

MAIN PROBLEMS CUSTOMERS FACE WHEN SHOPPING ONLINE: FINDINGS BY RECENT SURVEY¹

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Abstract

The recent increase of online stores increases consumer desire to buy a product without stepping out of the house. Although shopping online in Latvia is not as popular as elsewhere in Europe and the world – only 55% of Internet users in Latvia shop online – local internet stores face a lot of problems, from which delivery is the main one and it affects both – customers and companies. Delivery is important factor in creating trust to particular online store for customers and there are lot of external factors that influence delivery from company viewpoint. The aim of the research is to find the main problems customers face when shopping online, how delivery affects consumers' online store choice, and make comparisons with results in other countries. Research methods used: scientific publications studies, studies of statistics on internet shopping development, survey realised in Latvia at the end of 2017 and beginning of 2018 on internet shopping in co-operation with company *iMarketing*, University of Latvia and Chamber of Trade and Commerce of Latvia. For many aspects in the evaluation of opinion of respondents was used an evaluation scale 1–10, where 1 – do not agree with the statement; 10 – fully agree with statement. For data analysis there were used indicators of descriptive statistics, cross-tabulations, statistical tests of hypotheses and correlation analysis. Main results and findings of the study, theoretical and practical implications of the work: response rate of respondents was very high in comparison with other surveys, respondents have expressed also their suggestions for delivery from online stores. Main conclusions: people in Latvia mainly do not use internet for shopping, but if they do, they face several problems; delivery is one of them. Customers in Latvia are not willing to pay for delivery at all, even in the case if there is a possibility to receive the product on the day of the purchase. Also, the main factor that would

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deter shopping at a particular online store is long product delivery time which means that companies in Latvia should be aware that customers do not want to pay for delivery and want to receive ordered goods quickly and in time.

Keywords: Latvia, delivery, internet marketing, shopping on internet, survey

Introduction

Recent research is devoted to internet marketing in the context of the biggest problems' customers face when shopping online. With the increase of online stores, online shoppers are also increasing, and companies face more and more challenges. The aim of the research is to find main problems customers face when shopping online, how delivery affects consumers' online store choice, and compare results with other countries. The tasks are: 1) analysis of scientific publications and previously conducted research results; 2) analysis of survey realised in Latvia at the end of 2017 and beginning of 2018 on internet shopping in co-operation with company *iMarketing*, University of Latvia and Chamber of Trade and Commerce of Latvia to determine how delivery affects online store choice and what are the main problems customers face when shopping online. Research methods: analysis of scientific publications and previously conducted research results; analysis of survey realised in Latvia at the end of 2017 and beginning of 2018 on internet shopping in co-operation with company *iMarketing*, University of Latvia and Chamber of Trade and Commerce of Latvia. For many aspects in evaluation of opinion of respondents it was used evaluation scale 1–10, where 1 – do not agree with the statement; 10 – fully agree with statement. For data analysis there were used indicators of descriptive statistics, cross – tabulations, statistical tests of hypotheses and correlation analysis.

Contextual and theoretical background

Although shopping online is becoming more popular, there are a lot of people who do not shop online, because this industry still faces a lot of challenges. The quality of internet shops and provided services is a key factor influencing consumer confidence and internet's store's choice. E-service quality has various definitions, Santos (Santos, 2003) suggest that it can be defined "as the consumers overall evaluation and judgment of the excellence and quality of e-service offerings in the virtual marketplace." The most commonly used definition of e-service quality is "the extent to which a website facilitates efficient and effective shopping, purchasing, and delivery of products and services" (Zeithaml, Parasuraman, Malhotra, 2002).

Many scientific researches have shown that delivery is very important factor to customers when shopping online. Potential online shopping customers in Switzerland think that waiting delivery at home and the possibility of having to return purchased good is inconvenient (Rudolph, Rosenbloom, Wagner, 2004). But a study in Malaysia suggest that one of the main factors that influence customer who are new to online shopping is delivery service. Goods that are purchased for special occasions or perishable goods that are easily spoilt need to be delivered in time, so it is very important for online stores to have delivery track system so customers can be informed on the delivery status (Harn, Khatibi, Ismail, 2011). Another study revealed that the most influential online shopping attributes are the convenience of a delivery service, flexible shopping hours and a chance to make better deals, but the most impeding factors are the missing touch-and-feel experience and the fear of losing track while shopping. Interesting that delivery scheduling problems had not have any negative effect on adoption behaviour from traditional shopping to online shopping (Pechtl, 2003). Customers in Thailand do not perceive online shopping more convenient than shopping in traditional physical store therefore companies need to find a solution how to encourage customers to shop online (Changchit et al., 2019). A study in South Africa (Hung-Joubert, Erdis, 2019) has revealed that low or no extra delivery or shopping charges are one of the main factors which influence South Africans' decision to shop online. But from the company view point one the most common problems in e-commerce is failed delivery attempts (Florio, 2018). A study of German fashion online stores revealed that delivery time and payment is one of the weakest elements of today's online fashion companies. Other factors analysed were payment, check-out, deliverability, information on delivery, quality of delivery, quality of pictures, papers, return handling and packaging from which check-out process and quality of delivery got the highest rating (Strähle, 2013).

Companies should pay attention also to other important factors which vary in different countries. It is crucial to provide cash-on-delivery option in countries where safe and secure payment system is a challenge, because then online shoppers do not need to leave their personal information and banking details (Hung-Joubert, Endis, 2019). Another important factor that influence the decision whether or not shop online is data protection. A study in Germany discovered that insecure data transfer and computer fraud do not substantially affect online shopping (Pechtl, 2003). But in South Africa secure and convenient payment facilities is one of the main influencing factors.

A study in China (Ho, Awan, 2019) found out that Chinese female consumers reluctantly use online shopping payment methods and they are

more sensitive to perceived risk what means that if a female consumer will perceive high risk from online shopping, her motivation will be reduced to shop online. Samuel, Balaji and Wei point out that it is critical to develop and provide positive and nice online shopping experience to develop trust and purchase intention (Samuel, Balaji and Wei, 2015).

Hung-Joubert and Endis has revealed that in South Africa the price of the product or service is also very important factor that affects decision whether or not to shop online (Hung-Joubert, Erdis, 2019). A study in India (Khare, 2016) has revealed that quality conscious and brand conscious shoppers do not shop online, and they are not interested in discounts and special offers, but the ones who are interested in promotional offers are impulsive and fashion-conscious shoppers. Khare considers that customer support and online assistance should be available without any conditions. Also, customer support can decrease fears of data confidentiality, it can be as a solution overcoming fears of leaving personal information such as banking details online. Akhter revealed that those customers who feel more comfortable using internet for personal and social activities and understand the technical side of computers they are more likely to shop online and make transactions with bigger amount of money (Akhter, 2015).

As a lot of studies has been focused on a specific industry it has been proven that fashion shopping is more emotionally driven, than based on practical reasons, therefore companies need to improve pictures, videos, recommendations and descriptions, but website design must be change to more consumer orientated approach (Strähle, 2013).

The E-commerce industry has made a lot of opportunities to other sectors, for example, shopping online had caused booming effect on demand of delivery companies in China (Shi, Vos, Yang, Witlox, 2019) which have been distributed densely from cities to villages. These companies offer high quality fast delivery and relatively low price which have led to retail development in China. Before that those who lived in the city received their purchased goods at the same day of the purchase or next day, but those who lived in villages received their purchases within seven days. Now the situation has changed, and these high-quality delivery services have attracted people to adopt shopping online. As the issue about environment is becoming more important, Thailand (Koiwanit, 2018) has indicated that drones as a delivery service can replace road deliveries and overcome infrastructure challenges, also drones consume less fuel and have a smaller impact to environment. Drones are more environmentally friendly than other delivery systems, because emissions using drones are mainly from parts production. At the end it was

discovered that drones are more suitable for short trips with light-weight items while ground vehicles are suitable for carrying heavier products in long distances. The fact if customer own a car is also affecting shopping online (Shi, Vos, Yang, Witlox, 2019), because those people who do not own a car are more likely to substitute online shopping for shopping trips than those who have a car, which means that shopping online can reduce demand for public transportation.

Empirical research results and discussion

The survey was realised in Latvia at the end of 2017 and beginning of 2018 on internet shopping in co-operation with company *iMarketing*, University of Latvia and Chamber of Trade and Commerce of Latvia. The survey was located on one of the most popular internet platforms in Latvia and randomly selected possible respondents were invited to answer questions included in the survey. It was ensured that each respondent can fill in the survey form only once. All survey data were obtained in SPSS to ensure deep data analysis and find out important aspects could be found by use of several statistical analysis methods including methods of multivariate statistical analysis. Gathered survey data processing was conducted using cross-tabulations, using indicators of descriptive statistics: indicators of central tendency or location (arithmetic mean, mode, median), indicators of variability (variance, standard deviation, standard error of mean, range), testing of statistical hypotheses and correlation analysis.

The sample of the study consists 2513 responses from which were excluded those who have not been shopping in the internet more than six months and those who do not remember when the last time was when they were shopping online. Table 1 presents in detail the demographics of the sample.

The majority or 62.9% of the respondents were women, but 37.1% were man. The most represented age group ranged from 35 to 44 years (26.2%), but almost equally represented were age groups from 25 to 34 (25.3%) and from 45 to 54 years (23%). The least represented age groups were under 18 years old (1.8%) and over 65 years old (2.9%), but interestingly that over 65 years old respondents were more than under 18 years old, because usually digital skills are better in the younger generation. Regarding to the region, almost half of the respondents live in Riga or Riga region (48%), but 15.8% live in Kurzeme region, 15.2% live in Vidzeme region, but only 10.5% live in Latgale region and 10.4% live in Zemgale region. The demographic factors of the survey sample coincide with the statistics of internet users in Latvia in 2017 (CSB, 2017).

Table 1. Demographic characteristics of the respondents in survey on internet shopping in Latvia in 2018

		N	Percent
Gender	Female	878	62.9
	Male	518	37.1
Age	Under 18	26	1.8
	18–24	135	9.6
	25–34	357	25.3
	35–44	369	26.2
	45–54	324	23.0
	55–64	157	11.1
	65+	41	2.9
Region	Riga and the region of Riga	676	48.0
	Kurzeme region	222	15.8
	Latgale region	148	10.5
	Vidzeme region	214	15.2
	Zemgale region	147	10.4
The last time of purchase or order of a product or service online	Over the last 30 days	1343	63.4
	Two months ago	281	13.3
	Three months ago	108	5.1
	Six months ago	113	5.3
	I do not remember	273	12.9

Source: Authors calculations based on survey in 2018, $n = 2513$

The majority of respondents or 63.4% had been shopping online over the last 30 days, 13.3% had been shopping two months ago, but 5.1% of respondents three months ago. Those who had been shopping in the internet six months ago and those who do not remember the last time shopping online were excluded from the further analysis. In further data analysis author analysed 2127 responses from 2513 total responses to provide more accurate data.

In order to find out what role shopping online plays on the daily basis of customers, it was asked about the purpose of using the internet. The main indicators of descriptive statistics on evaluations of respondents on use of internet are included in the table 2.

Table 2. Main statistical indicators on respondent's evaluations on use of Internet in Latvia at the end of 2018

Statistical indicators	Work	Shopping	Use of Social Networks	Communication with friends, relatives	Read News	Search Information	Check e-mail	Watch Video	Manage payments
N Valid	2166	2166	2166	2166	2166	2166	2166	2166	2166
Missing	0	0	0	0	0	0	0	0	0
Mean	7.16	6.86	8.47	7.91	7.76	8.83	8.76	7.70	8.62
Std. Error of Mean	0.069	0.059	0.053	0.056	0.055	0.043	0.049	0.056	0.056
Median	8	7	10	9	9	10	10	9	10
Mode	10	10	10	10	10	10	10	10	10
Std. Deviation	3.210	2.739	2.449	2.597	2.547	1.996	2.285	2.590	2.619
Variance	10.302	7.503	5.997	6.746	6.485	3.984	5.220	6.707	6.857
Range	9	9	9	9	9	9	9	9	9
Minimum	1	1	1	1	1	1	1	1	1
Maximum	10	10	10	10	10	10	10	10	10

Source: made by authors, based on a recent research "Online Consumer Shopping Habits in Latvia in 2017", evaluation scale 1–10, where 1 – do not agree; 10 – agree in full extent

The results of survey analysis revealed that respondents mainly use internet for searching for information (arithmetic mean was 8.83 and median 10 – it means that half of respondents gave evaluation 10 and half of respondents evaluated lower, mode 10 – most often used evaluation of respondents), evaluations of respondents had the smallest variability of evaluations (smallest standard deviation), checking e-mail (arithmetic mean was 8.76) and managing payments (arithmetic mean was 8.62), but the least preferable option is shopping online – arithmetic mean was 6.86; mode of evaluations was 10, but half of the respondents gave evaluation 7 or less, but the other half 7 or more (characterised by the median). It means that shopping online in Latvia is still in the beginning phase and customer do not choose to spend their time on the internet for shopping, mostly they use internet for practical activities, such as searching for information, managing payments and checking e-mail, not for entertaining activities which is shopping online, but still there are big differences in using internet for work – there was the biggest standard deviation of evaluations.

There are a lot of reasons why customers choose one particular online store they would like to shop in. Therefore, data included in Figure 1 shows

what are the main reasons why respondents would prefer to purchase a product at a particular internet shop.



Source: made by authors, based on a recent research "Online Consumer Shopping Habits in Latvia in 2017", evaluation scale 1–10, where 1 – not important; 10 – very important

Figure 1. Average evaluations by respondents on main reasons to purchase a product at a particular online store in 2017

The survey revealed that the biggest reason why respondents would prefer a particular online store is that the store provides free shipping with the arithmetic mean of evaluations 8.91, but the second most common reason would be low price with arithmetic mean of evaluations 8.78. As the delivery is also related with the price it means that customers in Latvia do not want to pay for delivery and they choose a specific online store based on free shipping and/or lower price. As other factors influencing the selection of online stores are mentioned that product is in stock and immediately available, there are detailed product descriptions and the online store is popular and reliable etc. Factors – responsive and knowledgeable customer support as well as aspect on possible delivery on the day of purchase and there are leasing/credit options offered – are not significant when choosing a particular online store.

Often there are situation when specific product target audience is female or male customers therefore researchers in many countries but especially marketing specialists are interested in purchasing habits and

factors which affects genders. Table 3 shows how offering free delivery affects female and male customers.

Table 3. Statistical Indicators on Female and Male Respondent's Evaluations on Factor of Online Store Offers Free Delivery

Gender	N	Mean	Std. Deviation	Std. Error Mean
Female	757	9.11	1.654	0.060
Male	442	8.60	2.213	0.105

Source: made by authors, based on a recent research "Online Consumer Shopping Habits in Latvia in 2017", evaluation scale 1–10, where 1 – not important; 10 – very important, $n = 1199$

As Table 3 indicates it is more important for female customers that online shop offers free delivery, than for male customers (characterised by arithmetic mean). The reason to this could be the fact, that also female customers shop online more often than male customers.

It is important to investigate – does those differences are statistically significant – the hypothesis on similarity of mean evaluations by female and male is checked by t–test. Main results are included in Table 4.

Table 4. Hypothesis Testing on Arithmetic Means of Evaluations by Female and Male Respondent's on Factor of Online Store Offers Free Delivery

	Levene's Test for Equality of Variances		t-test for Equality of Means				
	F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Equal variances assumed	44.687	0.000	4.490	1197	0.000	0.505	0.113
Equal variances not assumed			4.167	730.267	0.000	0.505	0.121

Source: made by authors, based on a recent research "Online Consumer Shopping Habits in Latvia in 2017", evaluation scale 1–10, where 1 – not important; 10 – very important, $n = 1199$

As the data of Table 4 indicate – the evaluations of male and female respondents on importance of free delivery differ statistically significant with level of significance 0.000.

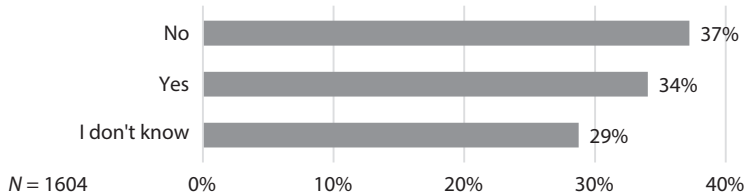
Results of analysis on similarities or differences in evaluations by respondents on *Factor if Online Store Offers Free Delivery* by age group using analysis of variance (ANOVA) indicate that there are no significant differences by age groups (with significance level 0.129) – analysis of ANOVA are presented in Table 5.

Table 5. Hypothesis Testing on Arithmetic Means of Evaluations by Respondent's Age Groups on Factor of Online Store Offers Free Delivery

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	35.616	6	5.936	1.653	0.129
Within Groups	4316.609	1202	3.591		
Total	4352.225	1208			

Source: made by authors, based on a recent research “Online Consumer Shopping Habits in Latvia in 2017”, evaluation scale 1–10, where 1 – not important; 10 – very important, $n = 1199$

Figure 2 shows whether or not respondents would be willing to pay to receive the product on the day of the purchase.

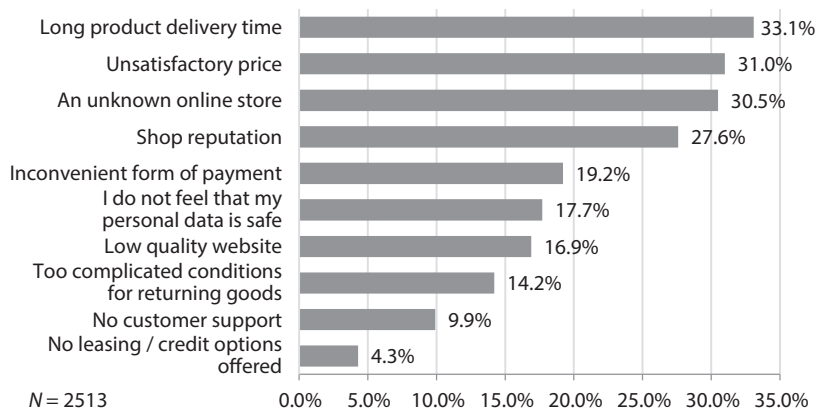


Source: made by authors, based on a recent research “Online Consumer Shopping Habits in Latvia in 2017”

Figure 2. Distribution of responses by respondents on statement “Willingness to pay for the product delivery on the day of the purchase”

One third of respondents do not know if they would be willing to pay to get a product on the day of the purchase, the majority (37%) of respondents would not pay, but 34% would pay to receive the product on the day of the purchase. As the results are very close there could be possibility that if the purchase is needed urgently, respondents would pay for delivery to receive the product on the day of the purchase.

Very often digital marketing specialists and other industry professionals want to know the factors that deter people from buying something in a particular online store to improve their service and boost demand. Main factors which deter respondents shopping at a particular online store are included in Figure 3.



Source: made by authors, based on a recent research "Online Consumer Shopping Habits in Latvia in 2017"

Figure 3. Deterring factors to shop at a particular online store – shares of evaluations (in%) by respondents

The main factor that would deter respondents shopping at a particular online store is long product delivery time. 33.1% of respondents do not want to wait for the product, which shows that people in Latvia not only do not want to pay for delivery, but they also want to receive ordered product quickly.

To check the relationship strength on respondent evaluations on long delivery time and respondent's gender, it was used correlation analysis – results are included in Table 6.

Table 6. Results of Correlation Analysis on Evaluation of Long Product Delivery Time and Gender in Latvia at the end of 2018

		Long product delivery time	Gender
Long product delivery time	Pearson Correlation	1	0.082**
	Sig. (2-tailed)		0.003
	N	2127	1321
Gender	Pearson Correlation	0.082**	1
	Sig. (2-tailed)	0.003	
	N	1321	1321

** Correlation is significant at the 0.01 level (2-tailed).

Source: made by author, based on a recent research "Online Consumer Shopping Habits in Latvia in 2017"

Data of table 6 indicate that there is statistically significant correlation between long product delivery time and gender. Pearson correlation coefficient is statistically significant ($p < .001$ for a two-tailed test), based on 1321 complete observations.

As indicated by the statistical indicators, the main activities respondents do in the Internet in Latvia is checking e-mail, searching for information and doing payments, but the least frequent answer was shopping online. However, every respondent of the survey has tried shopping online in the last six months. Online shoppers in Latvia are sensitive to price, because the main reasons why respondents would prefer to purchase a product at a particular internet shop is free delivery and low price. Also, the majority of respondents (37%) are not willing to pay for delivery to receive the product on the day of the purchase. The main factors that could detect customers from shopping in one particular online store is long product delivery time and unsatisfactory price, which reveals that customers in Latvia not only do not want to pay for delivery, but, also, they do not want to wait too long to receive the product. As independent samples t-test and correlation analysis indicated – there is statistically significant correlation between long product delivery time and gender.

Conclusions

1. Many researches have been made in terms of quality factors that influence customers shopping online, but mainly these researches are on specified industry. Although there could be some differences in specified field of study, authors believe that also there are basic functions and attributes that every internet shop should have, for example, knowledgeable customer support, qualitative delivery, detailed product descriptions, easy and comfortable navigation, data protection, easy product returning and different payment options.
2. Customers in Latvia mainly do not use internet for shopping, the main activities internet is used for is searching for information, checking e-mail and managing payments.
3. The main reasons why customers of internet shops would prefer a particular online store are that the store provides free shipping (with the arithmetic mean 8.91 – in evaluation scale 1–10) and online store offers a low price (with the arithmetic mean 8.78 – in evaluation scale 1–10), but the factors – possible delivery on the day of purchase and there are leasing/credit options – are not significant when choosing a particular online store;
4. The majority of customers of internet shops represented by survey respondents (37%) are not ready to pay for the product delivery to receive the product on the day of the purchase;

5. People in Latvia not only do not want to pay for delivery, but they also want to receive ordered product quickly, because the main factor that would discourage shopping at a particular online store is long product delivery time (33%).
6. There is statistically significant correlation between long product delivery time and gender which was indicated using independent samples t-test and correlation analysis.
7. Although, delivery is still very challenging service for online stores, the rapid increase of online stores is developing many other businesses, for example, supply companies increase in China and new ways of delivering goods quickly and efficiently, such as drones, are being introduced in Thailand.

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