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GIFT GIVING BEHAVIORS OF CONSUMERS AND AN INNOVATIVE E-BUSINESS MODEL SUGGESTION

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ABSTRACT

Consumers give each other gifts for various reasons in every culture and they spend considerable amount of time and money on gift giving activity. Thus, gift giving behavior which is a need of consumers to be satisfied deserves a lot of academic studies and in this conceptual paper, gift giving behavior is examined in details after a comprehensive literature review. E-business is exponentially developing and digital marketing is trying to find out solutions for the problems of consumers more efficiently and effectively. In this exploratory research, after analyzing the problems consumers facing when they are trying to satisfy their need of gift giving, an innovative e-business model to coach consumers for their gift giving behaviors is suggested. This paper presents new study areas for academicians and new business opportunities for practitioners.

Keywords: Gift giving behavior, e-business model, digital marketing, innovation, e-marketing JEL Codes: M310

1. INTRODUCTION

Consumers' needs are various and marketers are trying to satisfy these needs by developing new products, services, and systems to deliver these products and services to them. People from time to time give gifts to others for different motives and reasons on different occasions, and thus, gift giving should be considered as a significant need to be satisfied by marketers (Lee and Kim, 2008). Though gift giving behavior is observed in every culture, the way people give gifts, the products people give as a gift, and the occasions on which people give gifts to others might vary. Many academicians have done a lot of research on gift giving behavior in various cultures. However, so few studies have been done on problems consumers face when giving gifts. To better serve to consumers, it is marketers' job to examine these problems in details, so that new solutions might be presented to consumers. E-commerce and digital marketing is expanding thanks to developing technology and finding better solutions to consumers' problems. Billions of dollars is spent on online shopping by consumers and new actors appear in the e-business area and by disruptive innovation gain big shares in the marketplace and gain competitive advantage on e-commerce (Angelides, 1997; Tikkanen, 2009). Lots of innovations are made in various industries such as tourism (e.g., hotel reservations, Airbnb), car rentals (e.g., Uber), online retailing (e.g., Alibaba.com, Amozon.com), and etc. It is believed that it is possible to solve many of the problems consumers face when they are giving gifts to others by developing a new e-business model which will increase the service level and create more value to consumers. After examining consumers' gift giving behaviors, I suggest a new e-business model in this paper and draw a framework how this new e-business model will work. In fact, the idea of such an e-business model first came to my mind in 2002. However, e-trade was not so much developed then, and technology was still not sufficient enough to develop such a system. Moreover, it would be difficult to convince the people about the need for such an e-business model. Since then, so many interviews with related people such as academicians, businessmen, consumers, angel investors, and incubator investors, and computer software firms have been done and beneficial ideas have been gathered. In addition, lots of observations have been done about the developments in e-trade and digital marketing. These make this paper original and it is believed that it will contribute to gift giving behavior literature, digital marketing literature, and rising e-commerce.

2. LITERATURE REVIEW

People spent a lot of money on gift giving and almost 10% of the retail sales come from gift shopping and internet is used as an important medium for gift searching and buying, so there are big opportunities for organizations which serve to this

giant gift market (Jeng, 2013; Segev et al., 2013; Lee and Kim, 2008; Goode and Harris, 2007; Burke, 1997). Gift giving is a complicated activity and that is why a lot of research has been carried out in different scientific disciplines such as marketing, economy, sociology, and anthropology (Saad and Gill, 2003). Shopping for gift buying might be a desirable experience which some people might enjoy doing; however, to some people it might be a burdensome task which is time and energy consuming. Thus, it is believed that for this type of consumers a new e-business model is needed. Reichheld and Schefter (2000) focus on the need for choosing the right target customers even online although some e-businesses target a wide range of customers to make more profits. They believe that it is needed to be able to create loyal customers. Lee and Kim (2008) propose that consumers prefer to use the retailers that more useful and familiar to them. They all mentioned in their study that more and more people prefer online gift shopping and more academic studies need to be done about it.

A modern marketing approach is customer relationship management and internet makes it easier to apply. The logic behind this approach is developing long lasting relations with the customers, so that both sides benefit from this exchange relation. It is believed that internet is an outstanding medium to apply this marketing approach for the following reasons: Constant availability of information, interactivity, efficient transfer of information, individuality, and integration of communication and transaction (Bauer et al., 2002). Therefore, internet provides many opportunities to the businessmen. Another important marketing strategy used is customization which is tailoring the marketing activities according to the individuals' needs and database marketing are also modern marketing approaches requires and facilitates new ways of satisfying customers online (Huizingh, 2002; Luo, 2002; Keeney, 1999; Albert, 2004). Not only internet is already a vital tool to apply customization but it is believed that it also engenders the suggested e-business model in this paper. Srinivasan et al. (2002) explored the factors that impact e-loyalty in their study. One of the factors affective is customization. In their scale they measured customization with five items all of which is believed to reveal the need for the e-business model suggested in this paper. Internet is changing the feature of competition and new channels are being developed to carry out exchange activities and develop exchange relationships with customers (Montoya-Weiss et al., 2003). Parsons et al. (1998) contributed to the development of the concept of digital marketing. They say that digital marketing consists of two main activities: leveraging the unique capabilities of new interactive media and integrating interactive media with the other elements of the marketing mix. I believe that this definition forms the bases of the suggested e-business model in the paper in that this model might give the marketers to exert marketing activities in more integrated way.

2.1. Gift giving Reasons (motives)

Gift giving behavior is widely observed among consumers in every society. Goodwin et al., (1990) categorize gift giving behaviors as voluntary or obligatory motives. People give each other gifts for so many reasons (Mayet and Pine, 2010; Jeng, 2013; Parsons, 2002). Segev et al. (2013) in their research used three main motives of gift giving as facilitating the development of desired identities, the desire for protection from potential harm, and the desire to obtain valuable resources from others. However, these motives fall short to comprehend all the motive of giving gift. In the literature, there is no comprehensive categorization of gift giving behavior. Thus, there is need to make such a categorization, and in this paper, the motives and reasons are categorized as:

Social reasons

To maintain social relations

Cultural reasons

On special occasions and days

Altruistic reasons

Some people might give gifts to people they do not know

Religious reasons

To give an example, commemorating religious days is seen in almost every culture. For example for Christians Christmas is an important day and people give each other gifts on this day. In

Economic reasons

Motivate people such as workers, students etc.

Develop business relations

In different societies, different reasons might work more than others, and this is an important topic to research and cross cultural studies need to be done to compare societies. Gift giving is an important task and needs extra attention since it has a potential to effect relations and thus people's psychological well-being and to me professional support is needed when choosing a suitable gift for a person. According to Joy (2001) and Lowrey et al. (2004) gifts should satisfy the need of the recipient and be good indicator of the strength of the relationship, and to them, gifts should be relevant to the occasion.

Mayet and Pine (2010) and Clarke (2008) stress the significant role of gifts in a society and its potential to effect relations. They categorize the fundamental elements in the gift giving process as the giver, the recipient, the occasion, and the gift. I believe that a fifth element needs to be included and that is the gift provider. The gift provider supplies the gift and directly influences how well the gift giving process works. Belk (1996) determined six attributes a gift should have in order to perform its function (satisfy both the giver and recipient and add value to both them and the relationship between them). They are:

- 1. Illustrate true giver sacrifice.
- 2. The givers only wish should be the recipient happiness.
- 3. The gift is a luxury.
- 4. The gift is distinctively appropriate to the recipient.
- 5. The recipient is surprised by the gift.
- 6. The gift succeeds in pleasing the recipient.

To decide whether a gift possesses these attributes is a burdensome and complicated task for people and needs a lot of time and energy, so gift givers need professional lead.

2.2. Problems Consumers Face When Giving Gifts

Marketing consists of so many decisions and activities to find solutions to problems of consumers. Consumers face many serious problems some of which even might damage their relations and cause unhappiness for people when they want to give a gift to a person. If marketers and businessmen understand what kind of problems occur in the gift giving process of consumers, they might develop solutions and by creating higher value they can make more profit in return. When literature is reviewed I could not have reached a study dwelling upon the problems people are facing when giving gifts from marketing perspective. In this part, these potential problems are categorized into four groups as negligence, lack of knowledge, lack of resources, and situational problems and they are listed below, and it is believed that academicians should explore these problems thoroughly:

Negligence

- to forget special days or follow them
- to buy a similar gift for the same person repeatedly because of negligence
- to buy gift the person might not be interested in
- not being able to follow the innovations

Lack of knowledge

- to fail to choose an relevant gift for a relevant situation
- to buy a good as a gift a person already owns
- to buy a gift out of fashion
- to buy a poor quality gift
- to buy an irrelevant product as a gift (wrong size, wrong color, not suitable for an age group, not suitable for status of a person, etc.)
- to buy a product which another person around the person already owns

Lack of resources

- not to have enough time to shop for gifts and choose a gift and deliver it to the person
- not being able to afford a gift
- to buy a cheap product

Situational problems

• not being able to deliver the gift to the person because of time or location difference

2.3. Occasions on Which Turkish People Buy Gifts

People as discussed above give gifts to others for different motives on some occasions. These occasions might change form culture to culture, and cross-cultural research should be done to better understand cultural differences. Some occasions on which Turkish people give gifts to others are listed below. On some occasions listed below people deliver gifts on some they receive gifts. More research needs to be done in every culture to find out on what occasions people give each other gifts.

- Birthdays
- Wedding anniversary
- On new year (1st of Jan.)
- Religious festivals
- Saint Valentine's day
- Mothers' day
- Fathers' day
- When people graduate from a school
- When people win an exam (e.g. university entrance exam)
- When people are promoted at job
- When people find a job
- When people get their first salary (they buy gifts to their parents or people who have contributed to their education)
- When mothers give a birth
- When couples visit their parents for the first time after they marry
- April 23 Children's Day

- When schools close and students get report cards
- When people visit an orphan child or lonely elderly
- When people learn that a relative is pregnant
- When people get engaged
- Poor students
- Poor people
- People exposed to disaster
- People getting married
- When people visit the newly married couples for the first time
- When people buy a house or car
- When children start school
- When people come back from a long trip
- When people make pilgrimage
- Teachers' day
- To develop business relationships

3. DATA AND METHODOLOGY

The questions the paper is trying to find answer are as follows:

- What are the motives of buying gifts?
- What are the situations for which consumers buy gifts for others?
- What kind of problems consumers face when they are buying and giving gifts?
- How are current e-businesses serving consumers to help them buy gifts?
- What kind of solutions can businessmen find for the problems consumers face when buying gifts?

In this exploratory study, three main methods to gather data are used. A comprehensive literature review is done to find answers for the research questions. Another method used is content analysis. So many gift selling and retailer websites are analyzed to observe the way they serve to consumers and some are as follows: amazon.com, alibaba.com, ebay.com, gifts.com, thebrilliantgiftshop.co.uk, giftsforeurope.com, giftsnideas.com, giftalove.com. On world's most used search engine google.com, following key words are searched to whether such a business model exists: Top ten gift selling websites, top ten web retailers, top ten present selling websites, shopping for gifts, gift coaching online. The third method used is depth interviews. As depth interviews are frequently used by researchers in exploratory studies since they might provide valuable insights about the research topics, I preferred this method to get the ideas of shoppers, academicians, representatives of computer software firms, angel investors, business incubators, and businessmen. Unstructured questions are asked to these people to learn their views about the topics explored in this paper and the suggested ebusiness model. The data gathering process and observation on the developments in digital marketing started in 2002 and consumers' online shopping behaviors.

4. FINDINGS AND DISCUSSIONS

The literature review reveals that businessmen should make innovation to create more value to consumers and gain competitive advantage. Online retailing presents to a lot of opportunities to businessmen and entrepreneurs who find and develop new business models in an innovative way online become successful in the market place in a very short time. I have not faced such an e-business model suggested in this paper at e-commerce.

The results of content analysis show that there is a gap in the market place in serving consumers for their gift giving behaviors. Many online retailers exist but none of them really coach consumers in their gift giving activities. Most interesting findings have been got through depth interviews. The model is explained to several marketing academicians and

whether such a system would work or not is asked to them. Their reactions were positive but they believed that it is difficult to start such an e-business model. Some meetings were arranged with representatives of computer software firms. Their ideas about the suggested e-business model are asked and whether it is possible to realize such a model. Most of them believed that it is possible to realize such a system but it would require a considerable amount of financial resources. Some also accepted to be a representative of this idea and try to promote the idea. It was interesting to see that angel investors and business incubators were not reluctant to support such an e-business model. One reason might be that they failed to understand the logic behind the system and another reason might be that they found it difficult to realize and risky to operationalize. It was really interesting to see that almost all of the shoppers interviewed took up the idea seriously and got excited about it and they mentioned they would like to benefit from such an e-business model. Shoppers were also asked the problems they face in their gift giving activities and how important it was for them to give gifts to others. Their answers were all supporting the observations I did.

5. SUGGESTED INNOVATIVE E-BUSINESS MODEL

An important task done is content analysis of so many online shopping sites such as Amozom.com, Alibaba.com, etc. What these sites offering for people's gift giving need is millions of products categorized which is believed to make consumers' decision making even more difficult. Some are just providing advice to consumers what to buy to whom. Making decision for consumers is time and energy consuming. It is out of scope of this paper to discuss consumer decision types but if this topic is analyzed in details it will be possible to support this e-business model. Thus, it is not a surprise to see that current online retailers fail to offer solutions to problems which consumers experience when they are intending to give gifts to others. So a new e-business model needs to be developed. One of the costs consumers pay is search cost (Szymanski and Hise, 2000; Zeithaml et al., 2002; Bakos, 1997) and this suggested model will help reduce search cost to a minimum level for the consumers. Parsons et al. (1998) predict that new intermediaries will appear in some cases driving the existing classical ones out of competition. This prediction should encourage marketers that the suggested e-business model will work. For this model to be successful, gaining customer trust is vital since many business attempts fail due to consumers' suspicions about online selling systems. Especially to develop long lasting relations (though this is being questioned by some academicians whether it is relevant on online context) and thus to earn profits, customer trust is necessary (Reichheld and Schefter, 2000). Luo (2002) suggests trust building mechanisms which should be taken into consideration by the practitioners. Such mechanisms might be useful gain consumer trust. The fundamental steps in this model is to remind the customers about the relevant gift giving occasions and the people they need to give gift, to help consumers in choosing the suitable gifts for the people they intent to give (a kind of coaching them), and deliver the gift either to the recipient or the gift giver. These are the significant and complicated processes in the e-business model to be carried out delicately. In short, this model is designed to coach customer for their gift giving behavior and help them easily do gift giving activities by spending minimum time, energy, and effort. This model is believed to create value to consumers by helping them develop and continue long-lasting behaviors with people around them and make them satisfied and happy. This e-business model comprises six fundamental components which are briefly detailed below.

This new model has six fundamental components and they are:

- 1. A complicated software program
- 2. A comprehensive classification of products and services
- 3. Money earning model
- 4. Supplier partners
- 5. Customers
- 6. Strategic online partners

5.1. A Complicated Software Program

The most difficult and significant component of this e-business system is computer software program. Such a program needs to be developed and it would function as an artificial intelligence which will give advice to people and even make the decisions instead of them. Though difficult, it is not impossible to develop such a software program in this information age. Information and computer technology has so advanced that it is believed that more complicated software programs could be created. Customers will enter detailed information as a subscriber or one-time-user about themselves and the people to whom they want to give gifts. The more the information is provided, the better service they will receive. The information needed is the demographic features, address details, etc. The program will create a big data as time passes. It will also store every detail in order to give better decisions on behalf of consumers. The program will also coordinate the relations with suppliers and customers.

5.2. A Comprehensive Classification of Products and Services

A team of marketers need to make a comprehensive classification of as many products and services as possible, encode them, and enter the coded products and services into the software program. Thus, the program will match the encoded

products and services with the features of the gift recipient. Then it will present some alternative products and services to the gift givers and either let the person make the choice or the program itself will make the choice for them. As a result a large database of products and services could be generated.

5.3. Money Earning Model

Organizations need to make profit in order to survive and continue their businesses. In this e-business model, there are some alternatives of making money. Businessmen might use some them at the same time. Some of them are listed below and some other methods might also be applied.

- 1. broadcasting advertisements of manufacturers or retailers
- 2. getting subscriber fee from the customers
- 3. getting fee from the manufacturers or retailers whose products are sold on the site
- 4. getting commissions from each product sold
- 5. broadcasting other companies' advertisements

5.4 Supplier Partners

Suppliers are key for the e-business model to work (Huizingh, 2002; Hadaya, 2006). Companies which have good fame and image in the society should be chosen from as many as different industries so that it would be possible to have more product and service alternatives to choose. These partners should be given a content management system and codes given to products by the marketers so that they can enter their products into the product database. Suppliers should be led and educated not to make mistakes; otherwise, the system might collapse.

5.5 Customers

The managers of the system should struggle so much to convince as many consumers as to use this web service. The results of the depth interview reveal that consumers are open to innovations and ready to accept such an e-business model. Once, they see that their life becomes easier and the problems they face in their gift giving activities are resolved, they will keep benefiting from the program and promote the system with word-of-mouth online which is really a quick way of introduction of new businesses. It is really easy to reach millions of consumers online thanks to social media. To be successful, choosing the right segment will be critical. As a result of the depth interviews, it is believed that middle and upper income level customers will be more eager to use the service. This of course presents a good opportunity for the organizations to make more profit.

5.6 Strategic Online Partners

In today's virtual world, lots of things about consumers are followed and known by the search engines and social media web sites such as google.com, facebook.com, twitter.com, etc. They know who are interested in what and what people are up to. If companies which will adopt this e-business model develop partnerships with these websites, they might be easier for them understand and follow the gift recipients' choices, needs, interests, and etc. Thus software program might also use such information when choosing gifts for the recipients. These websites might be also used in the promotion of the new e-business model.

6. CONCLUSION

This study explores the gift giving behaviors of consumers and the problems they experience in the gift giving process. An innovative e-business model is suggested to overcome these problems and create higher value for the customers. The model and how it might work is detailed in the paper. The research findings reveal that there are some obstacles to realize this model. One of them is convincing entrepreneurs and the financers. However, most of the academicians and consumers accepted that this model has a potential in the marketplace. Four main factors make this study original and supportive of literature: 1. It has been carried out since 2002, 2. To my knowledge, it is the first paper mentioning the problems consumers face in the gift giving process and categorizes these problems, 3. It develops and details an innovative e-business model, and 4. It mentions some research areas for academicians. Thus, it is believed that this study contributes to both literature and business life. For further research, the problems consumers are facing should be analyzed with empirical studies. In addition, cross-cultural studies about the gift giving behaviors also presents an interesting research area. Moreover, the e-business model should be tested both with the researches done with data gathered from consumers (to whether they will use the system or not) and with other models to see whether it is feasible or not.

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