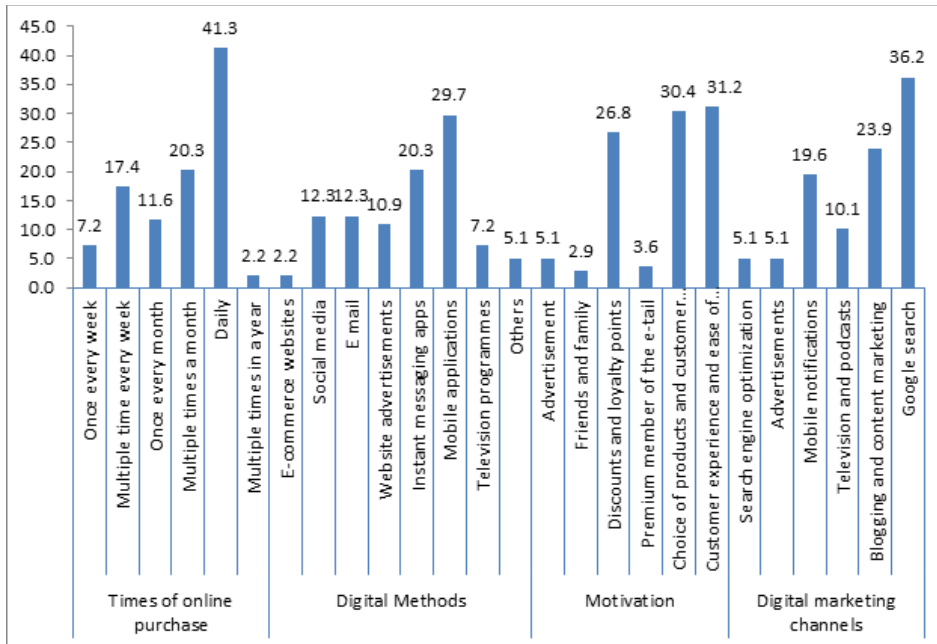


Source: Authors' survey

Figure 1: Demographic profile of the Respondents

The frequency of online purchases, the use of digital methods, cause to buy online and the use of digital channels to buy online are analyzed and presented in **Figure 2**.

- a) Daily online buying is dominating and represented by 41% of the sample online buyers followed by 20% who buy online multiple times in a month, 17.4% who buy multiple times in a week implying that major online buyers are daily online buyers.
- b) As for as the use of applications for online buying, majority of the sample online buyers found to use mobile applications (29.7%), followed by instant messaging by 20.3%, social media and e-mail each by 12%, web site ads by 10.9% and Television programs by 5.1%. This implies that most of the online buyers are using mobile applications.
- c) Factors that determine to boost up online buying are analyzed. As per the **Table-1** it is observed that customer experience and ease of purchase (31%) and choice of products and customer service (30%) were found to be the most important reasons to motivate customers to purchase products online and followed by discounts and royalty points by 26.8% implying that online buying can be boosted up by providing user-friendly software to increase ease of purchase experience for the customer, providing a good choice of products with discounts and accumulated loyalty points.
- d) With respect to the digital channels, it is found that majority of the sample respondents prefer Google search by 36% followed by blogging and content by 23.9%, mobile notifications by 19.6% and television and podcasts by 10.1%. This implies that digital marketers to focus on Google search and blogging and content writing to attract online buyers.



Source: Authors' survey

Figure 2: Preferences of the Respondents

### Inferential analysis

The main aim of this study is to assess the effect of various digital marketing channels on online buying behavior of consumers. In this regard, perceived usefulness and perceived ease of use are analyzed.  $H_0$ : The strategies of digital marketing channels used by companies do not impact the online purchase behavior of customers.

#### a) Correlation test

Correlation tests are done to assess the relation of closeness between the responses provided during a survey. In this regard, a Pearson correlation was calculated and the analysis has been presented in **Table 1**.

With respect to perceived usefulness, it was found that 'Digital channels showcase new products every time' showed high value of correlation of above 0.644 followed by 'The digital stores have a wide range of brands and products' at 0.617 at 95% confidence interval and a significance value of 0.000 (<0.05). However, it was also found that, strategies like 'Digital channels provide easy returns and replacements' too indicated a high value of correlation of 0.712 at 95% confidence interval and a significance value of 0.000. Again, with respect to ease of usage, factors like 'Digital channels can be used by both children and older people', 'These platforms allow saving or wish listing products', 'Digital channels provide ease payment modes' and 'Digital channels allows easy navigation for products' were found to have a high Pearson correlation of more than 0.600 at 95% confidence interval and a significance value of 0.000 (<0.05). In this regard, it may be implied that the digital channels used by companies lead the online customers to purchase products.

Table 1: Correlation Analysis

FACTORS	Pearson Correlation Test N = 138	Dependent User experience
Digital channels showcase new products every time	Pearson Correlation	.644**
	Sig. (2-tailed)	.000
The digital stores have a wide range of brands and products	Pearson Correlation	.617**
	Sig. (2-tailed)	.000
Digital stores provides several types of discounts and benefits	Pearson Correlation	.386**
	Sig. (2-tailed)	.000
Digital channels allow comparison of two or more products	Pearson Correlation	.537**
	Sig. (2-tailed)	.000
Digital channels provide easy returns and replacements	Pearson Correlation	.712**
	Sig. (2-tailed)	.000
Digital channels allow easy referral to my friends and family	Pearson Correlation	.561**
	Sig. (2-tailed)	.000
Digital channels help in easy decision making for products	Pearson Correlation	.661**
	Sig. (2-tailed)	.000
These channels provide safe and secured payment options	Pearson Correlation	.490**
	Sig. (2-tailed)	.000
Digital channels provide notification on arrival new products or price reduction of saved products	Pearson Correlation	.572**
	Sig. (2-tailed)	.000
Digital channels allows easy navigation for products	Pearson Correlation	.635**
	Sig. (2-tailed)	.000
Digital channels provide ease payment modes	Pearson Correlation	.710**
	Sig. (2-tailed)	.000
The platforms are user friendly with loads of features	Pearson Correlation	.680**
	Sig. (2-tailed)	.000
Purchase through digital channels takes lesser time	Pearson Correlation	.665**
	Sig. (2-tailed)	.000
These platforms allow saving or wish listing products	Pearson Correlation	.570**
	Sig. (2-tailed)	.000
Digital channels can be used by both children and older people	Pearson Correlation	.731**
	Sig. (2-tailed)	.000

Source: Authors' Survey

#### b) ANOVA and Regression Test

ANOVA test was conducted to address the hypothesis of the study. ANOVA helped to find the differences amongst the responses for the perceived usefulness and ease of use of the digital channels shows the significance of the hypothesis. The results from the ANOVA have been presented in **Table 2**. The value of R square was found to be 0.860, which signifies that 86% of the data gathered lie on the regression line. In other words, 86% of the customers using online modes believe that the independent variables have an impact on the dependent variables. Similarly, the adjusted r square was also found to be high and 84.2% of the total respondents believe or perceive that digital channels have positive usefulness and ease of use and hence motivate to buy online. Since, majority of the responses appear to greater than the mean regression point at 0.842, the null hypothesis may be rejected and the alternative hypothesis may be accepted. Therefore, the regression coefficient is significant and can be inferred that the channels of digital marketing impacts the online purchase behavior.



**Table 2: ANOVA Statistics**

R	R Square	Adjusted R Square	F value	Sig.
.927	.860	.842	49.785	.000

**Regression coefficient**

The results from the analysis have been presented in **Table 3**. The table also highlights the independent variables that show values less than 0.05. From the assessment of regression it was found that 8 out of 15 factors from perceived usefulness and ease of use have significant values of  $p < 0.05$ . In case of usefulness 'Digital stores provides several types of discounts and benefits' ( $p = .035$ , 95% CI), 'The digital stores have a wide range of brands and products' ( $p = .002$ , 95%), 'Digital channels provide easy returns and replacements' ( $p = .001$ , 95%), and 'These channels provide safe and secured payment options' ( $p = .010$ , 95%) were found significant and impact the impulse purchase behavior amongst the online customers. Again, in case of ease of use based strategies, factors 'Digital channels allows easy navigation for products' ( $p = .000$ , 95%), 'Digital channels provide ease payment modes' ( $p = .043$ , 95%) and 'Digital channels provide ease payment modes' ( $p = .015$ , 95%) were found to influence the customers to make online purchases.

From the findings of the statistics it can now be implied that the null hypothesis can be rejected as the p-value is less than 0.05 at 95% CI. Therefore, the null hypothesis strategies of digital marketing channels used by companies do not impact the online purchase behavior of customers is rejected. The alternative hypothesis is accepted that, digital marketing channels used have significant impact on the online purchase behavior of customers.

**Table 3: Regression Analysis**

FACTORS	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Digital channels showcase new products every time	.107	.055	.112	1.938	.055
The digital stores have a wide range of brands and products	.089	.042	.104	2.138	.035
Digital stores provides several types of discounts and benefits	-.161	.052	-.179	-3.110	.002
Digital channels allow comparison of two or more products	-.079	.055	-.080	-1.440	.153
Digital channels provide easy returns and replacements	.173	.053	.180	3.301	.001
Digital channels allow easy referral to my friends and family	-.004	.047	-.004	-.085	.932
Digital channels help in easy decision making for products	.080	.052	.089	1.530	.129
These channels provide safe and secured payment options	-.142	.054	-.151	-2.614	.010
Digital channels provide notification on arrival new products or price reduction of saved products	.175	.050	.186	3.522	.001
Digital channels allows easy navigation for products	.222	.058	.233	3.795	.000
Digital channels provide ease payment modes	.121	.059	.125	2.045	.043
The platforms are user friendly with loads of features	.091	.058	.096	1.576	.118
Purchase through digital channels takes lesser time	.088	.055	.092	1.619	.108
These platforms allow saving or wish listing products	.077	.042	.084	1.808	.073
Digital channels can be used by both children and older people	.271	.047	.283	5.737	.000

Source: Authors' Survey



## Implications of the Research

The study finds that young aged and self-dependent financial status of customers increases the possibility to purchase products. In addition the study also finds that majority of the companies use digital channels like social media advertisements and SEO search engines to lure customers to buy products online. Further, content marketing and blogging also motivates the customers to choose and buy products from online sources.

Statistical findings indicate that majority of the online customers who make purchases from online websites spends around INR 2000 and more every month. Again, students and employed customers between the ages of 20-34 years spend the highest on online shopping. Therefore, age and financial status both plays their part in online shopping and impulse buying behavior. Based on the usefulness factors, it was found that digital channels showcase new products every time, had a wide range of brands and products, several types of discounts and benefits, easy returns and replacements, easy decision making for products and provide safe and secured payment options have positive and significant impact on online buying.

Therefore, it can be inferred that the employed youth make the most amount of online purchases, and are prone to indulge in impulsive buying. However, the acceptance of technology is important to motivate the customers. Literatures also found that trust was the main factor behind repeat purchase of customers which would eventually lead to long term buyer commitment. In addition to use of different factors, TAM found a positive impact on the buying intention of the consumers. Therefore, digital consumers were accepting technology in order to make an informed decision regarding their purchase behavior.

## Recommended Marketing Strategies

The following marketing strategies to improve and digital marketing space across the country:

### a) Product-mix Strategies

The following are product-mix strategies:

- i) Vast portfolio of products and services to maximize the choice for the online customers and therefore availability of superior products and services does not have a dramatic impact on consumer e-satisfaction.
- ii) Attractive website design and layout to attract the customers and create feel good factor
- iii) More and quality of information and extent of information available determines consumers' inclination toward an e-commerce site
- iv) Good brand image of the web site Brand image is important in order for a consumer to consider shopping online.
- v) Ease of use of the website also determines consumers' inclination toward an e-commerce site

### b) Price-mix strategies

The following are price-mix strategies:

- i) Competitive pricing to attract the customers from traditional and physical shopping to digital shopping.

- ii) Different payment options such as through credit card, debit card, net banking, UPI, wallet, Cash on Delivery etc to create convenience to the customer.
- iii) Terms and conditions of sales should be simple and easy to understand easy-return policy is important in developing trust in such a buying environment.
- iv) Security of payment during transaction is crucial in determining consumer trust.

**c) Promotion-mix strategies**

The following are promotion-mix strategies:

- i) Eye-catching graphics for more visibility and clarity to make the customer feel good about the company and its products
- ii) Huge discounts and promotional offers more transactions through their websites
- iii) Effectiveness of search process in terms of speed and accuracy definitely is significant in selecting a web portal.
- iv) Easy access to the portal and portal with faster navigation will boost up the acceptance of digital marketing.

**d) Place-mix Strategies**

The following are place-mix strategies:

- i) On-time and proper delivery of goods has a significant and positive impact on online customer satisfaction.
- ii) Privacy of personal information as privacy is an important factor in determining a shopper's inclination to visit a website or not.
- iii) Delivery of quality products an important factor in determining consumer e-satisfaction.
- iv) Physical display counter can influence consumers to visit the site.
- v) Online and offline interaction can lead to a better relationship with the customer.
- vi) Personalized features for the existing customers

**Scope for Future Research**

The following are the topics listed for future research:

- a) A comparative study on the determinants of buyer behavior between online buyer and traditional buyer.
- b) A comparative study on the determinants of online buyer behavior between urban and rural buyers.
- c) An analytical study on the digital marketing strategies for health care products.
- d) An analytical study on impact of digital marketing strategies on medical doctors' prescription behavior.
- e) An analytical study on impact of digital marketing on the sale of costly branded jewelry products.

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