

Significance Of Extended Marketing Mix On Purchasing Via E-Commerce

Juhora Jamin Juha

Abstract: This study will contribute to better understand whether only vast product collection and lower prices can attract customers in online market or there are more to it. This study will help researchers to further study on the consumers' attitude and purchase intention regarding online purchasing and the drivers that can generate more sales. This research is only based on one city of Bangladesh that is Sylhet. Data was collected randomly from 138 respondents who have experienced online purchases. Data was analyzed with hypothesis testing through SPSS. The result shows strong indication that apart from the product characteristics, others dimensions of marketing mix affects the consumers' behavior regarding a purchase. Due to time and financial constraints research was limited to a particular country and small sample size. Research will help in guiding the growing business entrepreneur market in capturing customer attention through identifying the need of various marketing mix tools and their necessity.

Index Terms: Marketing mix, 4Ps, 7Ps, Online business, Consumer attitude, Purchase behavior, Sale generation.

1 INTRODUCTION

In the modern busy lifestyle of our people, it is really hard for them to arrange some decent time to go outside for shopping and spend the whole afternoon or evening behind buying something. This brings the change in our customers being online based rather than outlet based. In Bangladesh, there is a great deal of interest in online shopping; though it did not flourish like today because of various economic, infrastructural and legal reasons in the past. As the 3G technology has been introduced in Bangladesh, people are getting more access to using internet. The data presented by BASIS (Bangladesh Association of Software and Information Services) inform that in just three years, around 2000 online trading platforms have started their business in Bangladesh. According to Business people and trading houses, rapid growth in internet and mobile phone coverage enables them meeting new customers and providing a smooth and transparent service in various fields. The market has a great amount of yearly turnover which is approximately of Tk 10 billion [1] (Khan, 2016). Online shopping is being used for various reasons like searching desirable products, comparing prices etc. Online purchasing is not limited to websites. Small firms and personal suppliers also created their own business place thanks to social media. They have gained popularity due to customizing products. These special designed products mostly are not available on physical stores so that leads customers to online shopping platforms. There is another main reason for the rise of online shopping which is the opportunity to buy and sell second hand products.

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Producers also use online platform due to the omission of the cost of physical store setup. Thus they get access to potential customers who are using internet, not necessarily residing in the same city. Hence using online service ensures faster access to wider exposure to customers. Companies also use online platform for marketing activities and continuous communication with customers. All these together favor the growth of online purchasing for various sectors in Bangladesh. For example- Ready Made Garments (RMG).

- Banking sectors (Online Banking).
- Online Shopping.
- Web Hosting, Domain.
- Online cards, gifts.
- Oil and Gas sector etc.
- Online Transportation System, Hotel Management and Tourism etc.

The aim of this study is to find out if there is any impact of the marketing mix element other than product itself. The remaining sections of this research are designed as follows: Section 2 defines online market, consumer attitude, online business and marketing mix elements; Section 3 focuses on research model and hypothesis; Section 4 analyses the effect of marketing mixes on consumer attitude and Section 5 represents conclusion which includes future research directions.

2 LITERATURE REVIEW

Online purchasing means browsing and buying things through internet [2] (Varma & Agarwal, 2014). Liao, Palvia and Lin [3] stated that it consists of two stages: first stage is order stage in which searching, comparing, selecting and thereby placing an order and the second stage (fulfillment stage) consists of order tracking and keeping or returning products (C. Liao, Pavia, & Lin, 2010). It was found that marketing mix elements have significant effect on consumer loyalty[4] (Owomoyela et al, 2013). Online purchasing initiates direct dealings between seller and buyer. Online shopper can buy goods or services directly so it became popular in 1999-2000. Online purchasing is not totally different from traditional marketing [5] (Ting-Peng Liang and Hung-Jeng Lai, 2000). The basic difference is buyers can not touch product. They can only rely on the information given in the website. Their intention is influenced by that information [6] (Pavlou and Fygenson, 2006). Despite having some drawbacks, online shopping is seen to grow

more in the future[7] (Y. Chen and Barnes, 2007). E-commerce has been introduced in Bangladesh in the late 90's and early 2000's. In the beginning there were many limitations like inadequate infrastructure, Internet. There was no proper Government policy as well. Despite that it attracted lots of customer attention. In 2013, the government allowed online transaction through international credit cards[8] (export.gov, 2017). Later, WiMAX and 3G roll out some major cities and internet speed got faster. This brought about a huge chance for flourishing online businesses. At first, the growth rate was low. In 2016, the growth rate was 67% in the first three quarters, and the country's e-commerce transaction reached 3.59 billion taka (50 million U.S. dollars) [9](Xinhua, 2016).

The e-commerce association of Bangladesh (e-CAB) has identified three popular types of e-commerce in Bangladesh-

1. Business-to-Consumer (B2C)
2. Consumer-to-Consumer (C2C)
3. Business-to-Business (B2B)

Business to Consumer has become popular in major cities in Bangladesh. A report published by e-CAB shows that E-commerce shoppers remained highly clustered. Dhaka, Chittagong, and Gazipur are three main cities that contribute 80% of the total shoppers. Dhaka (the capital city) draws the highest traffic 35%, Chittagong 29%, and Gazipur 15% respectively. Sylhet and Narayanganj are the other two cities that are showing promising growth[10] (e-CAB, 2018). This growth has been evident due to the huge collection of products and services in the market space and also because of the easy procedure of ordering and payment. But this attitude does not only depend only on the products or price. According to Mitchell and Olson (1981, p. 318) [11], consumers' attitude toward the brand is the internal evaluation of the brand that an individual makes. Attitude toward the brand is a relatively long term, one-dimensional evaluation that apparently motivates behavior [12] (Machleit, Allen, and Madden, 1993). So, consumer's attitude is basically the evaluation for distinguishing a brand from other related brands and this evaluation is "implicit in beliefs, feelings, behaviors and other components and expressions of attitudes" [13](Giner-Sorolla 1999, p. 443). This attitude, if positive, inherently drives purchase intention. Purchase intentions are personal action tendencies relating toward a brand [14] (Bagozzi et al. 1979; Ostrom 1969). Intentions are not same as attitudes. Whereas attitudes are summary evaluations, intentions represent "the person's motivation in the sense of his or her conscious plan to exert effort to carry out a behavior" [15] (Eagly and Chaiken 1993, p. 168). Purchase intentions means a persons' decision to make an effort to buy a brand [16](Spears and Singh, 2014). This attitude is affected by the marketing mixes as consumers' purchase intention is basically depends on these marketing strategies undertaken by a marketer. Even in case of online purchasing, apart from the price and product, all the marketing mix elements could contribute strongly. Marketers use many tools to attract customers. These tools comprise the marketing mix. Actually, it is a set of tools that institutions use to achieve their marketing goals. These tools were classified by McCarthy into four major groups, called the 4P's of marketing: product, price, place and promotion. Then it evolved into adding more elements into it. Greg Welch, head of the CMO practice at Spencer Stuart, said "You have to be able to orchestrate a move toward emerging media." "How do you take a traditional media budget and figure out not just how much to allocate to

(new) media, but also how to measure it and how to defend it in front of your peer group?"-he added. Not surprisingly, many companies have adopted a measured approach to the inclusion of new media in their marketing communication programs until appropriate analytical and modeling techniques can provide better insight into their use. One of the basic concepts in marketing is the marketing mix, defined as the elements an Organization controls that can be used to satisfy or communicate with customers"[17] (V.A. Zeithaml). Marketing Mix is a tool used by businesses and Marketers to help determine a product or brands offering. The 4 Ps have been associated with the Marketing Mix since their creation by E. Jerome McCarthy in 1960s-

- Product - The Product should fulfill the objectives consumers want it for
- Place – The product should be available in the place where the target consumer finds it easiest to shop. In case of online shop it could be the websites location, easy access to the website, Home delivery etc.
- Price – The Product should represent a good value for money. This does not necessarily mean it should be the cheapest available.
- Promotion – Advertising, Public relation, Sales Promotion, Personal Selling etc. and, in more recent times, Social Media are considered the main tools for communication.

Originally, McCarthy's (1964) [18] Marketing Mix consists of four 'Ps' – Product, Price, Place and Promotion – and provided a framework on which firms could base their strategies on. Later. Due to some limitations evident in the Marketing mix and to deal with the changing modern marketing needs, these elements were updated. This led to the creation of the "Extended Marketing Mix" that added 4 new elements to the 4 Ps Principles. This now allowed the extended Marketing Mix or the 8Ps [19] (Kotler and Keller, 2012). The new elements are-

- People – All companies are dependent on the people who run them from front line. Having the right people is crucial for a business as they represent the organization.
- Processes –The ordering and order fulfillment tasks should be integrated in a well combined way so the total process is user friendly and comprehensive.
- Programs- Reflects all the activities that are targeted toward consumers. Different activities incorporating consumers in the organization makes it believable to consumer that they consider them as part of the organization.
- Performance – the consumers measure a brand based on the customer reviews and business performances so they can rely on the organization

Although online shops are basically virtual, they also need to consider and design the marketing strategies wisely. Customers will not get attracted unless and until they feel connected until they get proper information and positive promotion from an online brand. Here comes the designing of marketing mix that include 8ps of marketing (Product, price, Place, Promotion, people. Process, Programs, Performance). Customers generally act based on these activities of a firm whether it is online or physical store. Online stores also need

to carefully manage these tasks as the consumers attitude is directly connected to these elements. The study focuses on Sylhet- a major city in Bangladesh. Sylhet is one of the major cities that has around 6 lacs of population. The consumers here are purchasing from both online store and physical stores.

H1. Customer's attitude is positive towards the product, price, place, and promotion of online business

H2. Customers attitude is positive towards support staff of online businesses

H3. Service process and customer's attitude are positively related to each other

H4. Customer's attitude is positive towards the programs undertaken by the organization

H5 Customer's attitude is positively related to the performance of



3 METHODOLOGY

3.1 Sampling

To fulfill the objectives of this study, total 150 respondents were chosen by simple random sampling technique. The study was based on one of the major city of Bangladesh, Sylhet. The total population of Sylhet is around 6 lacs according to Bangladesh bureau of statistics. Online purchasing is still a growing interest to most of the people so all the respondents could not be included in the study for their lack of online purchase experience. Among the collected questionnaires, only 138 could be used for data input as the others were incomplete. The main methodology was structured questionnaire survey method. The survey was conducted from January 2019 to march 2019. Total twenty four questions under the head of 8 marketing mix elements (Product, Price, Place, Promotion, People, Process, program and performance) and two questions for purchase intention were included in the survey questionnaire.

3.2 Measurement

Data was analyzed by using software SPSS- 20 version. The following statistical techniques were applied to analyze the data:

- i) Cronbach's alpha- Reliability test,
- ii) t-test for hypothesis testing
- iii) Regression and correlation Analysis

Structured questionnaire was used for data collection. The questions included were set using likert scale starting from

strongly disagree indicating 1 toward strongly agree bearing 5. Test value for t-test is determined 3 as 4 and 5 position in the likert scale designates agree and strongly agree respectively.

4 DATA ANALYSIS AND RESULTS

4.1 Descriptive statistics

Table 1: Descriptive statistics

	Mean	Std. Deviation
Product	15.72	2.025
Price	12.14	1.905
Place	12.16	2.483
Promotion	12.45	2.000
People	12.04	3.561
Process	12.15	2.279
Programs	12.04	2.445
Performance	12.42	2.068
N = 138		

Here we can see that the mean value is quite similar in case of all the elements. So, the data is relevant and all these elements indicate to have internal consistency. The standard deviation also refers to satisfactory consistency.

4.2 Reliability and validity test

Table 2: Reliability test

Variable	Cronbach's Alpha	Items
1. Product	.780	
2. Price	.745	
3. Place	.831	
4. Promotion	.842	
5. People	.852	
6. Process	.865	
7. Programs	.861	
8. Performance	.882	
9. Consumers' Attitude	.904	

In the study, Cronbach's alpha for each of the variables are greater than 0.70 (Table 2). So, it is clear that the questionnaire used in this study had strong internal reliability.

4.3 Hypothesis testing (t-test)

Here t-test has been employed and test value was considered $\mu > 3$ for each of the question. Average score should be greater than this value multiplied by the number of question under each of the variables.

Table 3: t-test for justifying hypothesis

Score on average	Test Value = 9				
	t	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
				Lower	Upper
product	16.77	.000	.910	1.2	1.3
price	18.80	.000	.915	.88	1.00
place	14.44	.000	.916	.91	.96
promotion	18.50	.000	.945	.91	.97
people	14.85	.000	.906	.84	.96
program	15.72	.000	.922	.87	.95
process	15.72	.000	.963	.86	.94
performance	17.84	.000	.942	.91	.97

As the questions are arranged in 5-point likert scale, in each of the questions, agree or strongly agree designate 4, 5 respectively. And as there is 3 items on average in each category, average mean score should be more than 9 to reject the null hypothesis. From Table 3 the test statistic (t) value for product is 16.77 with p-value < 0.01. It indicates that there is enough evidence to reject the null hypothesis and conclude that consumers have positive attitude towards the product of online business at 1% level of significance. So we can reject null hypothesis 1 and accept the alternative hypothesis. Similarly other scores represent similar results so the hypothesis 2,3,4 and 5 can be accepted.

4.4 Regression and correlation analysis

Table 4: Regression analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.811	.658	.636	.921

Here, Consumers' purchase intention is dependent variable here while Product, Price, Promotion, Place, People, Process, Programs and Performance are the predictors.

Table 5: Correlations Analysis

Variable	R	F-value
Product	.536	54.476
Price	.464	36.989

Place	.671	110.787
Promotion	.645	96.069
People	.421	28.802
Process	.597	74.812
Program	.700	128.91
Performance	.745	168.118

Here, dependent variable is Consumers' purchase intention. All the variables show satisfying amount of correlations with the dependent variable which is purchase intention. This means that the entire variable has significance toward creating a positive attitude among the customers.

5 DISCUSSION AND IMPLICATION

Due to the changes in our day to day life and gradual increase in dependency to technology, consumers behavior is also changing. Consumers no longer take their decision based on only product itself. They consider the other related dimensions as well. Online shopping is growing day by day in numbers and frequencies recently in Bangladesh. Sylhet contribute in a large amount in here. The customers residing here have shown their likeliness for purchasing online in the study conducted. Trust and dependency for online shopping has grown a lot here. Apart from the product characteristics, consumers positively relate the pricing strategies of sellers. It is believed that products are priced less than local stores by online marketers and also delivered to the doorsteps of customers which contribute to greater customer likability. Promotional activities, ordering process, instant replies and consultation by online sellers provide better experience to customers. Previous experience can either initiate or terminate the chance of repurchase from a seller as customers determine performance based on their experience. So marketers doing online businesses must utilize all the dimensions with care to reap the benefits of customers growing preference for online shopping. Table 4 indicates that product quality, features and variation has significant effect on consumer attitude. There is 53.6% variance evident by the value of $R = 0.563$, $F = 54.476$. This indicates that the model is fit. The t-value is also greater than $\mu=3$ in all the elements according to Table 3. Therefore, on the basis of these results it can be inferred with confidence that H_0 for product is rejected and H_A is accepted stating that consumer's attitude is positively related to product attributes. Similarly, for price, place, promotion, people, process, program and performance-there is high impact of these elements on consumer's attitude evident from the tables provided above. So we can accept the alternatives hypothesis that these has significant positive relation with consumer attitude based on data provided in Table 4 and Table 5.

6 CONCLUSION

If we consider the mean score given in table 1, we find that all the 8Ps of marketing mix has positive relation with the consumer's attitude to purchase from online marketers. It is also evident that product has the highest mean score. This means consumer's

attitude is basically focused on the product but all the other elements have positive impact as well. So to operate in the fast growing online market, marketers need to consider all these factors and design their marketing mix strategy considering the importance and significance of each and every element. Consumers are more knowledgeable and empowered in the modern technology driven world. To capture their attention, the marketing strategy should be such that it covers all the areas efficiently. Marketing is an ongoing process. With the changing characteristics of the market environment and its participants, the strategies, elements, techniques, tools, etc will continue to adapt and evolve. To cope with this changing environment marketer must develop strategies that can adapt to changing customer needs and compete with others. There is some limitation in the study conducted here. The author concentrated on simply the marketing mix to correlate it with consumer attitude. There are many other factors that have positive or negative impact on consumer attitude regarding online shopping. Another limitation is that, this study was based on a small number of samples on a selected city. It would have provided better result with more number of samples. Further study can be carried out to find out the impact of more elements or factors regarding consumer attitude. More statistical analysis can be applied to find out better results on this topic. As online purchasing is growing day by day on a great amount, marketers must dedicate their efforts to better compete on this field. Each of the elements of marketing mix implies a vast area of strategies. They might utilize them in a way that customers are more encouraged to purchase online and feel secure in doing that. There should be further research to find out the level of impact these elements can contribute to and how to manage them in proper way so that online business flourish more and more. Generally encouraged not to call out multiple figures or tables in the conclusion—these should be referenced in the body of the paper

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