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A Study on Consumer Buying Behavior in the Consumer Buying Process towards Electronic Products in Malawi

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ABSTRACT

In Malawi the use of internet have increased and it has resulted in Customers' use of online consumer reviews to increase as a method of finding product information before making the buying decision. Online consumer reviews is a form of electronic word-of-mouth which is an unpaid form of communication. Earlier customers of an organization write their experiences and opinions of products, which becomes available to read for a large number of people. These reviews are published on both independent review websites and organizational websites.

The purpose of the thesis is to examine how online consumer reviews influence consumer buying behavior in the consumer buying process. This is examined with a focus on big and small electronic products. Four research questions were developed to reach the purpose of the thesis;

RQ1 How can online consumer reviews influence on consumer buying behavior when

Purchasing big electronic products, be described?

RQ2 How can online consumer reviews influence on consumer buying behavior when

purchasing small electronic products, be described?

RQ3 How can customers' use of online consumer reviews during the different steps of the buying process, when purchasing big electronic products, be described?

RQ4 How can customers' use of online consumer reviews during the different steps of the buying process, when purchasing small electronic products, be described?

The main findings in the thesis are that customers are motivated to search and process

information in online consumer reviews for big electronic products. Customers of big electronic products value review quality as an important review factor because they perceive these reviews to be most efficient in delivering accurate product information.

Customers of big electronic products mostly use online consumer reviews in the stages of information search and post-purchase in the consumer buying process. The purchase decision is made outside of the Internet after customers' have complemented online consumer reviews with information from social contacts. Customers do not use online consumer reviews when buying small electronic products, instead they rely on traditional word-of-mouth and product popularity.

The thesis key concepts are; Consumer buying process, Customer-to-customer interactions, Electronic word-of-mouth, online consumer reviews as well as big- and small electronic products. The thesis main theoretical model is the elaboration likelihood model.

Introduction

According to Pingjun & Rosenbloom (2005), in today's high competition markets most of companies searching for creative way to stay ahead of the market. A study by Chatura, McDougall and Bansal in (2005), has argued that there are different ways to keep ahead of the competition, nevertheless knowing your customer needs should always be priorities, because the customer needs or demand can change dramatically due to the high development in different market area. According to Solomon, Michael R., et al. (2018), in today's highly competitive market companies don't have many options to survive. Traditionally most of the companies were focusing on lowering the cost in order to be able to compete with low price, however this option may not be available for all the companies and it cannot be the only solution, therefore, a study by Vilasini & Khanna (2016) concluded that it is very important for business to focus on the customer needs and a customer behavior in the buying process. According to Ilyoo B (2015) it is very important for the enterprises to understand the cycle of buying process, because only through the buying process models' companies can understand their customer needs.

Nikolaos (2016) has argued that knowing your customer needs is one of the key solutions, but it is not enough to solve all the problems. Companies need to consider certain environment of information regarding its product. Pappas, Ilias, et al (2014), has argued that buying process has different steps, starting with identification of product needs and then going through different stages, however one of the most important stage of buying process is when customer ask for a recommendation from friends and families or when he/she decide to ask for the experience with a specific product, it can be argued based on the study by Karimi (2013) that more than 60% of the young generation are using online searching engine as the main source for finding information about a specific product (Karimi, 2013). Lukas (2013) argued that there is no doubt that internet has changed a lot in the buying process and recently the social media platforms such as Facebook Twitter and others has greatly impacted the buying process behavior.

II. Literature Overview

Consumer Buying Behavior and Buying Process

In consumer buying behavior there is the problem of choice which results in a certain

outcome (Taylor, 1974). Because the customer cannot know the outcome until after the purchase, there is a risk involved in every choice. The risk can be described as the possible loss that the customer can experience after a purchase. The loss can be economical, functional, psychological or social. The customer can reduce the risk related to purchase decisions by finding information about the product. Then the customer can get an idea of the possible outcome before making a purchase decision. The information can be acquired through word-of-mouth which has been found to reduce customers' perception of risk. (Ibid)

There are many ways of describing the consumer buying process (e.g., Kotler, 2009;

Frambach, Krishnan and Roest, 2007) and this is something that has been studied for a long time. Although previous research presents models with various numbers of stages, a common theme includes the following three stages; information search (cognitive), evaluation of the found alternatives (affective) and finally the purchase transaction (behavior) (Sakkthivel, 2010). This buying process is related to when customers buy products offline. The degree of customer involvement is determined according to how much money the customer is willing to spend in the purchase and the length and complexity of the buying process varies according to this. (Ibid)

Sakkthivel (2010) describes that the buying process tends to be longer in the purchase of highcost products, such as cars, TV's and jewelry. In this case the customer is not willing to choose substitute brands because of the high risk in the purchase of expensive products. The length of the buying process is reduced in the purchase of low-cost products such as groceries or cinema tickets. In this case customers are flexible and willing to change to substitute brands if the purchase is a disappointment. Because of the low cost there is a low risk of making the wrong decision. (Ibid)

In this stage it is important that the customer have easy access to product information and the Internet is a good source for this because of its efficiency in finding product information, organizing and evaluating the information. The Internet provides customers with good possibilities to evaluate alternatives and compare product information. In the stage of purchase, the customer has gathered all the information that is needed. Now the focus is on comparing product alternatives prior to making the decision whether to purchase or not. If the customers make a purchase decision there is a transaction between customer and company. In the last stage of post-purchase, the customer evaluates the product and decides whether to continue buying from the seller. (Ibid)

A widely distributed and used model of the consumer buying process is Kotler's model (2009) and it consists of; need recognition, information search, evaluation of alternatives, purchase and post-purchase. In the stage of need recognition, the customer realizes a problem that is created by external or internal stimuli. The internal stimulus consists of humans most basics needs such as thirst and hunger. The external stimulus can create needs such as a longing for a certain product because of for example advertising. In the stage of information search the customer gather product information through different channels; personal, commercial, public and experiential. The personal channel consists of family, friends, neighbors and other acquaintances. In this channel the customer receives the most effective information because the customer can be sure that the information is truthful and helpful in evaluating alternatives. (Ibid)

Kotler (2009) describes that although customers find information from family and friends as the most truthful one, they find most of the information through the commercial channel from salespersons, dealers, advertising, web pages and displays. The public channel consists of consumer-rating organizations and mass media.

III. Research Methodology

Research Approach

The two possible methods when conducting research are the qualitative and quantitative approach. The purpose of the qualitative method is to get an understanding for a phenomenon's characteristics, find out what it is about and what it means. The method of quantitative research has the purpose of measuring quantities, finding connections and describing how often a phenomenon occurs. (Widerberg, 2002) As the purpose of the study was to examine how online consumer reviews influence consumer buying behavior in the buying process, the study has a qualitative approach with the research method of interviews.

The qualitative approach was chosen because the study does not try to generalize, instead it aims for receiving a deeper knowledge of how online consumer reviews influence consumer buying behavior in the buying process. (Ibid)d using the product. While gathering information customers learn about competing companies and their products. (Ibid)

Research Design

There are several different possible research strategies; survey, case study, experiment, history and archival analysis (Yin, 2009). There are three factors which need to be considered before choosing a research strategy; the research question, focus on contemporary events and control over behavioral events. The study's research questions seeks to answer how-questions as; How can online consumer reviews influence on consumer buying behavior when purchasing electronic products, be described? The study aims for understanding contemporary phenomena and does not need to have control over behavioral events. Because the purpose of this study is to gain a deeper understanding of how online consumer reviews influence consumer buying behavior in the buying process, the most suitable research strategy is the case study. (Ibid)

Sample Selection

It is the research problem that determines which respondents that should be included in the data collection. (Davidsson & Patel, 2013) The research problem of how online consumer reviews influence consumer buying behavior in the buying process, includes a certain category of people. In this case the category is limited into only including respondents within a certain age group. The age group of 16-25 was chosen because previous research (Findahl, 2013), described that people in this age group are the most frequent users of Internet and 1920 social media to find product information. These Internet users gather on networks and interest communities to exchange advice and opinions, within an area of interest such as certain products. Within this group of Internet users, five out of ten post comments on open discussion forums and eight out of ten give comments on posts that others have published. (Ibid)

To give a description as broad as possible, eight respondents were interviewed; these eight respondents include men, women, students and those who work and doing business. All of the respondents were in the age group of 23-25. By choosing a larger amount of respondents the aim was to access a deeper picture when collecting data

Table of Sample Selection

Respondent	Gender	Age	Occupation
1	Male	24	Working
2	Male	25	Businessman
3	Male	25	Working
4	Male	23	Student
5	Female	25	Working
6	Female	23	Student
7	Female	24	Student
8	Female	24	Working

Data Collection

There are different kinds of data collection methods; observations, self-reporting, attitude scales, surveys, interviews or existing documents (Davidsson & Patel, 2013). Interviews were suitable as data collection method for this study because qualitative interviews are not standardized or structured. This is because respondents should be able to answer questions in their own words but still keeping the discussion within the subject of the research problem. It is important to prepare an interview guide before conducting the interview to keep to the interviewer's purpose of the interview and avoid letting the conversation lead away from the discussion of the research problem. (Ibid)

An interview guide was developed for the study, which is based on the conceptualization in the frame of reference and the major theories of the consumer buying process, C2Cinteractions, eWOM, online consumer reviews and high- and low involvement products. The interview guide can be found in appendices and it describes the subject of discussion which is online consumer reviews influence on consumer buying behavior in the buying process, and the sequence of the interview questions. (Hartman, 2004)

Data Analysis

The study's data analysis method was the abductive analysis and this is because neither the deductive nor inductive method is a suitable analysis approach. The deductive analysis method is when hypothesis from theory is tested against the empiri. The inductive analysis method on the other hand is when the analysis is built on only the empiri and this is the foundation for conclusions. The method of abduction is used because it is a mixture of using theory and

empiricism when making conclusions in research. The empiricism is compared to theory to find out if something new has been discovered in the empiricism which can evolve the already existing theory. (Alvehus, 2013)

IV. Data Collection and Analysis

Table 1: Result of data collection for RQ 1 – Big Electronic products

Respondents	Use of online consumer reviews	Informaton usefulness factors of online reviews	Quality or Quantity of online consumer reviews	Credibility factors in online consumer reviews
1Male,age24	Often	Gives product information	Quality	Customer own experience
2Male,age25	Sometimes	Clear and truthful	Quality and Quantity	Postive and negative content
3Male,age25	Never	Serously written	Quality and Quantity	Compared to Organizational information
4Male,age23	Often	Not always usefu, opinions vary	Quality	Product opinions vary
5Female,age25	Often	Possible change of product opinions	None	Normal degree of positivity
6Female,age23	Always	Other customers opinions	Quality	Many similar product opinions
7Female,age24	Often	Product advantages and disadvantages	Quality	Published on believable websites
8Female,age24	Always	Other customers experiences	Quality and Quantity	Published on believable websites

Data collection results show that seven out of eight respondents were willing to read reviews for high-involvement products. These seven respondents described that the reason for reading reviews was because of the higher risk in economic costs, because these products were usually expensive. The respondents in general were motivated to read online consumer reviews to find additional information especially when it came to product categories that were unfamiliar to them. Two of the respondents read reviews every time when they were going to buy a product, no matter what kind of product it was. These two respondents described that it was because reviews provided them with useful information consisting of earlier customers product experiences.

The respondents in general felt the need to complement the information they found in reviews by asking social contacts for additional product information and experiences. This was to find out how popular the product was and if the brand was well-known, which would positively influence the buying decision. One of the respondents did not feel the need to read reviews, when it was possible to make a buying decision according to earlier knowledge and experiences.

Table 2: Result of data collection for RQ 2 – Small electronic product

Respondent	Use of online consumer reviews	Information usefulness factors of online consumer reviews	Quantity or Quality of online consumer reviews	Credibility factors in online consumer reviews
1Male,age 24	Never	Not useful	Product popularity(Quantity)	Consumer own experiences
2Male,age25	Never	Not useful	Product popularity (Quantity)	Postive and negative content
3Male,age25	Never	Not useful	Product popularity (Quantity)	Compared to organization informational
4Male,age23	Never	Not useful	Product popularity (Quantity)	Product opinion vary
5Female,age25	Never	Not useful	None	Normal degree of postivity
6Female,age23	Always	Other customers opinion	Quantity	Many similar product opinion
7Female,age24	Never	Not useful	None	Published on believable websites
8Female,age24	Always	Other customers experiences	Quality	Published on believable websites

Six out of eight respondents were not willing to read reviews for small electronic products. These six respondents described that instead of reviews, product advice from social contacts and product popularity were seen as important factors for making a buying decision. Respondent six described that

popular products were more attractive than unpopular ones. Respondent four thought that it became easier to make the buying decision if a lot of people recommended the product. Two out of eight respondents always read reviews no matter what kind of product it was, because it provided them with earlier customers' product experiences.

Table 3: Result of data collection for RQ 3 – Big electronic products

Respondent	Use of online consumer reviews in the buying process	Activities in the buying process
1Male,age 24	Information search	Reviews, Organizational info
2Male,age25	Information search	Reviews compare alternative
3Male,age25	No	Social contacts
4Male,age23	Information search	Reviews compare alternative
5Female,age25	Information search	Reviews, compare alternatives
6Female,age24	Information search Post-purchase	Reviews, Compare alternative
7Female,age24	Information search	Reviews,Compare alternatives
8Female,age24	Information search, Post-purchase	Reviews,Compare alternatives

For big electronic products, five out of eight respondents only read reviews in the

information search stage of the buying process. Two of the respondents used reviews in two of the buying process stages; first to find information and then in the stage of post purchase for writing reviews. One of the respondents did not use reviews and instead preferred to ask social contacts for product information.

Table 6: Result of data collection for RQ 4 – Small electronic products

Respondents	Use of online consumer reviews in the buying process	Activities in the buying process
1Male,age 24	No	Product popularity
2Male,age25	No	Social contacts
3Male,age25	No	Social contacts
4Male,age23	No	Product popularity
5Female,age25	No	Experiences
6Female,age24	Information search,Post-purchase	Review,compare alternatives
7Female,age24	No	Price and quality
8Female,age24	Information search Post-purchase	Reviews,compare alternative

Six out of eight respondents did not read reviews before buying smal electronic products. Respondent six and eight always read review in the stage of information search to find valuable product experiences from other customers. These two respondents also wrote reviews of their own in the stage of post-purchase. Respondents one and four chose to look for product popularity instead of reading reviews. Respondents two and three valued product information from social contacts instead of reviews. Respondents five and seven made their buying decision according to their own knowledge.

V. Findings and Conclusions

Customers perceive online consumer reviews as a more credible information source than organizational information and traditional media channels. Online consumer reviews can influence consumers' buying behavior positively if there is a large amount of positive reviews. Popular products and brands strongly influence customers to buy products.

Negative reviews has a significant impact on consumer buying behavior when it comes to major buying decisions for big electronic products. It creates hesitation in the buying decision if only a few negative reviews occur among a large amount of positive reviews.

Big electronic customers search for reviews of high quality which they consider to be most efficient in providing them with accurate product information. Even though customers use online consumer reviews in a large extent to find product information, customers need to complement this with information from social contacts. This is because social contacts are even more influencing on consumer buying behavior than online consumer reviews.

It is stated by the respondents that product information in online consumer reviews is supplemented with product information from social contacts. The buying decision is made outside of the Internet, after customers have received information from social contacts.

As it is stated by six out of eight respondents, online consumer reviews are not used as an information source for small electronic products. Instead, the source of product information is customers' social contacts that have product experience. Product information from social contacts is considered to be more credible than online consumer reviews. Low involvement customers are not motivated to spend time and effort in searching for product information in other sources than traditional word-of-mouth. This is because low involvement products are in-expensive and bought out of habit to a low risk in costs.

Product and brand popularity has a strong influence on consumer buying behavior. A high degree of product popularity can be enough to influence customers to buy the product. It is the quantity of product information from social contacts that signals product popularity.

Customers do not use online consumer reviews as an information source in the consumer buying process. It has to do with customers' low motivation of searching for additional product information for small electronic products. Product information from social contacts is considered to be more convenient, time-saving and reliable than other sources.

Conclusions

On big electronic products

-Customers put more effort and time in searching for product information for big electronic products.

-Customers perceive online consumer reviews to be useful when searching for product information.

The consumer buying process tends to be longer and more complex for big electronic products.

-Online consumer reviews are mostly used for information search and post-purchase behavior in the consumer buying process

-The consumer buying process tends to be longer and more complex for big electronic products.

On small electronic products

-Customers are not motivated to spend any time or effort in searching for product information in online consumer reviews for small elecronic products.

-Product information in online consumer reviews is not considered to be useful. -Instead customers rely on product information from social contacts and level of product popularity.

-It is the quantity of product information from social contacts that is the most important influencing factor of the buying decision.

-The length and complexity of the consumer buying process is reduced for customers

when buying small electronic products.

-Customers rely on product information from social contacts, in the information search stage of the consumer buying process.

Further Research

Suggestions for further research are to perform the same study of how online consumer reviews influence buying behavior in the buying process, but with a different method approach. This could for example be done with a quantitative study to see if this study's results are able to be generalized. It is also possible to look at other kinds of sources than online consumer reviews which can also complement organizational product information for customers. The thesis data included a factor of online consume reviews which could need further analysis; it is possible to look further into how negative and positive eWOM influence consumer buying behavior.

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