

## Chapter 94

# What Factors Influence the Use of Electronic Commerce? A Case in Turkey

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### ABSTRACT

*The concept of trade has emerged with the inter-business division of labor. The internet, which is a much more recent concept than trade, has begun to get closer over time. The reason why trade is to see the internet as a commercial tool lies in the fact that the internet is spread over a wide mass network. The aim of this study is to determine socio-economic and demographic factors that are effective in purchasing or ordering goods and services by internet in Turkey. It was found that the number of information equipment, income, being male, working, and education increased the probability of shopping over the internet. It was determined that household size and age decreased. Females shop for clothing and sports goods more than males. The highest correlation with the purchase of other product groups over the internet is through holiday accommodation and other travel-related transactions.*

### INTRODUCTION

Today, developing technology has caused deep changes in daily life. Some of the usual activities are completely out of our lives and some of the activities have been changed. Among these changes, the way individuals shop has taken its share. In recent years, increasing technology has enabled computer and internet speeds to increase. Thus, the internet has become a part of daily life; it has become used in

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many areas from communication to socialization, from entertainment to trade in daily life. Computer and internet technologies as well as developing logistics activities have led to intensive use of e-commerce.

E-commerce is done some or all of the activities related to commerce such as the purchasing, selling or marketing of any good or service over the internet. Reasons such as the ease of shopping, lower prices, product variety encourage online shopping. Today, individuals can meet their needs from a cheap product such as a pen to technological devices such as computers and holiday shopping without recognizing the country's borders through e-commerce tools. This diversity has led to an increasing volume of e-commerce. Worldwide retail e-commerce has reached the level of 2,304 billion U.S. Dollars in 2017 ("eCommerce," 2019). This amount is expected to increase gradually. Because, although there is geographical or cultural distance between buyers and sellers, individuals can shop through e-commerce tools (Prashar, Sai Vijay, & Parsad, 2016, p. 28). Increasing size brings competition in the market. For this reason, it is important for companies to know their customers and develop marketing activities for their customers. Because the effect of individual characteristics on e-commerce behavior can vary for different product groups.

Since most markets are heterogeneous and have a large variety of customers, it is not practical for businesses to implement unfocused marketing activities (Dibb, 1998, p. 394). It is important for businesses to perform appropriate marketing activities by identifying their target customers and segmenting them in terms of both efficiency and effectiveness of marketing activities. Customers with different profiles can focus on different features and can be stimulated by different elements. Demographic characteristics also affect the properties of the product. Personalization in e-commerce increases sales because it increases the customer's perception of site quality (Fernandez-Lanvin, Andres-Suarez, Gonzalez-Rodriguez, & Pariente-Martinez, 2018, p. 1).

The aim of this study is to determine the individual characteristics that affect the individual's purchasing decision over the internet for different product groups. For this purpose, probit regression model, which is one of the binary choice models, was used. In addition, assuming that purchasing behavior for different product groups may affect the purchasing decision of other products, instead of estimating the models separately for each product, a multivariate probit regression model is used which allows simultaneous estimation for all products.

## **BACKGROUND**

1994 is the starting date for online shopping (Ariguzo, Mallach, & White, 2006, p. 240). In 1999, the monetary value of online shopping was about \$110 billion (Coppel, 2000, p. 3). E-commerce is one of the fastest growing sectors in the world. The size of the return on e-commerce in Turkey in 2019 is about 8,050 billion USD. Level of return is expected to grow by 25.4% year on year to 19,876 billion USD in 2023. In the world, the size of e-commerce returns is around 1.8 trillion USD. Level of return is expected to grow by 10.4% year on year to 2,674 trillion USD in 2023 ("eCommerce," 2019). From the beginning to the present day, shopping on the internet has increased at a high rate, and most of the shopping has started to be done on the internet. This increase is expected to continue in the future and 95% of the purchases in 2040 are expected to be made via the internet ("Ecommerce Statistics for 2019," 2019).

The increasing number of online shopping makes it necessary to examine the attitudes of internet users in depth (Cristóbal-Fransi, Martín-Fuentes, & Daries-Ramon, 2015, p. 164). It is important to obtain information about customers, and to determine the factors that shape the behavior of customers

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