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# **E-CONSUMERS ATTITUDES TOWARDS COLLECTIVE BUYING – RESEARCH RESULTS**

## **Introduction**

The occurrence of a consumer that is new in terms of quality (e-consumer) who uses information and telecommunication technologies to facilitate the process of purchase and consumption, contributed to the emergence of a new model of sale of products over the Internet, that is, group buying services.

Group buying allows to satisfy expectations of e-consumers related to product availability and the feeling of reasonable and economical buying. For companies, group buying is on the one hand a relatively cheap instrument of promotion, but it also brings the risk of loss of loyal customers.

The cognitive purpose of the paper is to present opinions and attitudes of e-consumers towards group buying. Checking usefulness and effectiveness of on-line polling technique to study e-consumers' opinions on the subject of group buying services constitutes the methodological purpose of the study. Utilitarian purpose of the paper is to indicate the possibility of use of e-consumers' opinions to improve the quality of services provided by group buying services and improve effectiveness of operation of these services.

## **1. Group buying – fundamental issues**

In the classical approach, group buying consists in collecting a determined group of customers that is necessary for effective price negotiations with companies that offer particular products. In group buying over the Internet, usually a minimum number of customers is necessary and companies offer products

at preferential prices through group buying services. The idea of group buying is to offer customers the products at a very attractive price that is often close to the verge of profitability or is even below this verge. Such actions can be compared to sampling where consumers get a sample of a product for the purpose of its testing. In the case of group buying service consumers receive a full value product at an attractive price whereas the major intention of the company is to acquire a new customer.

Group buying services provide benefits not only to individual consumers. For many enterprises it is a chance to sell their offers and also to promote a particular product or service. According to its assumptions, it is mostly focused on acquiring a new customer who, while being satisfied with the purchase, will feel attached to the company, and in the future will make purchases there at regular prices<sup>1</sup>.

Sale in the company can be realised through their own sellers, but also through the so-called independent sellers bound with the company by contracts of various subject and time scopes. Group buying services that frequently make a fundamental link between a company and Internet market are such independent sellers that start and establish direct or indirect relations with purchasers, that is, the company customers. Commercial function and marketing function have fundamental significance for group buying services in connecting an enterprise with market<sup>2</sup>. The first function focuses on individual customers, their needs and preferences, whereas the second one (marketing function) focuses on the assessment of the degree of adjustment of the sale offer to expectations of prospective customers.

Gruper.pl as the first group buying service in Poland started its activity in spring 2010. Citydeal.pl was the next group buying service started in Poland. It was later taken over by an American tycoon Groupon.com and since then it has been operating on Polish market under this name. This is just Groupon corporation, with its Groupon.pl portal that has a predominant position on Polish market of group buying.

In Poland e-consumers have 57 group buying services at their disposal<sup>3</sup>. There, they can purchase vouchers for products that are offered with a discount of 50% to 90% of their regular price.

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<sup>1</sup> K. Bilińska-Reformat, B. Reformat: *Group Buying as a Source of Competitive Advantage of Polish Small and Medium-Sized Enterprises*. Proceedings of 19<sup>th</sup> Annual Conference on Marketing and Business Strategies for Central & Eastern Europe<sup>2</sup>, University of Economics and Business Administration, De Paul University, Chicago Illinois, USA, Vienna, 2011, pp. 3-19.

<sup>2</sup> M. G. R. Pagliacci, Z. Kędzior: *Informacyjna rola sprzedawców w przedsiębiorstwie*. „Marketing i Rynek” 2006, No. 11, p. 3.

<sup>3</sup> Internet storefront of the group buying aggregator [www.godealla.pl/blog](http://www.godealla.pl/blog).

Offer of companies are placed on webpages of a selected group buying service and available for a specific period of time and/or until a determined number of vouchers are sold, which is specified in advance. For the purpose of purchase of voucher, e-consumers log in a service (searching through the offers itself does not require logging in the service), and after an interesting offer is chosen, they select the “buy now” option and make the payment by credit card or money transfer. Limiting the number of vouchers that may be purchased by a single e-consumer is quite a popular practice. In this way companies maximise the number of e-consumers who might take advantage the offer. After the offer sale is finished or even when it is still going on, a voucher is sent to e-consumer’s e-mail address (or it can be directly downloaded from the group buying service).

In case of group buying there is a very high risk for companies to lose already loyal customers. Bad optimisation of the offer (the period of voucher usability, a maximum number of vouchers, particular conditions of offer) may bring customers’ dissatisfaction who purchased vouchers, and also the loss of loyal customers who use the offer at a regular price due to decrease in the quality of service provision and extension of delivery period.

The paper presents the results of Poland-wide studies performed in 2012 among 1400 Polish e-consumers with the use of on-line polling technique<sup>4</sup>. The research was to provide data for verification of the following research assumptions:

- H1: in e-consumers’ view, group buying is a form of purchase that allows to save money.
- H2: in group buying services, e-consumers most often purchase services of Wellness & SPA type.
- H3: e-consumers who use vouchers purchased in group buying services often have the feeling that the level of service provided for them is intentionally lowered by companies due to the purchase of products or services with remarkable discount.
- H4: e-consumers who use group buying services with remarkable frequency, feel a higher level of satisfaction with the level of customer service while using the voucher than e-consumers who seldom use group buying services.
- H5: a small rate of e-consumers who used vouchers of group buying purchased a product of a particular company at a regular price.

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<sup>4</sup> Research was performed with the use of SurveyMon-key.com Internet service. E-consumers were encouraged to take part in the research by invitations sent via e-mails and on discussion forums. Almost 19% of respondents were inhabitants of Śląskie voivodeship.

## 2. Group buying in e-consumers' opinions – results of studies

Empirical study concerning group buying was performed on a sample of 1400 e-consumers<sup>5</sup> between July and September 2012 with the use of Internet polling method and an online questionnaire was the research tool. There were 700 women and the same number of men in the studied group.

Nearly 37% of respondents declared the use of offers of group buying services and among them, women make such a purchase slightly more frequently.

People who declared making purchases in group buying services are mainly people up to 34 years old who are inhabitants of cities with population over 100 thousand who were in good or very good economic condition. It is important that nearly 2/3 e-consumers using group buying were inhabitants of cities with population over 100 thousand, while in the whole sample, this rate constituted a little over 47%. This situation can be explained by the fact that supply offer of group buying services is mostly aimed at inhabitants of big cities (comparison of selected characteristics of research samples is shown in Table 1).

Table 1

Selected characteristics of studied respondents (in %)

Specification	Total sample N = 1400	Internet users making purchases in group buying services N = 514
1	2	3
<b>Gender</b>		
Females	50.0	53.9
Males	50.0	46.1
<b>Age</b>		
16 - 24 years old	27.5	31.7
25 - 34 years old	35.2	40.9
35 - 44 years old	19.3	14.6
45 - 54 years old	9.8	8.6
over 55 years	8,2	4.3
<b>Place of residence</b>		
Village	15.8	10.1
City of up to 100 thousand inhabitants	37.0	28.8

<sup>5</sup> E-consumer is a natural person who shows and satisfies his or her consumer needs with goods and services purchased over the Internet.

Table 1 contd.

1	2	3
City of up to 100 thousand inhabitants	37.0	28.8
City of over 100 thousand inhabitants	47.2	61.1
<b>Assessment of economic situation</b>		
Very good	5.3	6.8
Good	43.7	48.4
Average	45.8	41.8
Bad	4.2	2.3
Very bad	0.9	0.6

Over half of e-consumers used group buying services several times a year, including nearly 54% males and 47% males. Every fifth respondent used this form of purchase at least once a month, while every fifth male declared buying group offers at least once a week (Table 2).

Table 2

## Frequency of using group buying services (in %)

Specification	Total N = 499	Females N = 268	Males N = 231
At least once a week	19.8	19.1	20.7
Several times a month	4.9	5.4	4.2
Once a month	11.3	7.6	15.6
Several times a year	50.6	53.8	46.8
Once a year	8.4	8.3	8.4
Less frequently than once a year	4.3	4.7	3.8
I made a purchase in group buying services only once.	0.8	1.1	0.4

For over 1/3 e-consumers group buying means bargains, savings and cheaper purchase and for every fifth respondent it is just a form of buying. According to 12% of e-consumers, trickery, cheating, waste of time and risk are the best description of group buying services. The opinion that group buying services mean first of all a bargain, savings, a cheaper purchase and a form of shopping is predominant both among females and males (Table 3).

Table 3

## E-consumers' opinions on the subject of group buying

Specification	Total N = 464	Females N = 238	Males N = 226
Bargain, savings, cheaper purchase <sup>a</sup>	35.6	34.5	36.7
Form of shopping <sup>b</sup>	19.8	21.7	17.7
Trickery, cheating, waste of time <sup>c</sup>	9.5	8.4	10.7
Kind of Internet service <sup>d</sup>	7.3	9.2	5.1
Marketing, promotion <sup>e</sup>	5.0	3.2	7.0
Risk <sup>f</sup>	2.8	2.4	3.3
Others <sup>g</sup>	20.0	20.5	19.5

- <sup>a</sup> Opportunity of cheaper purchases, promotions, chance of making a purchase with discount, saving time while looking for a bargain, form of saving, method of money saving.
- <sup>b</sup> Group buying, collective purchase by one company and its resale to other people, a form of sale of cheaper products for a broader group through services of Groupon, Citeam type, purchase made by a lot of people (Groupon), purchase of something by a group, or purchase of a few products /services from a group, purchase in which we get some discounts because of the fact that the offer is aimed at a larger group of people (for example Groupon), purchase made by a larger group of customers on a common portal, purchase made for example over the Internet by an organised group of people who, thanks to collective ordering of products, obtain price reductions, discounts or in general they obtain some kind of benefit from it, purchase on a large scale, collective group purchase for the purpose of obtaining a discount in a shop by people who do not necessarily know each other.
- <sup>c</sup> Fiction, pseudo-bargains, loss of money, risk of bad treatment, nonsense, rubbish, junk, cheating but worth considering, cadging to purchase services I do not really need, fictitious benefit.
- <sup>d</sup> Portals where a group of people can make a cheaper purchase, perfect bargains, buying products or services on portals of Groupon, Allegro, etc. type, Purchasing "products" that are much cheaper than original ones over the Internet webpages of Groupon type, Gruper, Groupon, Citeam, for example allegro, Groupon or other auctions of this type, for example Sweetdeal, Groupon.
- <sup>e</sup> A method to reach the consumer who otherwise would never use the offer, advertising companies, goods and services – mostly tricking, another channel of distribution of products and services, marketing that allows to acquire new customers, a way for retailers to obtain a margin that so far has been available only to wholesalers, another non-measurable form of marketing.
- <sup>f</sup> Buying a pig in the poke, enormous risk, waste of money, no cash guarantee.
- <sup>g</sup> A good thing, temporary fashion, fun, collective madness of consumer society, something strange, more and more annoying thing, a waste of time, fast and cheap form of commercial cooperation, purchase of goods for group use.

Almost 62% of studied group perceive group buying services through the prism of low prices of offered goods. On the other hand, 36% of respondents assess activity of group buying services in a negative way while emphasising long period of realisation of services and long period of delivery, low quality of services, hidden costs and unclear descriptions of offers. Nearly 11% of females emphasise low quality of services and 1.1% think that services offered in group buying services were of high quality. In the opinions of almost 60% of males, group buy-

ing services are characterised by low price of offered goods. Nearly 14% of males perceived group buying services through the prism of long period of realisation of services or delivery of products (Table 4).

Table 4

## E-consumers' opinions on the subject of group buying services

Specification	Total N = 499	Females N = 268	Males N = 231
Low prices of products	61.7	63.6	59.6
Long period of realisation of purchased services	10.0	9.7	10.4
Poor quality of services	9.0	10.8	7.0
Hidden costs	5.6	4.8	6.5
Unclear description of offers	4.8	3.7	6.1
Clear descriptions of offers	4.2	4.5	3.9
Long period of delivery of purchased products	2.4	1.5	3.5
High quality of services	1.4	1.1	1.7

On the grounds of results of the research H1 research assumption was verified. Groupon turned out to be the most popular group buying service among studied e-consumers<sup>6</sup>. Almost 89% of respondents used the offer of this service. Nearly 1/3 respondents used Citeam offer<sup>7</sup>, and 28% used Gruper<sup>8</sup>. Women also willingly use the offer of Citeam and Gruper group buying services. Almost every tenth woman used the offer of Mydeal service<sup>9</sup>. On the other hand, men, apart from the aforementioned Groupon, used, Citeam (nearly 34%), Gruper (nearly 25%) and Mydeal services. Much smaller popularity among both men and women was reported by such group buying services as: FastDeal, Okazik, Cuppon and HappyDay (Figure 1).

<sup>6</sup> [www.groupon.pl](http://www.groupon.pl).

<sup>7</sup> [www.citeam.pl](http://www.citeam.pl).

<sup>8</sup> [www.gruper.pl](http://www.gruper.pl).

<sup>9</sup> [www.mydeal.pl](http://www.mydeal.pl).

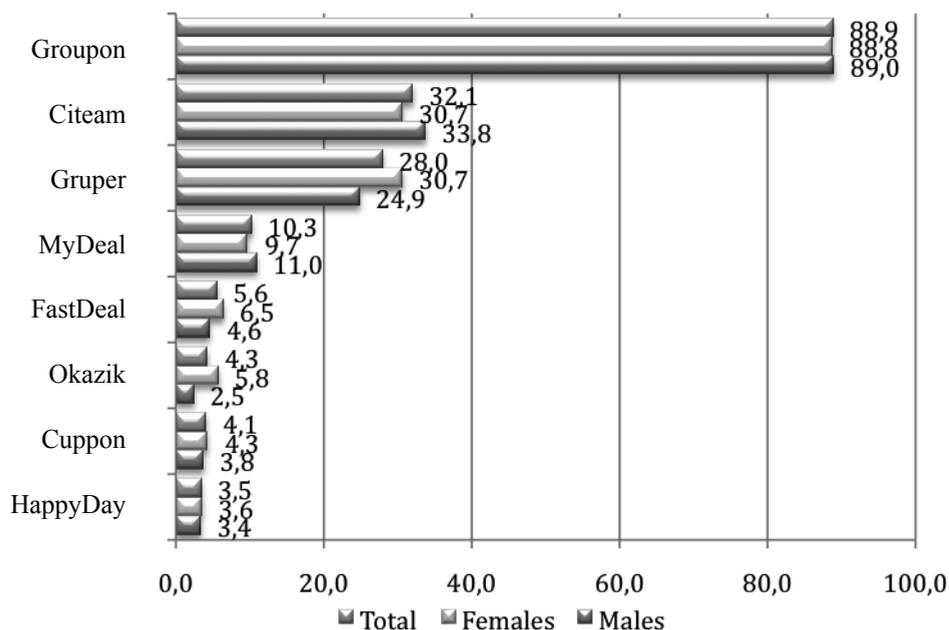


Figure 1. Most preferred group buying services (N=514, in %)

Every fourth e-consumer most often purchased cosmetic services in group buying services, while this rate reached nearly 35% among women and 12.4% among men. Every sixth e-consumer used the offer related to sport and fitness, relaxation and leisure time, where this amounted to 15% of respondents among women and almost 18% among men. Product offer for purchase of vouchers for electronic equipment was the least popular among e-consumers. However we can suppose that such offers occur in group buying services definitely less frequently than other service offers<sup>10</sup> (Table 5).

<sup>10</sup> Because of the possibility of high accumulation of profit, services are offered in group buying services more often than ready products.

Table 5

## Categories of most frequently purchased vouchers in group buying services

Specification	Total N = 499	Females N = 259	Males N = 202
Beauty <sup>a</sup>	24.9	34.7	12.4
Sport and fitness/ relaxation/leisure time <sup>b</sup>	16.3	15.1	17.8
Tourism <sup>c</sup>	13.9	10.8	17.8
Gastronomy <sup>d</sup>	12.1	9.3	15.8
House <sup>e</sup>	8.7	8.5	8.9
Health <sup>f</sup>	5.4	7.3	3.0
Motorization <sup>g</sup>	5.0	2.7	7.9
Courses, education, work <sup>h</sup>	4.8	5.0	4.5
Fashion <sup>i</sup>	3.0	3.1	3.0
Electronic equipment <sup>j</sup>	1.7	0.8	3.0
Others <sup>k</sup>	4.1	2.7	5.9

<sup>a</sup> Getting a tattoo, services in hairdressing parlours, haircuts, discounts for cosmetic services, packages of Ives Rocher cosmetics, health - SPA treatments, body treatment, cosmetic treatment, a stay in SPA, a visit to the hairdresser, cosmetic services (removing warts), false eyelashes, perfumes, paste for whitening teeth, Gillette razors, laser depilation.

<sup>b</sup> A pass, a course in playing polo, voucher for bowling, ticket for a concert, fitness classes, admission to a theme park, admission to the swimming pool, climbing, ticket for squash, fitness service, water tram, bicycle rack, sport / recreation, voucher for playing yorkeyball, canoeing trip, subscription of a magazine, CDs, rope park, recreational package, bowling package, paintball, tickets to the theatre, voucher for climbing wall, season ticket for karting track, season ticket for a gym, ticket to Rozstaje festival, ticket for a concert, ticket for cinder-track racing.

<sup>c</sup> A journey, a trip, holidays, Groupon Travel, a stay in a hotel

<sup>d</sup> A voucher to the restaurant, coffee and cake in a coffee bar, discount for dinner in a restaurant, discount for pizza portal, voucher to ice-cream shop, Sushi

<sup>e</sup> Furniture, crockery, photo album, yerba mate kit, furniture made to size, voucher for groceries, cleaning stuff, pressure cooker, Xenelight shoe steriliser, dinner set, frying pans, odour neutraliser, tools, kitchen furniture, fitted furniture, set of Teflon-coated frying pans, coloured Swiss knives, knives, hammock, pressure coffee makers, kettles and Dafi filters, garden arrangements.

<sup>f</sup> Medical services, dental services, removal of tooth plaque, dietary supplements, contact lenses, discounts for a visit in an optician shop, medical products - pills, Tape Kinesiology plasters, glasses, massage, laboratory tests, orthodontic appliances, breath analyser.

<sup>g</sup> Service of the air-conditioning, removing mould, tyre exchange, purchase of several services in car wash and technical check-up of the vehicle, service in a car wash.

<sup>h</sup> Additional training in car driving, projects of creative CV and LM, online course in a foreign language, drawing lessons, dance lessons, course for A category driving licence, driving licence course, computer course, course in vector graphics, Excel course, course in English, books, local guidebook, the book entitled Life and Passion of Our Master Jesus Christ and His Most Painful Mother, creation of a person / image, training in cross-country driving, course in swimming.

<sup>i</sup> Thermoactive underwear, brand products, clothes, jacket, shirt, Crocs flip-flops, adidas ballerina shoes, shoes, underwear.

<sup>j</sup> Smartphone, Radio and Television equipment, navigation programme in the form of mobile phone application, software, computer monitor, Play operator modem, cleaning of the computer

<sup>k</sup> A watch, purchase of the service related to property sale, vibrator, sexual service, semi-finished products for jewellery production, wallets, I do not remember, TAXI vouchers, Voucher for WC use, a set of 4 pictures for documents, a toy helicopter.

Hereby, H2 research assumption was verified in the sphere of most frequently purchased offers in group buying services.

### 3. The level of services provided to customers using vouchers of group buying services in respondents' opinions

Over 1/3 e-consumers claim that they were not treated like a full value customer while using the voucher purchased in group buying services. Nearly 12% women had the feeling that while using the voucher, they were treated in disrespectful way. Among men, this rate reaches the level of over 15%. Every fifth e-consumer thinks that they were treated in an unresponsive way. Over 47% of respondents declared positive opinions about the level of service, including 22% who were fully satisfied (Table 6).

Table 6

Assessment of satisfaction with the level of service provided to the customer using the voucher

Specification	No full value customer			Neither well nor badly treated	Full value customer		
	1*	2	3		4	5	6
Total	13.6	5.6	14,0	19.6	15,6	9.3	22.3
Females	11.9	6.1	14,8	20.2	15,5	11.2	20.3
Males	15.6	5.1	13,1	19.0	15,6	7.2	24.4

\* where 1 stands for the lowest grade and 7 stands for the highest grade

The largest number of e-consumers had the impression that they were not treated as full value customers by Citeam service (14.5%), and the smallest number of consumers had such feeling in the case of Groupon service (11.8%). On the other hand, every fourth buyer of vouchers in Gruper group buying service had the feeling that they were the same type of customer as those buying products at a regular price (Table 7).

Table 7

The assessment of satisfaction with the level of service for the customer who used vouchers of group buying services by selected group buying services

Specification	Not a full value customer			Neither well, not badly treated	Full value customer		
	1*	2	3		4	5	6
Groupon	11.8	5.3	15.1	20.4	15.8	9.8	21.9
Citeam	14.5	6.7	10.3	19.4	20.0	9.7	19.4
Gruper	12.5	4.9	15.3	16.0	16.7	9.0	25.7

\* where 1 stands for the lowest grade and 7 stands for the highest grade

On the grounds of results of research described before, H3 research assumption was verified.

While analysing correlation between frequency of using group buying services and satisfaction with the level of customer service of companies using vouchers of group buying, Pearson's linear correlation coefficient  $r_{xy}$ <sup>11</sup> was applied. The coefficient value shows the occurrence of low negative correlation ( $-0.212$ ) between the frequency of using group buying services and satisfaction with the level of customer service which means that the lower the frequency of using group buying services the slightly higher the level of satisfaction with customer service. Thereby the H4 research assumption was rejected.

After using the voucher, nearly 64% of e-consumers did not use the offer at a regular price again. Only almost 23% of e-consumers purchased the offer again, but they did not use the discounts offered by group buying services. Among women, nearly 70% declared that they had not used the offer at a regular price again, and among men this rate was lower and amounted to nearly 57%. In this way results of the study let us accept H5 research assumption.

<sup>11</sup> Significance on the level of  $p = 0.00$ .

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- Internet storefront of group buying aggregate: [www.godealla.pl/blog](http://www.godealla.pl/blog).

## E-CONSUMERS ATTITUDES TOWARDS COLLECTIVE BUYING – RESEARCH RESULTS

### Summary

Presented results of research concerning e-consumers' opinions on the subject of group buying let us achieve the cognitive purpose of the paper and verify research assumption. However, direct studies performed with the method of on-line questionnaire qualify the author to state that selected research technique is appropriate to analyse e-consumers' opinions on the subject of group buying services. This is proved by effectiveness of the technique (reflexivity of 74%) and plentiful research material of both quantitative and qualitative character. Results of studies are valuable in terms of application because they can serve improvement of the quality of provided services, and identified weaknesses of group buying services can be used to improve effectiveness of operation of group buying services.

Keywords: e-consumer, consumer attitudes, collective buying