

CHANGING SHOPPING PREFERENCE FROM IN-STORE SHOPPING TO ONLINE SHOPPING

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ABSTRACT

Nowadays, popularity of online shopping has been rising rapidly among customers and it is becoming part of their lifestyle. This paper examines the consumer's preference towards in-store shopping and online shopping. It tells how the modern world is switching its shopping pattern from tradition offline mode to the growing online modes. It analysis across the product categories and shows consumers differences in respect of risk, price search intensions, evaluation effort and waiting time between online and offline channels which have significant impact on their tendency of switching from offline mode to the online mode. There are number of factors which influence the consumer to go online in respect of the in- store shopping. With the growth in IT sector internet users are increasing day by day which eventually is increasing the preference for online shopping. The increasing facilities and services of online shopping have move itself far ahead of traditional in-store shopping.

KEYWORDS: Online shopping sites, In-store shopping, Preference

INTRODUCTION

ONLINE SHOPPING

One of the business applications of e-Commerce is online shopping or e-shopping in which consumers can directly buy goods or services from a seller over internet using a web-browser. It is also known as e-shop, e-store, internet shop, web shop, web store, online store, online storefront and virtual store. There are varieties of items available online like books, hardware, software, toys, household appliances, health insurance, gifts, apparels, electronics, mobile, footwear, accessories and so on are the some of the items that can be purchased from online stores. Convenience is the factor which influences the most to shop online. In the traditional system of shopping one has to drive to the shop, find the items needed at different shops, then wait in the cash counter queue. These all things are avoided in online shopping which make it convenient and comfortable mean to buy from online stores. One simply has to log on the internet and visit the site where item required is available. Online stores are open 24 X 7 throughout the day. One can shop at any time either in early morning or in late hours. Online shopping and retail business have low overhead and start-up cost which make it more attractive and beneficial. The new entrant can easily penetrate into the market by taking this advantage against the existing firms. This is an advantage for customers too. In today's ongoing period , having an online business is a necessary service and this also allows a company to have a better level of communication which can be used at any stage of purchasing the use of e-mail. As there are many online sites available these days so it is essential to attract the customers to visit and shop from one's site. The reason of attraction is not only the convenience that the site provide but also because of the broader selections, competitive pricing and greater access to information. Business organizations prefer online shopping not only because of its lower cost as compared to retail sector because it offers a global market place with large customer value and build sustainable capabilities.

IN-STORE SHOPPING

It is the traditional type of shopping known as offline shopping where the buyer goes to a store to buy the product he prefer from large variety available, receives the good at the same time and pays immediately. It is convenient mode for those people who are rarely at home and don't have time to view various shopping sites to compare the products. For those people who are working

and students in various colleges its easy to do in-store shopping as its quick process for them and shipping is also easy. They just have to choose the product and pay for it. There is physical presence of the product when we buy from stores so one can feel and examine it properly according to the needs and thereby satisfaction level is also high. It does not require any special technological knowledge so anyone can go and purchase the product. In-store shopping is definitely a better option when we are buying clothes as we can try them out in trial rooms. The quality and durability of the product can be judged in case of in-store traditional shopping. People still do not rely too much on online stores due to lack of faith on website as many spams are happening daily. In-store shopping is less risky and tangible when products are needed immediately people go to stores for ex- groceries. A relationship with merchant who can clear all their doubts is possible in-store shopping only. The positive points in favor of in-store are the absence of shipping charges, the ease of making a return, the ability to touch, smell and see the item to be purchased and getting the item immediately as the most important.

REVIEW OF LITERATURE

Recently, a number of geographers and planners have paid attention to the connections among E-Shopping, spatial attributes, and personal travel. Among other studies, two Ph.D. dissertations from Utrecht University, the Netherlands are notable. From a consumer perspective, Farag (2006) addressed the impacts of geography on e-shopping and the interactions between shopping and traditional shopping. Weltevreden (2006) focused on both consumers and retailers, and examined the connections between e-shopping and city center shopping. In this section, we review recent empirical studies regarding online shopping and in-store shopping.

Rick L. Andrews and Imran S. Currim(2004), “Behavioural differences between consumers attracted to shopping online versus traditional supermarkets” study shows online revenues continue to increase and are projected to impose greater pressure on traditional distribution channels. However, there is a striking absence of published empirical work on how consumers attracted to shopping online behave relative to consumers shopping in a traditional store. Such behavioural differences, if they exist, could guide online enterprise design and marketing strategy. This study uses data from both traditional supermarket scanners and an online supermarket to test expected differences in choice behaviours of such consumers. For two

product categories, statistically significant differences are found between consumers attracted to shopping online versus traditional supermarkets with regard to the parameters describing the choice process.

Xinyu Cao, Frank Douma, Fay Cleaveland Zhiyi Xu (2010) “The Interactions between E-Shopping and Store Shopping” This research aims to reveal the interactions between e-shopping and in-store shopping using a sample of Internet users in the Minneapolis-St. Paul metropolitan area. This report summarizes previous research on the interactions among spatial attributes, e-shopping, and travel behavior and makes eight recommendations for future research. Guided by the recommendations, this study adopts an innovative research design by integrating a conventional shopping survey with an activity diary. This report provides a detailed description of survey development and implementation and points out several common pitfalls in survey administration. This report also presents results on the interactions. Specifically, two ordered probit models and structural equation models were developed to investigate the influence of geography on online shopping usage and the influence of e-shopping on traditional shopping.

Ethan Lieber and Chad Syverson(2011) “Online vs. Offline Competition” The emergence of online channels in a market can bring substantial changes to the market’s economic fundamentals and, through these changes, affect outcomes at both the market level and for individual firms. The potential for such shifts has implications in turn for firms’ competitive strategies. Incumbent offline sellers and new pure-play online entrants alike must account for the many ways a market’s offline and online channels interact when making pricing, investment, entry, and other critical decisions. This study has explored several facets of these interactions. Research investigating these offline-online connections is already substantial and is still growing. Online channels have yet to fully establish themselves in some markets and, in those where they have been developed, are typically growing faster than bricks-and-mortar channels. This growing salience is especially likely in the retail and services sectors, where online sales appear to still have substantial room for growth.

Ming-Hsiung Hsiao(2008) “Shopping mode choice: Physical store shopping versus e-shopping” This study aims to explore how consumers evaluate these time attributes; i.e., the value of time, when they are facing a shopping mode choice between physical store shopping and e-shopping. For this purpose, it conducts an experiment to acquire data on respondents’

stated preference choices between physical bookstore shopping and online bookstore shopping. It is finally found that the value of delivery time for a purchased book from an online bookstore to a consumer is approximately \$0.53 per day, which means an online bookstore will have to lower a book's price by \$0.53 to attract a physical bookstore shopper if the delivery is delayed for one day. It is also found that in terms of monetary values, avoiding a shopping trip produces far more benefits than bearing waiting for the delivery of books for an online purchase.

Main study

Internet has become important part in today's life whether it is for young, adult or old age people. One of the important use of internet is E-shopping or online shopping which is growing at a very fast rate. It has made the life of people easy and convenient. Customer simply need to search for the preferred product and its relevant price, buy it and receive at the doorstep. There are various payment options available for this purpose like E-check, credit card, cash on delivery etc.

Factors That Influence Online Shopping:

1. Convenience:

Studies have shown that the convenience of internet is one of the major factor which influence consumers to buy online. The services of online are available 24X7. Those who are working and do not get time can shop late night also. Many people want to avoid crowd and long waiting lines, prefer online shopping. Along with the product websites also provides various types of services which are available 24X7. People can solve their queries; refer to the comment of other customers which is a great support. There is no pressuring by any salesman and customer can take as much time necessary to buy even a simple product.

2. Information:

The data available on online shopping sites are more that what a consumer normally look for while buying a product. Even though the customer is not able to touch or feel the product or services than too online information are more than enough to get the feel of the product. The information need is satisfied by online sites. Reviews given by the other customers are also one of the type of information available which they can go through before making purchase decision.

3. Available product and services:

E-shopping has made large variety of product and service availability from which they can choose their required one. Products from all over the world are available at one click. Most

companies have their own website from where they can offer their product and services along with the front store. Many of the traditional retailers sell their products online to reduce their cost and to make products available in all sizes, colors and features. Online shopping also offer good payments option to their customers according to their convenience and preference, customer can decide accordingly.

4. **Cost and time efficiency**

Online sites are mostly in fame due to their low price products. They offer better deals to the consumers and that too at the specific price which is low than that available at store. As the numbers of websites are increasing so the same products and services are available everywhere by which consumers can compare prices and choose thereby. Since online shopping can be done anywhere and anytime. It makes consumers life easier because they do not have to go to the stores, roam around from one store to another, wait in the billing line and face crowd. So online sites consumers often find the shop conveniently which reduce the psychological costs.

Factors Which De-Motivates Online Shopping:

There are many problems which are still prevailing which leads to dissatisfaction in online shopping:

1. **Security:**

Payments are mostly done by credit cards which make customers insecure to shop online. Trusted websites and brands are preferred in online mode which decides the failure or success of any site. Customers worry about their personal information specially of their credit cards which restricts them to shop online.

2. **Intangibility of online product:**

Some products are less likely to be purchased online due to the intangible nature of the online products. For e.g. clothes which they cannot touch or try for sizes and looks. Products shown online and actual sometimes differ a lot. So the customer cannot examine the real product. Although full information is available on the website but sometimes they are also not enough to make purchase decision and thus if the product is purchased and do not meet their expectation, they are dissatisfied.

3. **Social contact:**

Some purchasers want assistance from a professional salesperson that would help him to guide regarding the product. And make appropriate choice which is not possible in online shopping.

Some customers rely on other peoples' opinion while making purchase decision. Some people take in store shopping as source of entertainment which is missing in online stores.

4. **Dissatisfied with previous experience:**

Sometimes past experience often affects future purchase decisions. Problem in online shopping may be unwanted or low quality product, product not as per described or expected, fragile, old model. Not working product, no proper refund policy, slow

Preference Of Online Shopping Against In Store Shopping:

Hereby, we have seen discussion regarding online shopping, its benefits and demerits. Every person has different views regarding their preference for online shopping or in store shopping. But it can be seen now-a-days that preferences of people are changing from in store towards online shopping. There are various factors which affect consumers intention to shop online or offline. These factors are:

1. **Risk perceptions**

This again has various components. Financial risk which consider the risk of paying more price for a product than its value. Online sites allow comparing and getting lowest price. Performance risk means the quality of product will not be as expected. Physical risk is risk of health or well being by purchasing a product. Psychological risk arises by the threat to fail in presenting one's personality or self image. Social risk is concerned with the ego and effort that the consumption is observed by others and has a reference group opinion.

2. **Price:**

It's easy to find lowest price online than offline due to advancement in search engines. It reduces search cost thus reducing price and thus it eventually provides product at a discounted rate. This search intention motivates people to switch from offline to online channels. In case of online consumers can evaluate prices at a single source thus avoid moving at various traditional stores.

3. **Search effort**

In case of internet, search effort reduces dramatically which induces the consumer to switch to online. There is wide range of information available online. All type of information is provided online which would even not be available with salesperson. One of the drawback is in case of those products which need to be feel and then decide whether to buy or not. Thus, consumers switch from offline to online channels where they perceive increasingly less search and evaluation efforts.

4. **Delivery**

It is both a merit and demerit in case of online shopping. Products purchased online are delivered directly at home so consumers do not have to move out to bring goods purchased at home. But one of the demerits related to delivery is the time consumed from purchase to receiving the goods. Sometimes even the goods are not delivered on the time decided. If delivery time can be cut short then the utility of online shopping will increase. However, those consumers with less concern about delivering time will be more inclined towards online shopping.

5. **KYC (Know your customer)**

It is one of the important point to know that is the customer's purchasing decision issue if the seller want to persuade and retain its buyers. For better understanding of their shopping behavior, seller can improve or create the effective marking program for their customer. Sellers should do to persuade those who do not shop online so that they become interested. The issue of shopping online when one knows seller should satisfy them to full extend and negative aspects should be reduced.

6. **Trustable and secure website**

Customers are willing to buy online but a trust need to be made by sellers regarding their personal information and security for payment through credit cards. Data provided should be secured by the websites. Customers can have confidence on online shopping when organization have gained some trust certificates. This will increase sales also. Trust can also be maintained when the websites sells branded products or itself has its own brand. Most of the customers prefer branded goods nowadays so it induces them to shop online. They also need to assure their customer that the information given by them will not be used for any other purpose and will be secured by them.

7. **User friendly website**

The looking and design of the website also influence the customer regarding their purchase decision. Along with the security, the attractiveness and usefulness of the website is also important for the customers. A customer who is just surfing through website can be motivated to buy the product if the store provide variety and useful information of product, good customer service and easy to access website. The mistake should be reduced to the minimum possible to maintain the interest of buyers. Information quality and visual design is important to maintain loyal customers. It should be user friendly so that customers can easily search and find their

required products and services. The attractiveness of the website can be tested on the basis that of its ability to convert visitors into buyers. Payment process is also included in website process so emphasis should be laid down on easy payment methods.

8. **Online service**

The online process does not end with the selling of product; it should provide high class service also to retain its customers. According to Hermes (2000), 72% of online consumers revealed that customer service is a major factor in online satisfaction. If proper information will not be available than customers might doubt that company is trying to hide something or there is some error which it does not want to reveal. Nowadays services provided by online stores are more than that provided by in store. Customers can contact with the seller anywhere and anytime and can get the required service at his place only. Online sellers can use software downloading, e-form enquiry, order status tracking, customer comment and feedback as some of the services.

9. **Information**

Online shopping provides all type of information which is required by the consumer who wants to buy the product. The information given on online shopping sites are more than the salesman in stores can provide. Consumers of today's world are very aware and cautious regarding the product to be purchased and indulge fully to gather required information which is easily available about the product which are online. The size, price, quality, features, warranty, installation, delivery date, stock and many more information is available about the product sold online for the use of people.

10. **Mobile facility**

The preference of people is shifting from in store shopping to online shopping due to new innovative ways due to which online shoppers are attracting its customers. One such facility is the application which can be installed in mobile of various online shopping sites by which one can visit and buy the product on mobile phones only. Every person has nowadays have a smart phone which support the application. Mobile is available with us anytime anywhere. Online sites are also providing various types of schemes and discounts for people who have mobile application of their site so as to attract more and more people to install their application.

Conclusion

Online shopping is emerging as a new retail format. There are significant differences between consumers attracted towards online shopping and towards traditional stores due to various factors

which make online shopping preferred among the consumers. Consumers are switching from in store shopping to online shopping. The change in preference is still in the early stage of development and has the potential of thriving continuously. Research have shown that those preferring online channels have significantly price sensitive than those who prefer to remain with traditional channels as prices are comparatively lower in the case of electronic channel. There are various advantages that online shopping provides which affect the consumers perception to continue to shop online such as given information about the product, privacy, security, form of payment, delivery of goods, lowering of risks, satisfaction of consumers etc. if consumers are satisfied from their earlier online shopping experience than only they will continue to shop online. The growth potential of online retail in India is attracting many leading international players to invest in India. For e.g. Ebay and Amazon are in competition in this segment. Lower prices and convenience act as strong motivators, security and privacy issues as biggest barriers to online shopping. The emergence of online channels in a market can bring substantial changes to the market's economic fundamentals ant through these changes, affect outcomes at both market level and for individual firms. Like offline marketers, online sellers are increasing their focus towards advertising. Already they are already marketing in the form of internet but advertising on television is providing them new hike which makes those people aware about online shopping who do not access internet. Preference towards online shopping from ion store shopping is also increasing due to the various types of applications that the online shopping sites are providing in the customer mobiles only which is making shopping much more easier and interesting. The future prospective of online shopping seems to be very bright. It is growing faster than in store shopping. There is trade-off between the shopping modes, time and cost which if balanced properly can induce people to shop online.

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