A STUDY OF BEHAVIOUR OF CONSUMER TOWARDS ONLINE SHOPPING

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ABSTRACT

Electronic commerce, commonly known as e-commerce, refers to the buying and selling of products or services over electronic systems such as the internet and other computer networks. Internet is the rapidest growing media during the past decade. Especially, online shopping is a rapidly growing e-commerce area. Online stores are usually available 24 hours a day, and many consumers have internet access both at work and at home. A successful web store is not just a good looking website with dynamic technical features, listed in many search engines. This study aims to establish a preliminary assessment, evaluation and understanding of the characteristics of online shopping. An effort has been made to investigate online consumer behaviour, which in turn provides E-marketers with a constructional framework for fine-tuning their E-businesses’ strategies.

Keywords: Consumer behavior, online shopping

1.1 INTRODUCTION

Internet is changing the way consumers shop and buy goods and services and has rapidly evolved into a global phenomenon. Many companies have started using the Internet with the aim of cutting marketing costs, thereby reducing the price of their products and services in order to stay ahead in highly competitive markets. Companies also use the Internet to convey, communicate and disseminate information, to sell the product, to take feedback and also to conduct satisfaction surveys with customers. Customers use the Internet not only to buy the product online, but also to compare prices, product features and after sale service facilities they will receive if they purchase the product from a particular store. Many experts are optimistic about the prospect of online business. In addition to the tremendous potential of the E-commerce market, the Internet provides a unique opportunity for companies to more efficiently reach existing and potential customers. It has been more than a decade since business-to-consumer E-commerce first evolved. Scholars and practitioners of electronic commerce constantly strive to gain an improved insight into consumer behavior in cyberspace.

1.1.1 Online Shopping and E-Commerce in India

The rapid growth of e-commerce in India over the last two decades, rising internet and mobile phone penetration has changed the way we communicate and do business. E-commerce is relatively a novel concept. It is, at present, heavily leaning on the internet and mobile phone revolution to fundamentally alter the way businesses reach their customers. The growth is
expected to be led by increased consumer-led purchases in durables and electronics, apparels and accessories, besides traditional products such as books and audio-visuals. The birth and growth of Internet has been the biggest event of the century. E-commerce in India has come a long way from a timid beginning in the 1999-2000 to a period where one can sell and find all sorts of stuff from a high end product to a meager peanut online. Most corporations are using Internet to represent their product range and services so that it is accessible to the global market and to reach out to a larger range of their audience. Computers and the Internet have completely changed the way one handles day-to-day transactions; online shopping is one of them. The Internet has brought about sweeping changes in the purchasing habits of the people. In the comfort of one's home, office or cyber cafe or anywhere across the globe, one can log on and buy just about anything from apparel, books, music and diamond jewellery to digital cameras, mobile phones, MP3 players, video games, movie tickets, rail and air tickets. Ease, simplicity, convenience and security are the key factors turning the users to buy online.

As per industry body Assocham, “India’s e-commerce market was worth about USD 3.8 billion in 2009, it went up to USD 17 billion in 2014 and to USD 23 billion in 2015 and is expected to touch whopping USD 38 billion mark by 2016.”. Increasing internet and mobile penetration, growing acceptability of online payments and favourable demographics has provided the e-commerce sector in India the unique opportunity to companies connect with their customers. There would be over a five to seven fold increase in revenue generated through e-commerce as compared to last year with all branded apparel, accessories, jewellery, gifts, footwear are available at a cheaper rates and delivered at the doorstep. The buying trends during 2016 will witness a significant upward movement due to aggressive online discounts, rising fuel price and wider and abundant choice will hit the e-commerce industry in 2016. Mobile commerce (m-commerce) is growing rapidly as a stable and secure supplement to the e-commerce industry.

“Shopping online through smart phones is proving to be a game changer, and industry leaders believe that m-commerce could contribute up to 70 per cent of their total revenues,” the statement added. In India roughly 60-65 per cent of the total e-commerce sales are being generated by mobile devices and tablets, increased by 50 per cent than the last year and also likely to continue upwards, it added. In 2015, 78 per cent of shopping queries were made through mobile devices, compared to 46 per cent in 2013.

1.1.2 E-Commerce Activities

The Internet has entered the mainstream consciousness over the past decade. This has happened primarily because the web has got a graphical interface and Internet has moved from governmental control to private hands. The activities which are happening on the Internet are email and instant messaging, general web surfing or browsing, reading news, hobby searches, entertainment searches, shopping and buying online, medical information searches, travel information searches, tracking credit cards, and playing games. Communication i.e. email, chat or instant message is the basic activity for which Internet is used. It is the single most important reason for people to go online. E-mail provides the opportunity to communicate more often with a much broader circle of people than one can reach by telephone or by mail in a convenient way. In India too email constitutes the major activity on the Internet. It was found that more elderly people are increasingly using email as compared to the younger generations.

1.2 REVIEW OF LITERATURE
1. Solomon (1998) studied the Consumer behaviour and said that it is the study of the processes involved when an individual selects, purchases, uses or disposes of products, services, ideas, or experiences to satisfy needs and desires. In view for the Internet to spread out as a retail channel, it is imperative to realize the consumer’s mind-set, intention and conduct in light of the online buying practice.

2. Lepkowska-White, and Rao (1999) referred vendor characteristics, security of transactions, content for privacy and customer characteristics as factors influencing electronic exchange. Donthu and Garcia (1999) proposed that risk aversion, innovativeness, brand consciousness, price consciousness, importance of convenience, variety-seeking propensity, impulsiveness, attitude toward advertising, attitude toward shopping, and attitude toward direct marketing would influence online shopping behavior.

3. Schiffman, Scherman, & Long (2003) in his study researched that “yet individual attitudes do not, by themselves, influence one’s intention and/or behavior. Instead that intention or behavior is a result of a variety of attitudes that the consumer has about a variety of issues relevant to the situation at hand, in this case online buying. Over time the Internet buyer, once considered the innovator or early adopter, has changed. While once young, professional males with higher educational levels, incomes, tolerance for risk, social status and a lower dependence on the mass media or the need to patronize established retail channels (Ernst & Young, 2001; Mahajan, Muller & Bass, 1990),

4. Sultan and Henrichs (2000) in his study concluded that the consumer’s willingness to and preference for adopting the Internet as his or her shopping medium was also positively related to income, household size, and innovativeness. Vijay, Sai. T. & Balaji, M. S. (May 2009), revealed that Consumers, all over the world, are increasingly shifting from the crowded stores to the one-click online shopping format. However, in spite of the convenience offered, online shopping is far from being the most preferred form of shopping in India. A survey among 150 internet users, including both users and non-users of online shopping, was carried out to understand why some purchase online while others do not. The results suggested that convenience and saving of time drive Indian consumers to shop online; while security and privacy concerns dissuade them from doing so. The work of Kim and Park (2005) using U.S. samples suggests that their positive attitudes as well as willingness to search for pre-purchase information leads to a strong likelihood that they will buy online. Online shoppers, are required to have computer skills in order to use the Internet for shopping. Hence, those who are not comfortable with using the computer, will likely do their shopping at the traditional store, modern shop, or discount store (Monsuwe, 2004) because it will be faster shopping there than in the Internet shop. Goldsmith and Flynn (2004) state that the home catalog is another traditional selling channel where people can shop at home because of the varieties of products offered in the catalog. They can order through the phone or by mail. It is convenient except that they are not able to touch and feel products before purchasing.
1.3 RESEARCH METHODOLOGY

The research is based upon primary and secondary data both. The primary data was collected through a questionnaire designed exclusively for the study. Secondary data was taken from research papers, Journals, magazines and websites.

1.3.1 Objectives of the study

The objective of this research study is to investigate online consumer behavior, which in turn provides E-marketers with a constructional framework for fine-tuning their E-businesses’ strategies. The specific objectives of this research are:

1. To know the consumers awareness about online shopping.
2. To know the various factors which motivate a consumer towards online shopping
3. To know the kind of goods they purchase online
4. To know the problems they face during online shopping

1.3.2 Sample size and area

Samples were collected from consumers and buyers of online shopping of Chandigarh region. A target of 100 respondents was set, but many of them provided incomplete questionnaire and having no experience of using internet and online shopping therefore only 70 questionnaires were entertained for final analysis and data interpretation.

1.3.3 Tools for analysis

For data analysis, percentage analysis, simple charting and tabulation tools are used to understand the behaviour of the respondents for online shopping.
RESULTS AND DISCUSSIONS

The following are the results of analysis of data.

Time period of using the internet

![Figure 1](internet_usage.png)

It is interpreted that out of the total respondents 4% are using the internet less than a year. 4% of the respondents are using for the past 1-2 years. 44% of the respondents are using internet for the past 2-4 years whereas majority of respondents that is 49% have been using the internet for more than 4 years.

Usage of internet for searching product information

![Figure 2](usage_pie_chart.png)

The above chart shows that 5% of the respondents use internet occasionally whereas 27% use often and 68% use internet very often.
The study showed that 32% of the shopping had been done by the regular shopper who think convenience is the main driving force while 23% of the shopping had been done for whom price was the main orientation for shopping online. Other motivating forces, which had led to online shopping, were saves time (26%), product availability and superior selection (12%), and product comparison (7%).

**Kinds of goods purchased from the internet**

It is depicted in the chart that the highest category of goods purchased by the respondents (22%) is tickets. Whereas the lowest category of goods purchased online are toys and software by 1% of the respondents.
Medium preferred for online shopping

According to the chart 49% of the respondents use PC for online shopping, 15% use tablets, 15% use IPAD, 20% use cellphones whereas 1% use other mediums for online shopping.

View point whether information given about the product on site is sufficient

According to the study, it is depicted that 10% of the respondents strongly agree that the information given about the product on the site is sufficient. 60% of the respondents agree with the statement, 6% are neutral, 20% disagree whereas 4% of the respondents strongly disagree with the statement.

Favorite online shopping site

According to the research, 25% of the respondents prefer Flipkart, 20% prefer EBay, 20% prefer Amazon, 20% prefer Snapdeal whereas 15% prefer Myntra for online shopping.
Methods used for making payments

![Chart showing payment methods]

**Figure 8**

The above chart depicts that majority of the respondents that is 22% use cash on delivery option for payment, 12% use credit cards, 14% use Paypal, 4% use bank transfer and personal cheque whereas 22% use other methods of payment for online shopping.

Satisfaction level of online shoppers

![Pie chart showing satisfaction levels]

**Figure 9**

The study helped to found out that 68% of the respondents were satisfied with online shopping, 16% were not much satisfied, and 14% were neutral whereas 2% of the respondents were not satisfied with online shopping.
Problems faced by online shoppers

**Figure 10**

According to the chart 48% of the respondents felt the delay in delivery as the problem of online shopping. 28% of the respondents regard cheap quality product as the problem. 18% of the respondents regard product damage to be one of the problems of online shopping whereas 6% feel that there are other problems associated with online shopping.

**Approximate amount to be spent on a single online purchase**

The approximate amount willing to be spent on a single online purchase by majority of the respondents that is 60% is around Rs1000-3000. 28% of the respondents are ready to spend Rs3000-5000 whereas 8% are ready to spend around Rs5000-10000. The % of respondents who are willing to spend less than Rs1000 as well as more than Rs10000 on a single online purchase is 2%

**1.5 FINDINGS OF THE STUDY**

1. Most of the online shoppers use internet for searching product information.
2. The most important motivating factor, which influenced the online shopping, was convenience followed by time saving and price. Regular online shoppers considered convenience as the main motivating factor while buying and were less price sensitive.

3. Among the categories of goods available online, tickets is the highest category of goods purchased online, followed by computer components, clothes, electronics, fashion accessories, gifts, books, housewares, CD / video, toys and software.

4. PC is the most popular medium used for internet shopping by the online shoppers.

5. Majority of the respondents, that is 60% agree that information given about the products on various sites are sufficient for the consumers to purchase them.

6. Flipkart is the most favourite shopping site of the respondents.

7. Among the various options of payment available online, Cash on delivery is the most common method used for payment whereas bank transfers and personal cheques are the least common method of payment online.

8. According to the study, majority of the respondents are satisfied with online shopping.

9. There are certain problems faced by online shoppers like delay in delivery, cheap quality of the product, damaged product, etc.

10. Majority of the respondents are willing to spend Rs 1000-3000 on a single online purchase.

1.6 SUGGESTIONS

Online shopping is becoming one of the top Internet activities and there is a huge growth in this business as more manufacturers and providers are integrating the Internet into their sales model. But there are many things that need to occur in online shopping to generate higher revenues and the key to it lies in the hands of the marketers. To make online shopping a boom following methods can be followed.

1. India has a strong research and development (R&D) capability so companies should innovate rapidly to take care of the security issues. Technology like text to speech software’s should be innovated to take care of the security concern.

2. In India the total ownership of credit cards is small as compared to its population and there are also hesitant in using it as a mode of online payment therefore alternative methods of payment like cash on delivery (COD) where the end user pays cash after the product is delivered and debit cards where the bank accounts are directly debited should be used. Other technologies like encryption technologies trusted third-party certifications; digital ID systems and prepaid cards should be used.

3. The consumers should be made aware that one of the safety aspect of using credit cards online is that in case of disputed credit card payments for online transactions the onus is on the merchants to prove that the transaction actually took place, as online users do not physically sign a credit slip. As a result online users are protected from fraudulent use of credit cards.
4. There is a growth in the cellular phone market in India, so more merchants should make use of this device allowing the customers to access the internet and use it as mode of payment thereby obviating the need for PCs and credit cards.

5. It is not only important to pay strong attention to the security issue and create new, innovative safeguards that protect consumers but the merchants should promote these safeguards to the marketplace and make the prospective consumers aware that the communications, personal data, credit card accounts, and transaction information can be protected.

6. One of the factors that hinder internet penetration in India is access. More companies should adopt click and mortar model with the real world operations to complement its online presence. For example customers can walk to the office to access its services.

7. Merchants should provide goods and services that offer the right value for money. There should be transparency in policies (returns, privacy, shipping, etc.), insurance against fraud and a good after sales services should be provided to consumers making it an enjoyable experience.

8. Consumers today demand a better, more efficient and less cumbersome way to compare and buy products online. Innovative service should be provided to the consumers so that they can compare products, which are available online using their mobile phones.

9. Online shopping today is an incomplete, fragmented, and sometimes frustrating process. Therefore merchants should set themselves apart from their competitors by factors other than price, constantly innovate and move towards creating customer confidence to trade online. They should provide massive selection at lower prices, offer a personalized customer experience and their web sites should deliver a shopping experience that addresses all of the consumer needs like recommendation about the products, feedback from other customers, etc.

10. Vendors should educate the customers about e-commerce like educating them on safety tips like reading the item description, looking for a seller’s feedback score and asking questions, detecting spoof mails and informing them about the new online crimes which happen regularly.

11. In India still the penetration of Internet has not happened the way it should have been which hampers online shopping. Ecommerce revolution can be brought about by providing more broadband connections at affordable prices.

12. There is a huge market for business in the rural India, therefore efforts should be such that to bring these people also into experiencing online shopping. Companies should create more Indian languages software or content as Internet still is a primarily English language world and language could be a barrier in rural India. Only few language portals like webduniya.com exist today.

13. Most of the Indians still like to see the product before buying; efforts should be made to change this mindset of the people by making them aware of the benefits of online shopping.

14. To make online shopping big, the shopping web sites should give the customers the convenience to shop anything on a single site like ordering pizzas, movie tickets, groceries, etc. rather than in scattered places. The site should not only provide information content but also tools to navigate and evaluate this information. The information on the site should be just
sufficient for the consumers to make a decision and not to overload them with information, which results in confusion.

15. Convenience and time saving are the main reason to shop online. Therefore Business to Consumers (B2C) sites should be designed in such a way that consumers spend less time in finding information they are looking for as delays in searching or loading a web page might turn the consumers to other sites which have faster download and display times.

16. Since consumers control the experience they receive from shopping over the Internet, there is a need to find ways of managing the amount of information available over the Internet. Sites that are able to offer this information and present it in a simple way to understand will become the preferred destination for online shopping.

1.7 CONCLUSION

The e-commerce is one of the biggest things that have taken the business by a storm. It is creating an entire new economy, which has a huge potential and is fundamentally changing the way businesses are done. It is believed that electronic commerce will become a huge industry in the coming years and online shopping is now becoming a significant part of the consumer’s daily life to meet their never ending requirements in a convenient way. Online shopping is picking up and is becoming a trend. More consumers are indulging into internet shopping as seen by the research because of the value proposition it offers to a customer such as convenience, 24x7 shopping, doorstep delivery, a broad product selection and the ever-expanding range of unique and unusual gift ideas as well as increased consumer confidence in shopping on the internet is increasing. The main motivating factor seen during the research was the convenience and customer service which drives the people to online shopping. As a result today they are buying airline and railway tickets, books, home appliances, electronic gadgets, movie tickets, etc by logging on to a website, than driving up to a store .As the research suggest that increase in usage of internet increases the online shopping so there is a need to increase in broadband penetration as it accelerates the growth of online trade. A huge buyers and sellers across demographics are shopping online because of the changing lifestyles and shopping habits. It is seen that despite the immense possibilities available on the internet it is mainly used for mailing, chatting and surfing. E-mail applications still constitute the bulk of net traffic in the country.

1.8 SCOPE FOR FURTHER RESEARCH

The study is limited to Chandigarh city only. The scope of research can be made wider by covering more places. The sample size does not give clear representation of the total universe as the size of sample taken for study is small. The size of sample can be increased to get more accurate results. Time constraint was also one of the limitations of the research. So if sufficient time is taken to conduct the research, better results can be obtained.

REFERENCES


