

## CONSUMER BEHAVIOUR ON ONLINE SHOPPING

Arijit Banerjee\*

---

### **Abstract:**

Rapid growth of internet and e-commerce has opened a new marketing phenomenon, i.e. Online Shopping. Similarly enterprises also have to understand the consumer buying behaviour regarding the Online Shopping. Business houses need to understand how the consumer perceives online purchases. Therefore we decided to pursue an empirical research study, to know better and also to access the future of Online Shopping in the India.

The purpose of this research is to examine how much a consumer believes in Online Shopping. What particular factor influences the consumer to go on online purchase? In which product they are more interested for online shopping and also the challenges of this new distribution channel. The study put forward major findings and list out key suggestions that would be beneficial to both the consumer and business community.

**Keyword: Online shopping, Consumer Behaviour, Factors influencing online shopping, challenges of online shopping.**

---

\* MBA, MCOM (Calcutta University).

**Introduction:**

According to a report by IMRM (Internet and Mobile Association of India) at the end of 2012 urban areas are expected to have 105 million users and in rural areas this figure goes to 45 million. Out of total 150 million internet users 111 million are active users. The rapid growth of internet has made it possible for marketers and consumers to get in touch with each other, regardless of traditional boundaries like time or place. So to grab this huge internet users “Online Shopping” concept is introduced through E-Commerce.

E-Commerce has triggered off major changes which promise to change the lives of not only customers, suppliers and distributors, but also of those organisations that have or have not accepted this phenomenon.

This created a paradigm shift of the traditional way shopping to online shopping. A recent Pan India report released by ComScore Inc reveals that online shopping in the India has touched a growth rate of 18% and is only likely to grow further.

According to Philip Kotler (2000), Marketing Management, PHI private limited; New Delhi pg 663 – “The term Electronic Commerce describes a wide variety of electronics platforms, such as sending of purchase orders to suppliers via Electronic Data Interchange (EDI), the use of fax and e-mail to conduct transactions; the use of ATM’s, EFTPOS and smart cards to facilitate payment and obtain digital cash, and the use of internet band online services.”

According Hollensen (2004) “internet has developed into a new distribution channel.”

Online channels are playing an important role of connecting with consumers of unexplored markets. The journey of online shopping that started with an increasing number of buyers of travel and holiday plans in the last decade has now extended to an increase in spends on households appliances and luxury products. While segments like fashion and consumer goods have registered unprecedented growth in 2011, jewellery, electronic appliances and hardware products have shown promising growth trends as well “Indian consumers are showing greater appetite to transact online, fuelling the e-commerce boom.” said Anuj Kumar, CEO Affle. The report also found that coupon sites are rapidly gaining popularity, with 16.5 % of the Indian online population visiting the category from s home or work computer, an increase in 18% from the previous year, as consumer continue to turn to the web to shop for and purchase items and retailers continue to increase their online visibility through active market campaigns.

**Benefits of online shopping:**

Consumer can shop 24 hrs a day and 7 days a week. Online shopping transactions as compared to conventional manual transactions can help to save about 5 to 10 % of the transaction cost. The marketer can reach consumers located at any point across the world. Many websites follow a feedback form and also inform the customers about the new launching products time to time.

**Brief details about some major online shopping companies**

**Naaptol** – Formed by Manu Agarwal. Current turnover of the Naaptol is Rs 2.5 crore a day. According to the founder of the company 200 people are on company's payroll.

**Homeshop18** – It is a out performer name in Network 18 group of companies. The company runs an e-commerce store, a 24 hour shopping TV channel and claims to have a user base of 2.5 million. Homeshop18 had previously raised \$18.5 million from South Korean home shopping retailer GS Home Shopping with a additional investment of \$5 million put in by parent company Network18.

**Jabong.com** – A newly founded online shopping company. Mainly deals with fashion goods. Jabong is carrying 50000 products from 700 brands. According to ComScore report of September 2012 Jabong.com had the second highest amount of traffic coming to its website within a few months of its launch. December 2012 jabong.com held on Alex traffic ranking of 46 in the India. Not only that jabong.com received the highest traffic of any e-commerce in the India in 2012. It has headquarter at Gurgaon in Haryana. It has 100000 square feet warehouse at pataudi, maneswar. **Flipkart company** - **Flipkart** is an Indian e-commerce company headquartered in Bangalore, Karnataka. It was founded by Sachin Bansal and Binny Bansal, alumni from IIT Delhi in 2007. In its initial years, Flipkart focused on online sales of books. But it later expanded to electronic goods and a variety of other products. Today, as per Alexa traffic rankings, Flipkart is among the top 20 Indian web sites and has been credited with being India's largest online bookseller with over 11 million titles on offer. Flipkart broke even in March 2010 and claims to have had at least 100% growth every quarter since its founding. The store started with selling books and in 2010 branched out to selling CDs, DVDs, mobile phones and accessories, cameras, computers, computer accessories and peripherals, and in 2011, pens & stationery, other electronic items such as home appliances, kitchen appliances, personal care

gadgets, health care products etc. Further in 2012, Flipkart added A.C, air coolers, school supplies, office supplies, art supplies & life style products to its product portfolio. As of today, Flipkart employs over 4500 people.

### **Challenges and problems:**

However this growth story is not devoid of challenges that the industry is confronted with, both global and local. As more global players enter the e-commerce space, lack of common taxation rules can also hinder growth in future. “In the online shopping industry, especially, the need of the hour is a uniform goods and service tax (GST) across the country. Currently interstate movements of products often pose a problem, given the different taxation rates. This would need to be resolved in order to extend the reach and improve the e-commerce experience,” stressed Sachin Bansal, Cofounder and CEO, Flipkart.

On the local front online shopping predominantly remains a practice of urban and middle class consumers. Though consumers in small towns have started using internet actively, conversion from visitors to shoppers would make some time. Then there is logistical and supply constraint for retailers. While online shopping is expected to find some share in smaller Indian towns too, increasingly supply of products and lack of logistic like warehouses can be a challenge for retailers.

### **Literature Review**

Now we come to our research study. The major problem of online shopping in the India in the context of consumer buying behaviour is the concept of “**No need to change.**”

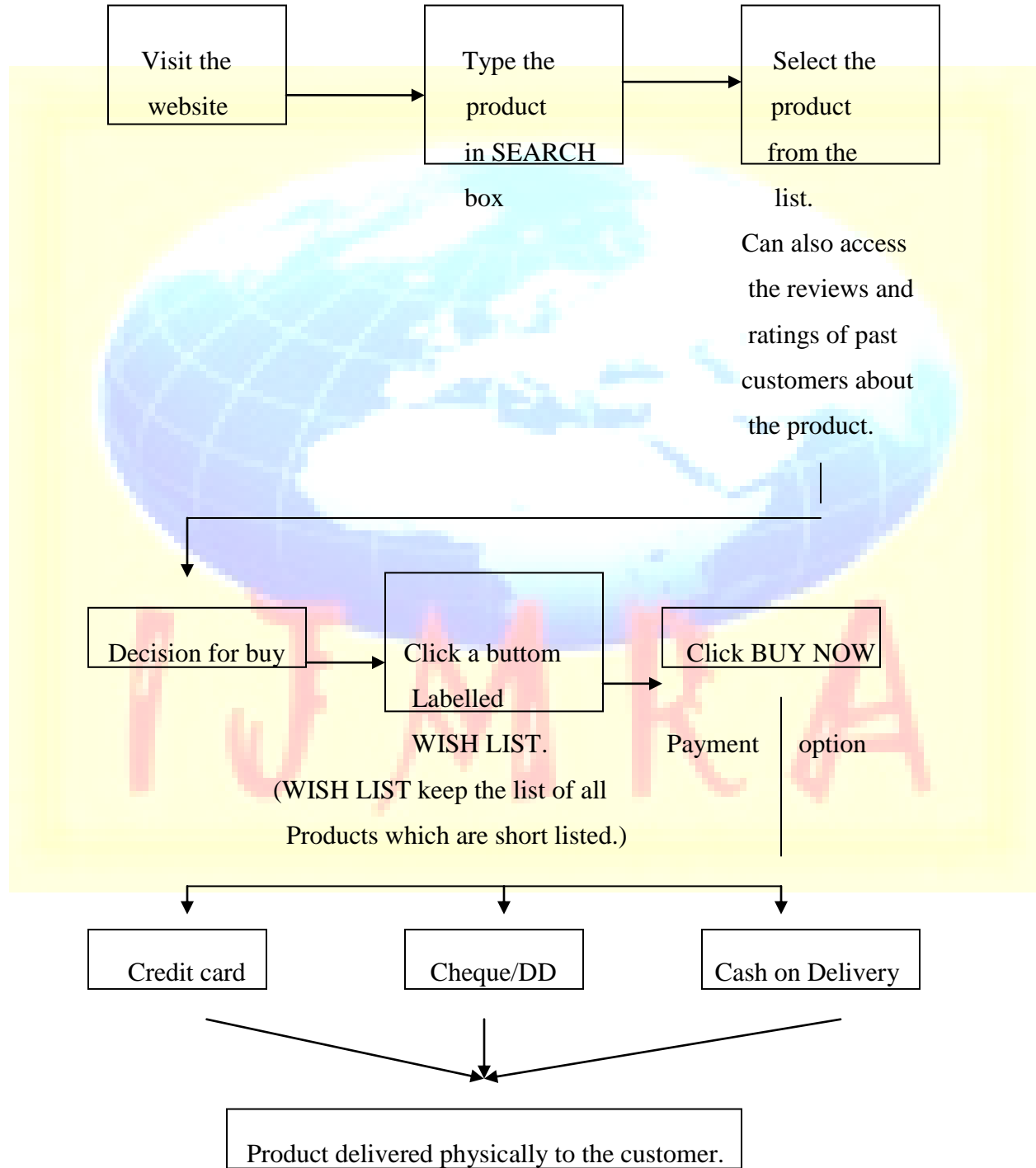
Many consumers still believe on conventional marketing. In conventional marketing the consumers visit the shop and feel the products, where as in virtual marketing all products are intangible. Consumers can not feel the product in reality unless they purchase it. Since online marketing is a new medium and online consumer behaviour, is diverse from traditional consumer behaviour, one must identify what influences the online consumer.

Analysis the process that the online consumer goes through when deciding and making a purchase over the internet, shows some factors that consumer considers.

These factors need to be identified. Not only the factors, it is very important for the entrepreneur to identify the products which can be accepted by the consumer for online

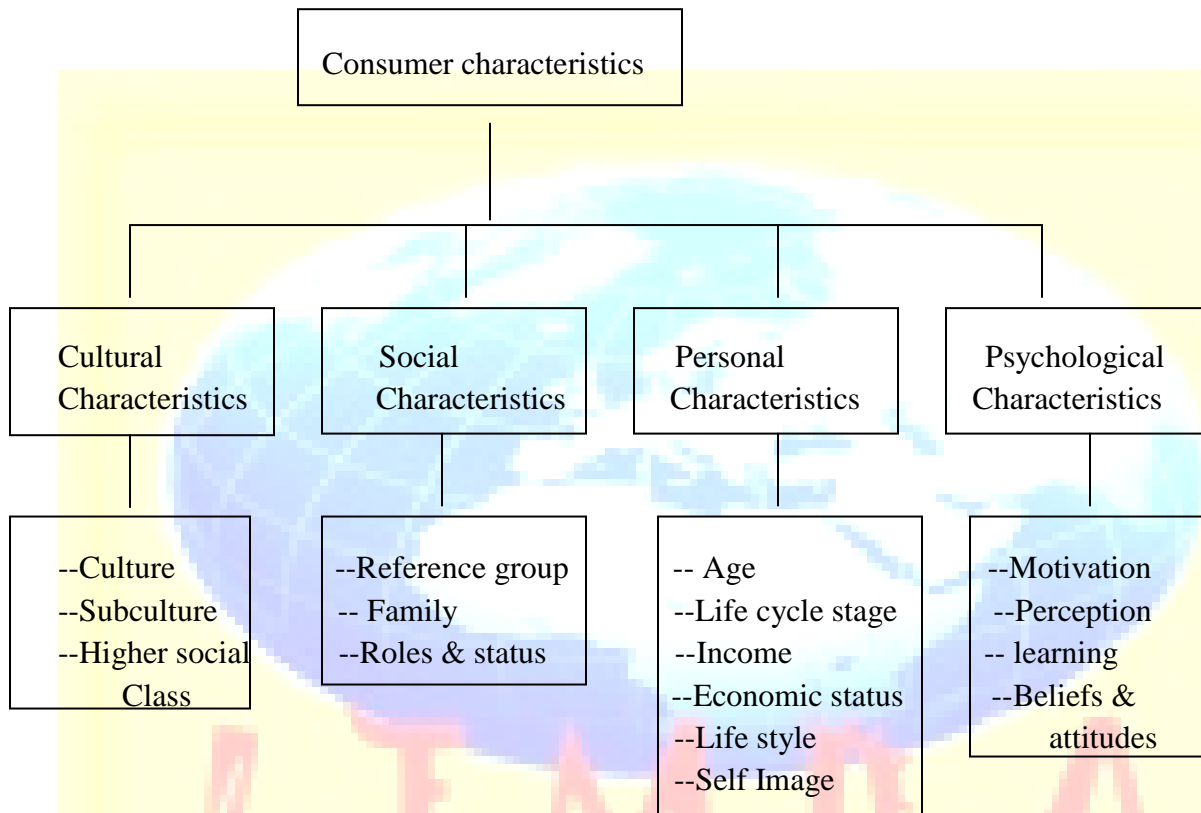
shopping. How much a consumer relies on online shopping and the problem faced by customer in the online shopping process?

**Modus Operandi of Online shopping:**



**Theory: Consumer behaviour**

Relationship between Consumer behaviour and marketing strategy is explained by Danal Rogan as follows, “strategy is about increasing the probability and frequency of buying behaviour. Requirements of succeeding in doing this are to know the customer and understand the consumer’s need and wants.



However all the consumer characteristics are not suitable for the online consumer characteristics. The online consumer characteristics are discussed after the research work.

**Research Methodology:- Descriptive, applied quantitative and qualitative**

The research study was carried out to examine selected consumers perception, expectations, users and overall opinions and experiences regarding online buying. The primary data was collected with the help of structured questionnaire supported with personal interviews. Questionnaires were sent to the selected cities of India i.e. Allahabad, Bangalore, Chennai, Delhi, Kolkata, Hyderabad, Mumbai and Guwahati.

300 respondents were drawn with the help of a quota-cum-convenience non probability sampling approach through e-mail. The questionnaire also placed on a website.

### **A brief profile of selected respondents:**

**Age:** Age was included to find out if there is a significant relationship to what impact the online shopping on different age groups. The 300 respondents were asked to write how old they were. In this way we were able to get the exact age and there by set up different age groups according to the following distribution.

Age Group	Frequency	% value
20 – 30 years	163	54.33
30 – 40 years	83	27.67
40 – 50 years	42	14
Above 50 years	12	4
Total	300	

### **Hypothesis testing**

H01= Is there any relationship between age group and online shopping?

We found Co relation coefficient i.e  $r = - .456$ . So there is a strong inverse relationship between age group and online shopping. As age increases frequency for online shopping decreases or vice versa. So we accept the hypothesis that there is a relationship between age group and online shopping.

**Monthly Income:** Income was used in the questionnaire mainly to find if the respondents that have a higher income spend more on online shopping. The 300 respondents were asked to tick on the monthly income slab and from that we found the following Frequency distribution according monthly Income:

Monthly income (Rs)	Frequency	% value
Less than 10,000	11	3.67
10,000 – 30,000	57	19
30,000 – 50,000	122	40.67
50,000 – 100,000	78	29
Above 100,000	32	10.66



Total	300	
-------	-----	--

**Interpretation:**

It is cleared that 20 to 30 years age group people are most interested in online shopping and as well as age increases they are going to be less interested in online shopping. We prove it in both way hypothec ally and also from the frequency table. So it is recommended for the company to attract the low age people.

Above study does not find any direct relation between monthly income and online shopping. It is found that high middle class people are mainly goes for online shopping.

So online shopping companies have to keep in mind that they have to attract high middle class low age people for online shopping. Such products which attract the above group people should be kept on list for online shopping. For example jabong.com is making business with such fashion goods which is suitable for the teenagers and also jabong.com is making business with branded items, so that they can attract the high middle class people.

**Detailed empirical research and hypothesis testing:****Questionnaire and collected data**

These questions are designed to establish a relationship between consumer buying behaviour and the online shopping.

**Question no 1.- Trust on online shopping** - This question is used to establish the consumer trust regarding the online shopping. For the answer we follow the likert scaling system.

Distribution according to the variable “believe in online shopping”

Assumptions/Hypothesis	% value	Z value	Remarks
Blindly believe in online shopping (7)	3	- 6.9	Not significant
Very much believe in online shopping (6)	7.33	-2.3	Not significant
Good believe in online shopping (5)	17.33	1.01	Not Significant
Partially believe in online shopping (4)	34.33	6.63	Significant



Online shopping depends on some other factor (3)	10.37	-1.19	Not significant
Seldom believe in online shopping (2)	8.33	- 1.97	Not significant
Never believe in online shopping (1)	12.33	-.644	Not significant
The critical value at 5% level of significance using z-test is 1.96.			

Major part of respondents about 34% believes partially in online shopping. A important fact that about almost 20% people seldom or never believe in online shopping against only 10% people believe in shopping blindly or very much. It is not a positive indication for the future of online shopping. Companies must generate the trust of online shopping among the customers. Companies should notify time to time about the internet security tips to its online shoppers.

**Question no 2 – suitable products for online shopping.** This question is used to find out the suitable product for online shopping.

Distribution according to the variable “suitable product for online shopping.”

Assumptions/ Hypothesis	% value	Z value	Remarks
Electronic goods is a suitable product for online shopping	3.33	-2.10	Not significant
Toys is a suitable product for online shopping	30.67	3.15	Significant
Books is a suitable product for online shopping	29.33	2.89	Significant
Fashion goods is a suitable product for online shopping	30	3.02	Significant
Automobiles is a suitable product for online shopping	0	-2.75	Non significant
Home appliances is a suitable product for online shopping	6.33	-1.52	Non significant
Grocery is a suitable product for online shopping	.33	-2.68	Non significant
The critical value at 5% level of significance using z-test is 1.96.			

Respondents are not interested shopping in electronics, automobiles and grocery items through online shopping. Only 10% respondents are going for internet shopping for the electronics, automobiles, home appliances and grocery items. Maximum respondents about 90%, are looking for fashion goods, books and toys.

So companies' deals with high price luxurious items are not recommended to go on online shopping. For electronic goods, grocery and automobiles customer are preferred to go with the tangibility.

**Question no 3: Purpose for online shopping.** This question is used to find out the purpose of online shopping.

Distribution according to the variable "why online shopping"

Assumptions/ Hypothesis	% value	Z value	Remarks
Low price is a purpose for online shopping	37.33	2.96	Significant
Convenient price is a purpose for online shopping	19.33	-.145	Non significant
No time for regular shopping price is a purpose for online shopping	13.67	-1.37	Non significant
Non availability of product in regular shop price is a purpose for online shopping	7	-2.82	Non significant
Reference group price is a purpose for online shopping	23	2.82	Significant
The critical value at 5% level of significance using z-test is 1.96.			

Generally Indian customers are price conscious. The above trend is also representing the same. Majority i.e. 37% of respondents says that due to low price they are going for the online shopping. Generally every online shopping gives discount through out the year. Next factor which influence online shopping is reference group. Previously it is found that low age people are more interested in online shopping and it is another characteristic of low age people is to be provoked by reference groups. That is why almost 23% online shoppers are influenced by social effect and goes for online shopping. Another influencing factor is convenience in shopping. 19% respondents are influenced by this factor. However Z test concluded that it is not a significant factor. Non availability of product in regular shop and no time for regular shopping are not a strong factor for online shopping. Only 20% respondent are responded on these two factors.

So online shopping business companies have to give importance to the price factor. Low price is one of the major advantages for online shopping. Also company has to make chain relation among the customer. For example if any new customer gives reference to any past

customer then the past customer can avail some extra benefits. This type of activity increases the chain relation and makes strong effect of reference group.

**Question no 4; payment mode option** This question is used to find out the preferred preference mode for online shopping.

Distribution according to the variable “preferred payment mode”

Assumption/ Hypothesis	% value	Z value	Remarks
Credit card is a preferred mode of payment	14	-2.52	Not significant
Cheque/DD is a preferred mode of payment	20.33	-1.69	Not significant
Cash on delivery is preferred by online shoppers	65.67	4.21	Significant
The critical value at 5% level of significance using z-test is 1.96.			

From the above research it is clear that the customers 65% are preferring payment after delivery. So it is beneficial for the company to arrange the Cash on Delivery payment option. However now very few on line shopping vendor are still not provided the cash on delivery option. The cash on delivery model is adopted by flipkart and it is proven successful. On the other hand another world famous online shopping company named amazon.com is not giving the option for cash on delivery system. As a result the company can not make any remarkable business in India.

Respondents are least interested for credit card payment. This is making a co relation with the questionnaire “trust on shopping”. Due to no believe in online shopping consumers are preferred “cash on delivery” option and for the same reason they are least interested on payment through credit car

### Analysis:

Now we will present analysis and conclusion of the conducted research.

In order to gain an initial understanding of how the respondent feels towards online shopping, we investigated the different attributes of the factors by using the Fishbein model.

Fishbein model can identify the overall attitude towards the different factors and their importance respectively.,

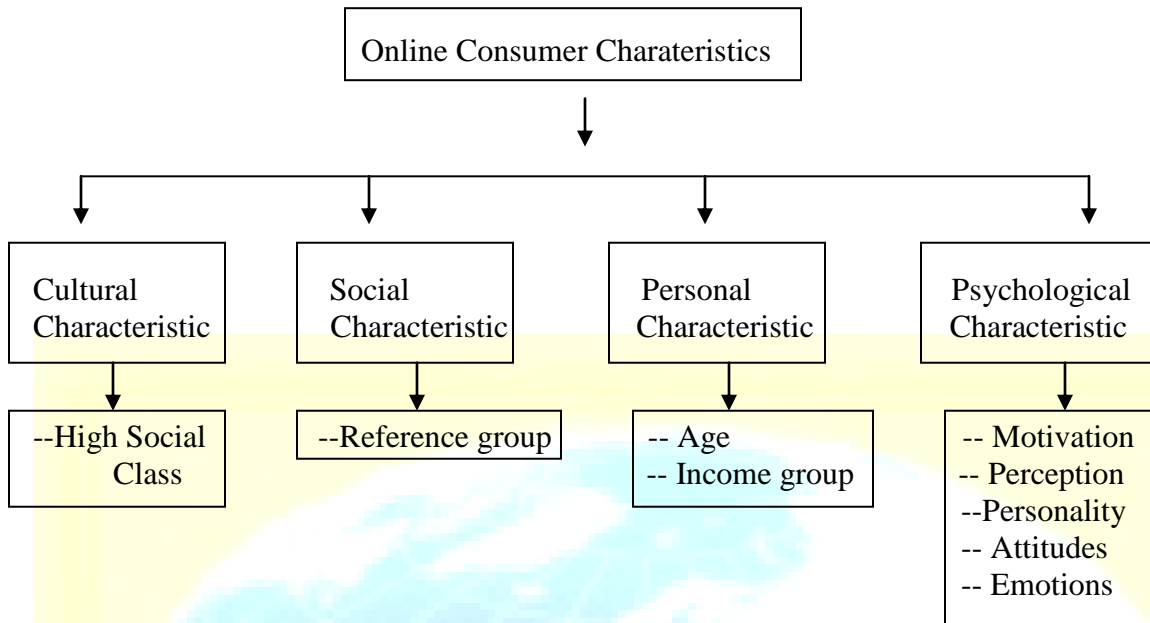
Two step cluster analysis was used to segment the respondents. This type of analysis grouped data so that records within a group were similar. It could be applied to data that described customer buying habits, gender, age, income etc. It has created segments containing groups that had the most in common and this method was selected due to the amount of variables that needed to be taken into consideration when creating segments. Two cluster groups are taken into consideration. One is age group . how different responds from different age group behave with the online shopping and another one is the income group.

The following conclusions are come from the above research.

- 1) Online shopping attracts low age group people (20 to 30 years)
- 2) Income group does not make a direct relationship with the online shopping. We found mainly high middle class people goes for online shopping.
- 3) Most of the consumer partially believed in online shopping..
- 4) Low cost goods are more attractive for online shopping
- 5) Low price and reference group effects are the major determinant factors to attract the consumer for online shopping.

From the above research we also identify the online consumer Characteristics—

More specific identification of the online consumer needs to be made in order to understand the online purchase behaviour. The identified characteristics are some key characteristics in regard to the online consumer. The key characteristics are made in order to identify online consumers and to be able to segment them.



**High social class-** Consumers from a higher social class generally purchase more and have a higher intention to purchase online because there is a higher probability that they process a computer and also have greater access to the internet. The research study also reflects the same. Almost 122 respondents out of 300 are from Rs 30000 to Rs 50000 income group. No other characteristic came under the head online cultural characteristic.

**Reference group** – the social influence on the online consumer comes from the new reference group compared to the traditional way. For the online consumer new reference group were identified as virtual communities, consisting of discussion groups on a website. Only the above characteristic comes under the head online social characteristic.

**Age group-** age factor is also a consumer characteristic for online shopping intentions. Older people who had no frequent interactions with the internet and the computer would not use the internet as a medium for purchases, while young adults would. Research study also represents the same. 163 respondents out of 300 respondents are from 20 to 30 years age group.

**Income group** – Income is a vital role for online purchasing behaviour. Higher household income would have a more positive attitude towards online shopping.

These two characteristics can come under online personal characteristic.

**Motivation** – The consumers is reasoning for incentives to engage in a particular behaviour.

**Perception** – The consumer is interpreting acquired information by classing it.

**Personality** – The consumer is adapting to influences of his cognitions.

**Attitude** – The consumer is working out what his likes and dislikes are in respect to a particular situation.

**Emotions** – The consumer is without conscious effort detecting how he is being affected by his cognitive choice.

Limitations of online shopping

### **Research for barriers of online shopping**

Except the above 300 respondents another research is conducted for another 100 respondents who are not engaged in online shopping. From their view we can try to find the drawback of the online shopping. What distract them to go for online shopping? And it is also helpful for the companies to find out the obstacles and make remedies for the same.

### **Respondents' overall opinion and experiences in online buying products.**

Assumptions	Computed Value	Results
Delivery of Product purchased online takes a long time	4.39	Significant
Ordered product and the supplied product are different	11.35	Significant
Quality of products bought online is questionable	7.48	Significant
Performance of product bought online is questionable	7.73	Significant
Real life experience is more effective in buying products	- 1.26	Not significant
It is better to avail online services on the internet than buy products	- 1.22	Not significant
Respondents do not think the internet is a not a good medium for buying products	2.63	Significant
Respondents do not think the internet is a not a good medium for availing of services		
Online buying is costlier	7.68	Significant
Online buying is risky and unsafe	2.44	Significant

The critical value at 5% level of significance using Z test is 1.96.



### Conclusion

In a nutshell, we can draw a conclusion that majority of the low age, high middle class people is having positive attitude towards online shopping. There exists a need for developing awareness about consumers' securities. Marketers are required to educate consumers. Companies should set-up a reliable and effective feedback system so that consumer can contact them at anytime. It is necessary not only to create cyber laws to protect customers but also make them aware about it. More flexible modes of payments need to be introduced by online companies. They should enter into tie-ups with reliable courier service agencies. They may on their own take up the responsibility of delivering the product to the consumers. As friends are found important in making customer to visit websites, online companies should also focus on them to expand existing market base.

### Bibliography

#### **Books:**

Kotler, Philip Marketing Management – The Millennium Edition,  
Prentice Hall, New Delhi.

Jaiswal S. E-commerce – Doing Business on the Internet, Galgotia  
Publications, New Delhi.

M.Khan Consumer Behaviour – NewAge International publication, New Delhi

Svend Hollensen – Global marketing, prentice Hall, 2007

N.G.Das – Statistical method (part I)

N.G.Das – Statistical method (part II)

Beri, G.C. Marketing Research, Tata McGraw Hill Publishing Company Limited,  
New Delhi.

#### **Articles:**

IMRM report

Economic Times,

India 17 th in Online Shopping Computers Today, New Delhi, 1-15 September,  
p.30.

The A to Z of Internet Shopping Net for Beginners, Pace World Wide, New  
Delhi, September.



**Websites:** [www.wikipedia.org](http://www.wikipedia.org).  
[www.venturefinance.in](http://www.venturefinance.in)  
[www.google.co.in](http://www.google.co.in)  
[www.gmail.com](http://www.gmail.com)  
[www.economicarticle.org](http://www.economicarticle.org)

