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THE INFLUENCE OF E-COMMERCE MARKET ON CONSUMER SHOPPING PREFERENCES

Abstract: The article considers issues in the field of e-commerce market. Firstly, the topic of distribution channels in e-commerce is discussed and the profits they can bring are analyzed. At a later stage, the advantages and disadvantages of using Internet distribution are presented. These are very important aspects from the point of view of entrepreneurs and enable them to avoid wrong decisions. In the final part of this article, consumer decisions in the sphere of online shopping are analyzed and the results of Gemius Poland's research are presented, which made it possible to learn about the shopping behavior of the modern society.

Keywords: Internet distribution, e-commerce market, e-commerce

JEL code: D30, L81

INTRODUCTION

Today, the e-commerce market is becoming increasingly popular among manufacturers and consumers. Over the years, the value of the Internet to society has been constantly increasing. Entrepreneurs are trying to reach out to customers through sophisticated websites or email. The evolution of e-commerce is characterized by increasing dynamics of change and very often determines the market position of many companies. People are increasingly willing to take advantage of the many benefits offered by the Internet, as evidenced by the annual increase in the number of online stores.

The purpose of this article is to present issues related to the operation of the Internet sales market, as well as to show the relationship between the quality of services offered by companies in the e-commerce zone and consumer decisions.

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In the first part of the article will be presented issues of distribution channels in e-commerce. It will analyze the Internet sales channels and the possibilities of using them. Then, the advantages and disadvantages of using the Internet as a distribution channel will be discussed, as well as consumer decisions in the e-commerce zone. Shopping over the Internet has become a pure pleasure without the need to move around, but one should also be aware of the consequences of doing so. In the final part, brief results of a survey on online sales will be presented.

The increasing role of the Internet shows that people are more and more willing to visit online stores despite the disadvantages that may affect the shopping process. Knowing their shopping behavior is important for the survival and development of online stores, whose goal is to stay in the market as long as possible and maximize revenue. Running a business in the e-commerce industry requires constant observation of competitive markets, updating knowledge, optimizing procedures and tools, but also taking care of proper observation of customers' attitudes, motivation and behavior.

1. DISTRIBUTION CHANNELS IN E-COMMERCE

Nowadays, e-commerce has become an indispensable element of everyday life for many people. Day by day, there are more and more online stores, and traditional stores enrich their offer by selling on the Internet. The growing number of people using the Internet and the increase in online sales makes entrepreneurs look for newer and more innovative solutions for distribution of goods. Some entrepreneurs, in order to optimize many processes resign from the traditional form of trade by moving to online sales, while others use the Internet as an additional distribution channel. For buyers and sellers e-commerce allows to optimize many processes. Companies primarily reduce costs, which is an advantageous situation to make the most profit. [Zientkiewicz, 2017]

The distribution channel can be divided into length and width. It is defined as the way to reach the final customer, so when it comes to the length of the distribution channel, the manufacturer delivers the goods to the customer himself or through product delivery companies, while in the case of the width of the distribution channel on the Internet, there are no limitations of place or time. [Dejnaka, 2003]

The Internet as a distribution channel in e-commerce enables buy-sell transactions and allows shortening the length of the distribution channel, thus reducing the price of the product for the consumer. Wide access to products on websites means only making a purchase, not physically accessing the products. The World Wide Web makes it possible to reach products through tools such as (websites; own online store; electronic marketplaces, online auctions; online arcades; classifieds services or virtual stock exchanges).

Today, it is essential for companies to have their own store in order to maintain their position in the market and reach the needs of today's customers. The Internet allows you to reach consumers through many instruments. The more entrepreneurs engage in advertising and promotion the faster the brand becomes more recognizable among people. Sales channels through the Internet network can be divided into:

- sales in an online store,
- sales in social networks (Facebook, Instagram, etc.),
- sales through dedicated sales portals (Allegro, OLX),
- sales through affiliate links,
- sales through mobile applications.

To maintain sales on the Internet at a high level, an essential aspect is to have your own online store. This distribution channel can be additionally supplemented by actions in social media, which in the era of globalization seems to be extremely important. By being active in social networks you can reach a wide range of buyers from different groups, which in turn allows you to personalize your offers and actively contact potential customers. From a customer relationship management perspective, appropriate contact, quick feedback and seamless service makes customers trust and brand loyalty.

Becoming part of an affiliate network can also be a helpful asset, as well positioned links can bring in a new audience, resulting in increased sales without incurring additional advertising costs.

In order to maximize sales, having mobile apps can be an important element that complements your online strategy. When deciding to introduce mobile applications you can gain much better contact with customers and facilitate their use of online stores. With the development of mobile technology, the shopping app has become the norm. It must allow customers uncomplicated procedures of use and not deviate in any aspects from other forms of sales. Customers appreciate simplified login forms and other goodies like discount codes or gift certificates for making purchases. Saving money and increasingly popularized free delivery reinforces the power of the brand and inspires customer confidence. Another advantage of mobile apps is the wish list feature, which allows customers to collect products they are interested in and complete a quicker purchase at another time.

In order not to make mistakes in the choice of distribution channels, it is worth constantly monitoring sales results. If sales are constantly growing or remain at a fairly high level, the company's actions are certainly appropriate as far as the choice of sales channels is concerned. Optimization of many processes in the field of logistics activities allows you to quickly find the right target group of customers and reach them with the best possible offer via the Internet. Without

a detailed analysis it is difficult to achieve such an effect. [<https://dailyweb.pl/kanal-sprzedazy-ktory-kanal-dystrybucji-wybrac-to-effectively-sell>, 23.02.2020]

2. BENEFITS AND DRAWBACKS OF ONLINE DISTRIBUTION

The increase in the number of people who shop online is prompting businesses to adopt more and more product distribution solutions, but it is important to remember that the combination of channels carries both advantages and disadvantages.

One of the main advantages of online distribution is reaching a large pool of potential customers due to the lack of geographical barriers. By selling through the web, it is possible to attract buyers from different parts of the world by offering them a wide assortment and the ability to use the online store in different languages. [Bartczak K., 2016, s.61]. The use of the Internet in distribution processes allows sellers to reduce storage, labor and marketing costs,

Most of the people are increasingly shifting away from the use of stationary stores due to lack of time and the significant convenience of online ordering. One of the most important benefits turns out to be time saving and the ability to shop without having to move. Websites also provide the opportunity to search for goods according to any criterion, such as price, type or size, which is an additional advantage while shopping. [Skurpel, Iwińska-Knot, 2018, s.47-61]

Another advantage turns out to be access to a wider assortment at more attractive prices than in stationary stores. E-commerce allows customers to compare competitive offers on the market, so you can buy products with the best conditions.

For many people, undoubtedly an important aspect is also the possibility to get acquainted with the opinions of others about a given product. This factor may definitely facilitate the choice of potential customers and encourage them to purchase.

Another benefit is the possibility of a better presentation of the product in the form of a detailed description and multimedia presentation. This is an extremely important aspect for customers when choosing and making a purchase decision.

Analysts also distinguish many disadvantages associated with the distribution of goods and services on the Internet. One of the identified problems is the complexity of the flow of products and services between the seller and the customer. In the case of stationary customer service, the seller gives the goods and possibly wraps them in protective packaging, or the consumer himself can select a particular product in self-service, while Internet sales require, among other things, finding the goods in the warehouse, preparing them for shipment and the transport process through the appropriate packaging of the article, as well as delivery of the shipment to a given point. Such a solution is not the fastest method.

Another disadvantage highlighted is the issue of returns. The sale of goods on the Internet generates a high percentage of returns due to the lack of possibility of physical contact with the product in which the customer is interested. This

requires additional financial outlays by the company to organize the return system, i.e., arranging free shipping, additional warehouse space, and hiring new employees.

The creation of an Internet distribution system carries costs associated with the adaptation of the existing IT system. Often the programs used do not have selected functions of warehouse management or accepting external orders.

A significant disadvantage is also the competition on the Internet market. When distributing through the electronic channel, there is a lot of competition between companies of different sizes - wholesalers, suppliers or retailers. They have different pricing policies, which can affect the demand for goods of a particular company.

For this reason, online sales are most often an additional aspect of businesses. This is due to the need to adapt technology, sales policy and other company resources to the prevailing external and internal conditions of the company. [Chodak, 2010]

3. ANALYSIS OF CONSUMERS DECISIONS IN E-COMMERCE ZONE

Gemius Poland is a research and technology company that annually issues a report on the study of Poles' consumer habits in terms of online sales. The last analysis was conducted in 2020, when a collective of 1,643 internet users over the age of 15 was surveyed.

According to the company's research, online shoppers make up 62% of all respondents. This is an increase of 6 percentage points from the previous year. It is specified that the approach to shopping varies depending on the age group, place of residence, education or financial situation of the household. The chart below shows the percentage of aspects that influence customers to be more likely to shop online.

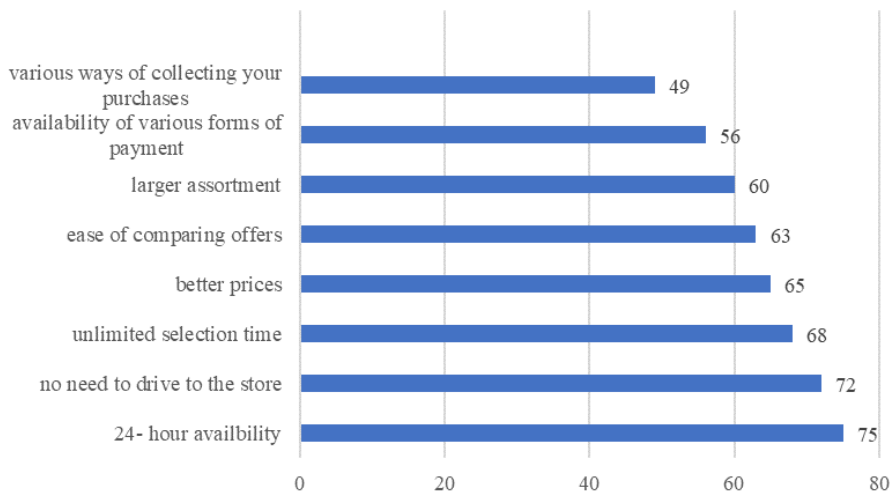
Based on the above data, it can be concluded that the most important factor motivating people to choose this form of sales is the availability of the seller's assortment 24 hours a day. Another equally important aspect is the possibility to do shopping without the need to leave home or more attractive product prices.

The report also discusses the reasons for the reluctance to buy online. The chart below shows reasons demotivating to buy goods and services online.

The most frequently indicated reason for reluctance to buy online by the surveyed group of Internet users was the lack of possibility of physical contact with the item of interest. Also of great importance are the costs of shipping or ensuring secure payment. Less important are prices of goods placed on websites.

The report also presents the factors that influence the choice of a given transaction service. The results of the study are presented in the figure below.

Fig. 1. Motivating factors for online shopping indicated by Internet users in 2019 (in %)



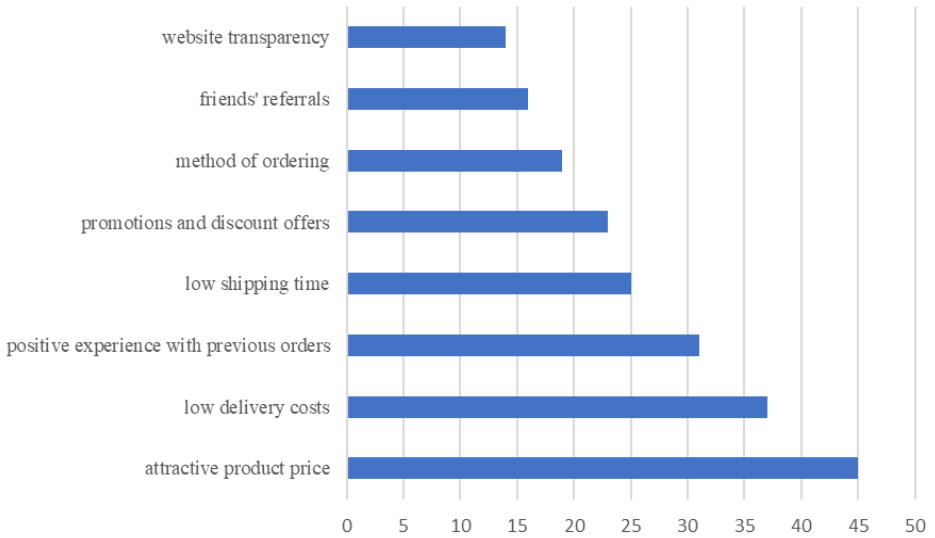
Source: https://eizba.pl/wp-content/uploads/2019/07/raport_GEMIUS_2019-1.pdf, [24.11.2020]

Fig.2. Demotivating factors for online shopping indicated by Internet users in 2019 (in %)



Source: https://eizba.pl/wp-content/uploads/2019/07/raport_GEMIUS_2019-1.pdf, [24.11.2020]

Fig.3. Factors influencing the choice of particular online shopping indicated by Internet users in 2019 (in %)



Source: https://eizba.pl/wp-content/uploads/2019/07/raport_GEMIUS_2019-1.pdf, [24.11.2020]

Fig. 4. Factors that would potentially encourage to online shopping by surveyed Internet users in 2019 (in %)



Source: https://eizba.pl/wp-content/uploads/2019/07/raport_GEMIUS_2019-1.pdf, [24.11.2020]

According to the above data, consumers are more likely to shop on websites of sellers who offer a better price of products or lower delivery costs. Less important is the look and transparency of a website or friends' experience with a given company's services. During a study organised by Gemius Poland, participants were asked what would encourage them to buy on the Internet. The results are shown in the chart below.

Based on the above data we can conclude that an important factor that would encourage Poles to shop in the e-commerce zone are, among others, lower delivery costs or more attractive prices compared to stationary service points. Of lesser importance are personalized sales offers prepared on the basis of previous orders or online staff support.

In conclusion, respondents have a positive view of online shopping, but the offer and service of sellers need to be continuously adjusted due to consumer habits of Internet users.

SUMMARY

Internet sales is an increasingly popular tool used in the flow of goods and services between the manufacturer and the final customer. It facilitates the access of potential buyers to a wider and more attractive range of products and reduces the barriers associated with sourcing foreign goods. Based on the above considerations, it can be concluded that efficient logistics in the enterprise is an important aspect of using e-commerce services. Polish society makes the choice of operator dependent on additional costs (including shipping), which will be incurred in connection with the purchase of the product.. That is why, distributors still need to adapt their offer to the high requirements of stakeholders related to product quality and transport, as well as the consumer habits of Internet users. Experts suggest that in the era of increasing competition on the e-commerce market and increasingly demanding customers, to support their activities with data analysis, which will allow to personalize the offer to the taste of consumers. Companies are increasingly implementing chatbots on their websites and social media to facilitate contact with customer service staff. This allows them to strengthen the customer-business relationship and tailor services to market needs. [Spytek, 2019]

Another solution is to use activities related to the marketing sphere. One method is to display products created on the website based on previous purchases and products added to the shopping cart. This increases the likelihood that the consumer will purchase additional goods. The use of artificial intelligence in the e-commerce sales sphere can be a demand stimulator and also increase the quality of services offered. [https://nowymarketing.pl/a/30553,strategie-rekomendacji-dla-e-commerce?_r=1, 11.04.2021]. The informations provided by

the systems, as well as the buyers themselves, provides important data to improve business operation. Without a doubt, they allow companies to improve their distribution systems and meet the growing needs of stakeholders and customers.

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