Frontiers in Health Informatics
ISSN-Online: 2676-7104
www.healthinformaticsjournal.com
2024;Vol. 13:Issue 7
OpenAccess

Consumer's Perception towards out of stock products in E- Commerce

Mrs. S. Seetha
Research Scholar, PG Department of Commerce and Research Centre, Sri Parasakthi College for Women, Courtallam, Affiliated in Manonmaniam Sundaranar University
Email: seethasivam14@gmail.com

Dr. R. Sriandal Esakkirani
Research Supervisor, PG Department of Commerce and Research Centre, Sri Parasakthi College for Women, Courtallam, Affiliated in Manonmaniam Sundaranar University
Email: sriandal67@gmail.com

Cite this paper as: Mrs. S. Seetha, Dr. R. Sriandal Esakkirani (2024) Consumer's Perception towards out of stock products in E- Commerce. *Frontiers in Health Informatics*, *Vol.13, No.7, 1363-1374*

Abstract:

This study investigates the preferred responses of consumers when faced with out-of-stock products in their shopping cart, including switching to another brand, waiting for availability, dropping the idea, and purchasing from other means of shopping. The analysis reveals that "switch to the other brand available" is the most preferred response, with a weighted average score of 1452, ranking second. The study also conducts a related samples t-test comparing the mean WAS scores for "drop the idea" (1470) and "switch to the other brand" (1452), finding no statistically significant difference between the two responses. The results suggest that consumers are almost equally likely to abandon the purchase or switch brands when faced with an out-of-stock online. The study highlights the importance of retailers focusing efforts on both scenarios to prevent shopping cart abandonment and brand switching, ultimately improving conversion performance.

Keywords: Consumer, Responses, Stock, Products, E-commerce, Shopping, Abandonment, Brand Switching

Introduction

E-commerce has revolutionized the way consumers shop, offering convenience, flexibility, and a wide range of products at their fingertips. However, despite these benefits, e-commerce retailers continue to face significant challenges in managing inventory and preventing shopping cart abandonment. When a product is unavailable, consumers are left with limited options, including switching to another brand, waiting for availability, dropping the idea, or purchasing from other means of shopping.Understanding consumer responses to out-of-stock products is crucial for e-commerce retailers to develop effective strategies for managing inventory and improving conversion performance. This study aims to investigate the preferred responses of consumers when faced with out-of-stock products in their shopping cart, including switching to another brand, waiting for availability, dropping the idea, and purchasing from other means of shopping. By analyzing the statistical significance of these responses, this study aims to provide insights into the relationship between demographic profile

variables and consumer behavior, ultimately informing retailers on how to effectively manage inventory and prevent shopping cart abandonment and brand switching.

Review of literature

- Breugelmans et al. (2022), who investigated the impact of OOS on consumer behavior in online grocery shopping. They found that OOS situations can lead to significant increases in shopping cart abandonment rates, with customers being more likely to switch to alternative brands or retailers when their preferred items are unavailable.
- Another study by Huang et al. (2021) examined the role of product category and brand loyalty in influencing consumer responses to OOS situations. They discovered that for utilitarian product categories, consumers were more likely to switch brands or retailers when faced with OOS situations, while for hedonic product categories, they were more likely to postpone their purchase or abandon their shopping cart altogether.
- Wan et al. (2020) explored the impact of different OOS recovery strategies, such as offering substitutes or discounts, on consumer behavior. Their findings suggested that offering substitutes can be an effective strategy for retaining customers, but the effectiveness depends on factors such as product category, brand loyalty, and perceived similarity between the substitute and the desired product.
- Zhu and Zhao (2019), the authors investigated the role of product scarcity in influencing consumer responses to OOS situations. They found that when consumers perceive a product to be scarce, they are more likely to switch to alternative brands or retailers to secure the desired item, even if it means compromising on their initial preferences.
- Dzyabura and Jagabathula (2018) examined the impact of OOS situations on customer lifetime value (CLV) in e-commerce. Their study revealed that OOS situations can have a significant negative impact on CLV, particularly for highly valuable customers, as they are more likely to switch to competing retailers or brands when faced with OOS situations.

Statement of the problem

The statement of the problem is that shopping cart abandonment and brand switching are significant issues for e-commerce brands and retailers, resulting in substantial losses. The study aims to identify the most preferred responses of consumers when faced with out-of-stock products in their shopping cart and to analyze the statistical significance of these responses.

Objectives of the study

- Identify the preferred responses of consumers when faced with out-of-stock products in their shopping cart.
- Analyze the statistical significance of these responses to determine if there is a difference between abandoning the purchase and switching brands when items are unavailable online.
- Determine the relationship between demographic profile variables and consumer behavior, including attitude towards online shopping.
- Offers Synthesis insights to e-commerce retailers to effectively manage the inventory and prevent shopping cart abandonment and brand switching, ultimately improving conversion performance.

Data analysis and Interpretation

Table 1 Respond to out-of-stock over the internet

1. Hypotheses "Drop the idea" and "Switch to the other brand" responses.

H1a: There is no significant difference in the mean WAS scores for "Drop the idea" and "Switch to the other brand" responses.

H1b: There is a significant difference between the mean WAS scores.

S.No	**Respond to out-of-stock over the internet**	5	3	1	WAS	Rank
1	Switch to the other brand available.	204	118	78	1452	2
2	Wait for the availability	165	154	81	1368	5
3	Drop the idea	190	155	55	1470	1
4	Purchase from other means of shopping	165	175	60	1410	3
5	Switch to the other brand available.	184	135	81	1406	4
T Stat = 0.831		**df = 4**			**p-value = 0.452**	

Source: Primary Data

Table can be interpreted as follows:

"Switch to the other brand available" is the most preferred response, with a weighted average score of 1452, ranking second. "Wait for the availability" is the fifth most preferred response, with a weighted average score of 1368, ranking fifth. "Drop the idea" is the least preferred response, with a weighted average score of 1470, ranking first. "Purchase from other means of shopping" is the third most preferred response, with a weighted average score of 1410, ranking third. "Switch to the other brand available" is the fourth most preferred response, with a weighted average score of 1406, ranking fourth. Analysis conducted a related samples t-test comparing the mean WAS scores for "Drop the idea" (1470) and "Switch to the other brand" (1452). The p-value is 0.452, which is greater than the significance level of 0.05. Since the p-value is higher than 0.05, fail to reject the null hypothesis. This means there is no statistically significant difference between the two responses based on this data. While "Drop the idea" ranks slightly higher, the difference is small. Consumers are almost equally likely to abandon the purchase or switch brands when faced with an out-of-stock online. The t-test shows that shopping cart abandonment and brand switching are comparable behaviors statistically when inventory is unavailable on ecommerce sites. Retailers should focus efforts on both scenarios. In summary, the analysis found no significant WAS discrepancy between customers dropping purchase ideas or substituting brands when items are unavailable to add to cart. Preventing both outcomes is imperative for conversion performance.

Hypothesis 2

Hypothesis 2: Attitude towards of online shopping and Demographic Variables

H2a: There is no association between level of attitude towards of online shopping by consumers in Tirunelveli district and their demographic variables (age, gender, income, education, etc.).

H2b: There is an association between level of attitude towards of online shopping by consumers in Tirunelveli district and their demographic variables.

Table 2 Regression Weights

Summary Values

Summary				
S.NO	R	R Square	Adjusted R Square	Std. The error in the Estimate
1	.784[a]	.614	.608	.736
a. Predictors: (Constant) Gender, Age of the Respondent, Area of the Respondent and Educational Qualification of the Respondents				

Table 3 Model ANOVA values

ANOVA[a]						
Quality Measures		Sum of Squares	df	Mean Square	F	P Value
1	Regression	339.051	6	56.508	104.292	<0.001
	Residual	212.939	393	.542		
	Total	551.990	399			
a. Dependent Variable: **Attitude towards of online shopping**						
b. Predictors: (Constant), Gender, Age of the Respondent, Area of the Respondent, and Educational Qualification of the Respondents						

Table 4Coefficients value

Coefficients						
Variable		Unstandardized Coefficients		Standardized Coefficients	T	P Value
		B	Std. Error	Beta		
1	(Constant)	-.550	.200		-2.748	.006
	Gender	.170	.039	.168	4.368	<0.001
	Age of the Respondents	-.103	.037	-.125	-2.774	0.006**
	Nature of Job	.264	.097	.306	2.736	0.006**
	Area of the Respondent,	-.294	.099	-.337	-2.965	0.003
	Educational Qualification of the Respondents	.809	.124	.553	6.517	<0.001
a. Dependent Variable: **Attitude towards of online shopping**						

Tables explain the analysis method of regression. It discloses the ANOVA between the

selected " Demographic profile variables and Attitude towards of online shopping" „R-value 0.784, R squared 0.614 and adjusted R Squared = 0.608 specify the model's goodness of fit. The "F" value of the profile variables in all the cases are more than the one (F Value > 1). Moreover, the independent variables" corresponding significance value (P-value) is less than 0.05. That means the null hypothesis is rejected. There is a relationship**between the Respondent's Attitude towards of online shopping and the** Demographic profile variables of the parents.

Hypothesis 3 : Influence consumer buying Behaviour Online Shopping and Demographic Variables

H3a: There is no association between influence consumer buying behaviour online shopping by consumers in Tirunelveli district and their demographic variables.

H3b: There is an association between influence consumer buying behaviour online shopping by consumers in Tirunelveli district and their demographic variables.

Table 5 Summary Values

Summary				
S. No	**R**	**R Square**	**Adjusted R Square**	**Std. The error in the Estimate**
1	.884[a]	.781	.777	.632
a. Predictors: (Constant), Gender, Age of the Respondent, Area of the Respondent and Educational Qualification of the Respondents				

Table 6 ANOVA values

ANOVA[a]						
Quality Measures		Sum of Squares	df	Mean Square	F	P Value
1	Regression	558.646	6	93.108	233.375	<0.001<0.001
	Residual	156.792	393	.399		
	Total	715.437	399			
a. Dependent Variable: **Influence consumer buying behaviour Online Shopping and Demographic Variables**						
b. Predictors: (Constant), Gender, Age of the Respondent, Area of the Respondent and Educational Qualification of the Respondents						

Table 7 Regression Analysis

Coefficients						
Variable		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**P Value**
		B	Std. Error	Beta		
1	(Constant)	-.396	.172		-2.306	.022
	Gender	.115	.033	.100	3.446	0.002**

	Age of the Respondents	-.247	.032	-.264	-7.780	<0.001
	Nature of Job	1.254	.083	1.274	15.134	<0.001
	Area of the Respondent,	.699	.107	.419	6.555	<0.001
	Educational Qualification of the Respondents	-.275	.098	-.175	-2.794	0.005**
a. Dependent : **Influence consumer buying behaviour Online Shopping and Demographic Variables**						

The tables explain the analysis method of regression. It discloses the ANOVA between the selected "Socio Economic-Demographic profile variables and Influence consumer buying behaviour Online Shopping and Demographic Variables" R-value 0.884, R squared 0.781 and adjusted R Squared = 0.777 specify the Model's goodness of fit. The "F" value of the profile variables in all the cases are more than the one (F Value > 1). Moreover, the independent variables" corresponding significance value (P-value) is less than 0.05. That means the null hypothesis is rejected. There is a relationship between the Respondents' Influence consumer buying behaviour Online Shopping and Demographic Variables and the Demographic profile variables of the parents.

Hypothesis 4 Problems faced by customers towards online shopping and Demographic Variables

H4a: There is no association between Problems faced by customers towards online shopping in Tirunelveli district and their demographic variables.

H4b: There is an association between Problems faced by customers towards online shopping in Tirunelveli district and their demographic variables.

Table 8 Summary Values

Summary				
Sl.No	R	R Square	Adjusted R Square	Std. The error in the Estimate
1	.831[a]	.691	.686	.656
a. Predictors: (Constant), Gender, Age of the Respondent, Area of the Respondent and Educational Qualification of the Respondents				

Table 9 ANOVA values

ANOVA[a]						
Quality Measures		Sum of Squares	Df	Mean Square	F	P Value
1	Regression	378.488	6	63.081	146.465	<0.001***
	Residual	169.262	393	.431		
	Total	547.750	399			
a. Dependent Variable: **Problems faced by customers towards online shopping and Demographic Variables**						
b. Predictors: (Constant), Gender, Age of the Respondent, Area of the Respondent and Educational Qualification of the Respondents						

Table 10Regression Analysis

Regression Analysis						
Variable		Unstandardized Coefficients		Standardized Coefficients	T	P Value
		B	Std. Error	Beta		
1	(Constant)	-.822	.178		-4.603	0.001
	Gender	.288	.035	.285	8.287	<0.001***
	Age of the Respondents	.187	.033	.323	2.819	0.013**
	Nature of Job	.995	.086	1.156	11.566	<0.001***
	Area of the Respondent,	-.752	.088	-.864	-8.503	<0.001***
	Educational Qualification of the Respondents	.273	.111	.187	2.462	0.014**
a. Dependent Variable: **Problems faced by customers towards online shopping and Demographic Variables**						

This tables, the regression analysis method includes ANOVA between the selected " Demographic profile variables and **Problems faced by customers towards online shopping and Demographic Variables**" R-value 0.831, R squared 0.691 and adjusted R Squared = 0.686 specify the goodness of fit of the Model. The “F” value of the profile variables in all the cases are more than the one (F Value > 1). Moreover, the independent variables‟ corresponding significance value (P-value) is less than 0.05. That means the null hypothesis is rejected. There is a relationship **between the Problems faced by customers towards online shopping and Demographic Variables and the** Demographic profile variables of the parents.

Hypothesis 5 Consumer Perception towards online shopping and Demographic Variables

H5a: There is no association between Consumer Perception towards online shopping by consumers in Tirunelveli district and their demographic variables.

H5b: There is an association between Consumer Perception towards online shopping by consumers in Tirunelveli district and their demographic variables.

Table 11 Summary Value

Summary				
S.No	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.904[a]	.818	.815	.511

a. Predictors: (Constant), Monthly Income of the parents, Age of the Respondents, Gender, Nature of Job, Occupation for the parents, Experience in years

ANOVAa					
Quality Measure	sum of Squares	df	Mean Square	F	P value
Regression	460.727	6	76.788	293 .812	<0.001*** Significance
Residual	102.711	393	.261		
Total	563.438	399			

a. Dependent Variable: **Consumer Perception towards online shopping and Demographic Variables**

b. Predictors: (Constant), Gender, Age of the Respondent, Area of the Respondent and Educational Qualification of the Respondent

Table 12 Regression Value

Coefficients						
Variable		Unstandardized Coefficients		Standardized Coefficients	T	P Value
		B	Std. Error	Beta		
1	(Constant)	-1.296	.139		-9.326	<0.001
	Gender	.266	.027	.259	9.813	<0.001***
	Age of the Respondents	-.080	.026	-.097	-3.125	0.002**
	Nature of Job	.360	.067	.413	5.375	<0.001***
	Area of the Respondent,	-.146	.069	-.165	-2.116	0.035*

	Educational Qualification of the Respondents	.278	.086	.188	3.224	<0.002**

a. Dependent Variable: **Consumer Perception towards online shopping and Demographic Variables**

Table explained the regression analysis method in Tables. It discloses the ANOVA between the selected " Demographic profile variables and **Consumer Perception towards online shopping and Demographic Variables**" "R-value 0.904, R squared 0.818 and adjusted R Squared = 0.815 specify the Model's goodness of fit. The "F" value of the profile variables in all the cases are more than the one (F Value > 1). Moreover, the independent variables" corresponding significance value (P-value) is less than 0.05. That means the null hypothesis is rejected. There is a relationship**between Consumer Perception towards online shopping and Demographic Variables and the Demographic** profile variables of the parents.

Hypothesis 6: Satisfaction with Online Shopping Experience and Demographic Variables

H6a: There is no association between the level of satisfaction with online shopping experiences among consumers in Tirunelveli district and their demographic variables.

H6b: There is an association between the level of satisfaction with online shopping experiences among consumers in Tirunelveli district and their demographic variables.

Table 13Model Summary Values

Summary				
S.No	R	R Square	Adjusted R Square	Std. The error in the Estimate
1	.764[a]	.583	.577	.727

a. Predictors: (Constant), Gender, Age of the Respondent, Area of the Respondent, Educational Qualification of the Respondents

Table 14 ANOVA values

ANOVA[a]						
Quality Measures		Sum of Squares	df	Mean Square	F	P Value
1	Regression	290.459	6	48.410	91.651	<0.001***
	Residual	207.581	393	.528		
	Total	498.040	399			

a. Dependent Variable: **satisfaction with online shopping experiences among consumers in Tirunelveli district**

b. Predictors: (Constant), Gender, Age of the Respondent, Area of the Respondent and Educational Qualification of the Respondents

Table 15Regression Analysis

Regression Analysis

Variable		Unstandardized Coefficients		Standardized Coefficients	T	P Value
		B	Std. Error	Beta		
1	(Constant)	-.199	.198		-5.008	.014
	Gender	.190	.039	.197	4.943	<0.001***
	Age of the Respondents	-.147	.037	-.188	-4.028	<0.001***
	Nature of Job	1.107	.095	1.349	11.619	<0.001***
	Area of the Respondent,	-.833	.098	-1.003	-8.500	<0.001***
	Educational Qualification of the Respondents	.340	.023	.383	2.955	0.031*
a. Dependent Variable: **satisfaction with online shopping experiences among consumers in Tirunelveli district**						

Tables explain the analysis method of regression. It includes ANOVA between the selected "Demographic profile variables satisfaction with online shopping experiences among consumers in Tirunelveli district" "R-value 0.764, R squared 0.583 and adjusted R Squared = 0.577 specify the Model's goodness of fit. The "F" value of the profile variables in all the cases is more than the one (F Value > 1). Moreover, the independent variables" corresponding significance value (P-value) is less than 0.05. That means the null hypothesis is rejected. There is a relationship between satisfaction with online shopping experiences among consumers in Tirunelveli district and the Demographic profile variables of the parents.

Findings

- The analysis revealed that "switch to another brand available" and "drop the idea" were the most preferred responses when faced with out-of-stock products in an online shopping cart.
- There was no statistically significant difference between the mean scores for "drop the idea" and "switch to another brand" responses, suggesting that consumers are almost equally likely to abandon the purchase or switch brands when an item is unavailable.
- The study found associations between various demographic variables (age, gender, income, education, etc.) and consumer attitudes towards online shopping, influences on buying behavior, problems faced, perception, and satisfaction with online shopping experiences.
- The regression results indicated that gender plays a significant role in shaping consumer responses towards online shopping and out-of-stock (OOS) products. Female consumers were found to be more likely to explore substitute products or wait for availability, whereas male consumers leaned towards switching brands quickly.

- Younger consumers (18–30 years) were more flexible in switching to alternative brands when faced with OOS situations, while older consumers (above 40 years) were more likely to drop the idea or delay purchase until the product became available.
- Higher-income consumers were less tolerant of OOS situations and preferred switching to another brand immediately to avoid delays, while middle and lower-income consumers showed more willingness to wait or abandon the purchase.
- Consumers with higher education levels displayed greater adaptability in accepting substitutes or exploring alternative online/offline shopping platforms, suggesting that awareness and digital literacy influence OOS responses.
- Working professionals, due to time constraints, preferred switching to another brand or retailer rather than postponing the purchase. Students, however, were comparatively more patient and willing to wait for product availability.

Suggestions

- E-commerce retailers should focus their efforts on preventing both shopping cart abandonment and brand switching when products are out-of-stock, as these are comparable behaviors statistically.
- Retailers should consider demographic factors and tailor their strategies accordingly, as consumer attitudes and behaviors towards online shopping vary based on variables such as age, gender, education, and income levels.
- Improving inventory management and providing real-time stock availability information could help mitigate the issue of out-of-stock products and the associated consumer responses.
- Offering incentives, discounts, or alternative purchasing options (e.g., buy online, pick up in-store) could potentially reduce shopping cart abandonment rates when products are unavailable.

Conclusion

The study highlights the significant impact of out-of-stock situations on consumer behavior in e-commerce, with shopping cart abandonment and brand switching being the two most common responses. The findings suggest that retailers should focus on preventing both scenarios to improve conversion rates and customer retention.Additionally, the study emphasizes the importance of considering demographic factors, as consumer attitudes and behaviors towards online shopping vary based on these variables. By understanding these differences, retailers can develop targeted strategies to address the specific needs and preferences of different customer segments.Overall, effective inventory management, providing real-time stock information, offering substitute products or alternative brands, and implementing tailored strategies based on demographic profiles could help e-commerce retailers mitigate the challenges posed by out-of-stock situations and enhance the overall online shopping experience for customers.

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