

A STUDY ON FACTORS AFFECTING ONLINE SHOPPING BEHAVIOUR OF CONSUMERS

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ABSTRACT:-

Evolution of ecommerce on a large scale has influenced many business players in India to adopt this concept in order to gain high profits. Flipkart was the one that brought popularity to this model followed by other portals like Amazon, Snapdeal, eBay, Myntra, etc. With the arrival of internet, number of abstract representation of business is done. Flipkart announced \$1 billion investment and Amazon announced \$2 billion and Snapdeal announced \$1.5 billion investment. In this study, we are going to analyze the role of e-commerce industry in India and how it is rapidly taking place of offline shopping. This study will focus on shopping through online websites with cues from Flipkart, Snapdeal and Amazon. We will compare these three top players of India to know more about this sector .As a Result based on Survey conducted on 400 young and middle aged persons showed that Though 3 of them are selling the same products but Amazon has its highest position in the market. Amazon is more advanced whereas Snapdeal and Flipkart are less advanced. Consumers enjoy spare time and come to know about the discount options.

Key Words: E-commerce, Offline shopping, online sites, Services.

Introduction:-

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We cannot deny the fact that e-commerce has engulfed the whole of India and has a long stay. Online shopping has evolved from a medium with limited options to creative online websites, heavy online stores, customer friendly interface, easy mode of payments, no limitations on quantity or quality, size, cost, color etc.

Despite being a developing country, India has shown a remarkable increase in e-commerce. The major reasons behind the growth of ecommerce in India are:

- a) High Living standards
- b) Lesser time available for going shopping
- c) Ease of ordering
- d) Technology savvy customers
- e) Easy delivery
- f) Discounts & Coupons
- g) Availability of huge range of products
- h) Busy lifestyles of people and no time for offline shopping of online sites by masses
- i) Evolution of the model of online market place.
- j) Usage of the websites like Snapdeal, Amazon, Flipkart, Jabong, ebay, etc.

Objectives:

1. To Study Correlation between Amazon, Flipkart and Snapdeal online sites.
2. To know about best site among all three on the basis of customers satisfaction.
3. To study varies features and services provided by selected sites.

Literature Review:-

Dr. Sharma (February 2013) studied that India is rapidly emerging as a rewarding market for many e-retailing companies; who are currently present in market with any one of the three forms (non warehouse, warehouse and hybrid) models. The key facts about the major companies that play an important role in Indian e-retail market are flipkart, letsbuy, Myntra, homeshop18, yebhi, snapdeal and naptol. (Research and market.com, 2014) Vijayraghavan (April 2015) highlighted in his research paper that these days people do not prefer branded products cheaper products that

provide value for money. It was reported that Rs 3,500 crore were spent by this sector for advertising purpose. One of the reasons why e-commerce websites incur losses is 'sale', which continues in India for twelve months. As per edupristine Wikipedia the Indian customers are of that type which is not social, thus they try to find the product which is low in price across all stages. For good deals online shopping areas have become a stalking place. It is really difficult to estimate who have the TOP SLOT, as the strength of competition has risen. Amazon (market capital \$143 billion) entered India last but has been achieving its first position and confronting snapdeal and flipkart. MD. Imran (2014) has stressed upon Amazon in his research paper. The products in which the company deals includes books, electronic appliances, computers, clothing, shoes, jewelry and much more. Amazon provides its customers with free shipping and home delivery facilities. Along with that it uses its retail websites to sell merchandise. Sharma (2013) expressed his opinion in his research paper on Snapdeal that is owned and managed by Wharton graduates based on the basic idea that is to provide a platform to vendors where that can sell their unutilized inventory at cheap price. At the same time, it offers huge discounts on dining, health and beauty services, branded products, travel and more, thereby providing an extremely feel good factor to the costumers. Snapdeal has relied very heavily on promotion and advertising and has been rightly called as India's answer to Groupon. As per Study mode Flipkart is a leading e-commerce company which has established itself as the fastest growing mid-sized company, backed by a funding of thirty one million dollar .The company is set to grow from five warehouses and thirty five delivery centers to thirty five warehouses and more than sixty delivery centers across the country. Ushamrita choudhary (2012) emphasized upon the main reasons behind the success of Flipkart that are mainly their value for customers, most user friendly website, customer centric approach their reach into small cities and towns, detailed description of each product offered. They also stressed upon the need for e-commerce in India that is tremendously increasing and has made all the transactions easier and faster. Major reasons contributing to increase in e-commerce are : better living standards, high internet usage in both urban and rural areas and ease of ordering.

Features of E-Commerce:-

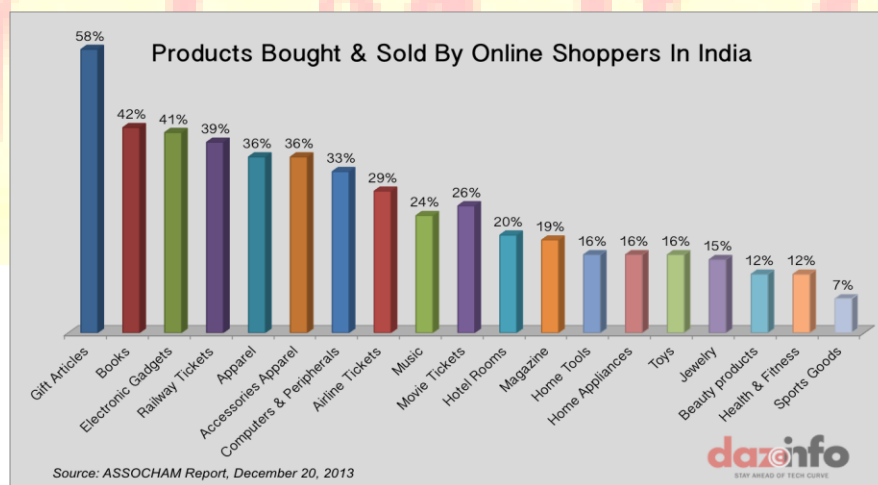
The main features of Electronic Commerce are:

- 1) **MODE OF PAYMENT** – It enables us to make payments using debit cards, credit cards, smart cards and other forms of e-payment.
- 2) **SERVICE AVAILABILITY** – It enables customers to use its services anywhere , anytime. E-commerce is very much useful for the business enterprises.
- 3) **MARKETING** – E-commerce has increased scope of Omarketing of services and products and also helps in managing of products.
- 4) **SALES ASSISTANCE**– It gives us post sales and pre sales assistance. It also enables customers to trace their products.

Reasons Behind Growth of E-Commerce In India:-

- 1) Busy lifestyles
- 2) Increment in disposable income
- 3) Awareness among consumers regarding products
- 4) Ease of ordering
- 5) Increase in use of internet
- 6) Easy review regarding products
- 7) Increasing fuel prices and traffic on roads.

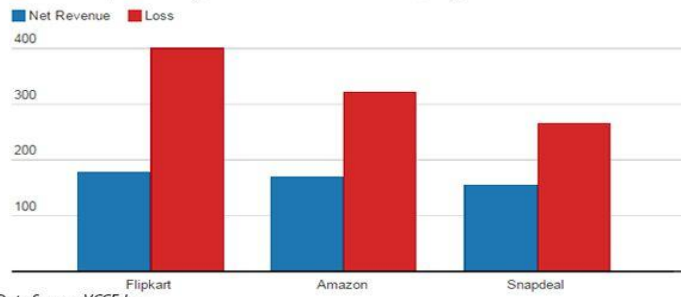
Role of E-Commerce In India:- To study the role of e-commerce in India, we will have a look on three major industries of e-commerce i.e. Amazon, Flipkart, Snapdeal.



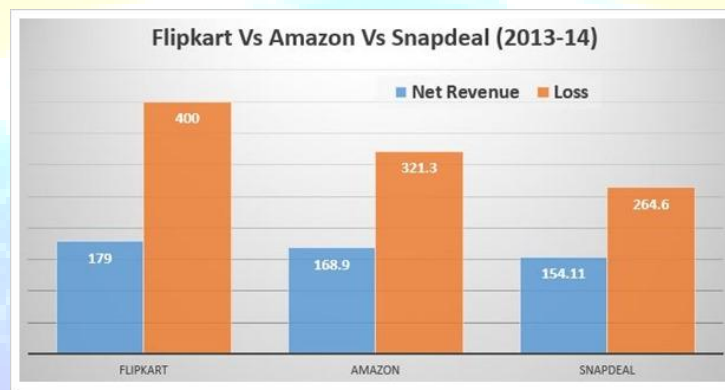
Position of selected Indian e-commerce sites as regard revenue:

How top Indian e-com marketplaces fared in 2013-14

Net revenues represents listing fees and other services to vendors; all figures in Rs crore



Data Source: VCCEdge



Source:Trak.in

As far as Revenue is concerned, Flipkart is earning more revenue as compared to Snapdeal and Amazon. The revenue of Flipkart was more than other two in the year 2013-14.

Comparison between Amazon, Snapdeal and Flipkart on the basis of strategies:

Business strategies of Amazon:

Amazon's main objective is to be known as the best place for shopping any product online. The company is continuously trying to enhance its brand and widen its customer base with the main purpose of making most preferred destination to customers for online shopping. The business strategy of the company is simple and forward, they attract their customers by providing 1-click shopping, enhancing customer's value and by lowering the price. The reason behind the successful journey of the company so far is their innovation. Customers and other business group serve as the company's main target group. The three main strategies of Amazon are Limitless

inventory, Customer care, High margin and low price. (Defined by Jeff Bezos, founder of Amazon)

Marketing and promotion:-Amazon's marketing and promotional strategy is designed to strengthen its brand name, to build its customer loyalty, to increase its repetitive purchasing and to develop opportunities for generating service revenue. Amazon applies its technologies in such a way that it provides services and some personalized programs keeping flexible merchandising in mind.

Customer Service:-To strengthen its customer support Amazon provides following benefits to their buyers: Frequent feedback from customers, Improvement in the stores, Offers large number of email id to encourage customers to request for information and to provide some suggestions, Representatives for customer service available 24*7 hours via telephone etc.

Business Strategy: Snapdeal

Snapdeal is the largest online marketplace recorded in India. Snapdeal offers more than 10 million products, from 100,000 sellers and shipping to more than 500 cities in India. Snapdeal originated from m-commerce. Snapdeal has expected their total sale to more than Rs 2000 crore last year. Growing popularity in past 2 years for E-commerce in India has helped Snapdeal to cross such profits. Snapdeal is one of the fastest growing companies in India. Snapdeal is having gross sales of more than three billion dollar yearly. Snapdeal is voted the busiest brand of India in annual buzz making.

Snapdeal was founded in 2010 and their headquarters are located in New Delhi, India. They are having more than 7000 employees. Their website is 'www.snapdeal.com'. The founder of Snapdeal is Kunal Bahl. Services provided by them are e-commerce (online shopping).

Business Strategy :-Flipkart

- Flipkart has emerged as a big e-commerce giant and further expanding its share as it recently acquire Myntra (an emerging e-commerce company.)

- Flipkart has recently announced a massive \$1 billion financing which is quite surprising for an Indian e-commerce platform.
- Flipkart further plans to go for an IPO (Initial Public Offering) in either US or Singapore as it files to become a public company.
- Flipkart's funding majorly comes from India's IT company owner Mr. Azeem Premji as he sided with MYNTRA .
- Flipkart, from its recent funding of \$210 million from an unknown Russian firm, has collectively acquired \$780 million funds in total.
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Correlation between Flipkart, Amazon & Snapdeal:

From the below mentioned table its clearly visible that there is a positive correlation between all three selected E-commerce sites .Correlation analysis is used at .05 significant level and at both levels, the table specifically shows a positive correlation between all three e-commerce sites. Result is evaluated through investors' perceptions regarding Amazon, Snapdeal and Flipkart. In this research, we have conducted a survey on 400 young and middle age persons and various questions were asked related to sites preferences, various features and advantages provided by these sites. The results showed that all the Selected E-Commerce sites provide satisfied services to the customers.

		WHAT IS YOUR AGE	DO YOU PREFER ONLINE SHOPPING	WHICH E-COMMERCE WEBSITE DO YOU PREFER	WHICH IS BEST E-TAILER IN TERMS OF PRICING	WHICH IS BEST E-TAILER IN TERMS OF QUALITY	WHICH ONE IS BEST IN DELIVERING PRODUCTS	AMONG THESE WHICH PROVIDES VARIETY IN PRODUCTS	WHICH ONE HAS THE BEST RETURN POLICIES	WHICH ONE IS BETTER IN SCOPE IN YOUR OPINION WHICH ONE HAS BETTER SCOPE IN FUTURE	
WHAT IS YOUR AGE	Pearson Correlation	1	.045	.113*	.048	-.180**	-.006	.074	-.056	.110*	.127*
	Sig. (2-tailed)		.366	.024	.339	.000	.912	.138	.267	.028	.011
	N	400	400	400	400	400	400	400	400	400	400
DO YOU PREFER ONLINE SHOPPING	Pearson Correlation	.045	1	-.027	-.051	.015	.210**	.062	-.010	.089	.124*
	Sig. (2-tailed)	.366		.596	.311	.768	.000	.217	.836	.075	.013
	N	400	400	400	400	400	400	400	400	400	400
WHICH E-COMMERCE WEBSITE DO YOU PREFER	Pearson Correlation	.113*	-.027	1	.546**	.159**	.379**	.374**	.410**	-.368**	-.284**
	Sig. (2-tailed)	.024	.596		.000	.001	.000	.000	.000	.000	.000
	N	400	400	400	400	400	400	400	400	400	400

WHICH IS BEST E- Pearson TAILER IN TERMS OF Correlation PRICING	.048	-.051	.546**	1	.086	.184**	.249**	.291**	-.359**	-.206**
Sig. (2- tailed)	.339	.311	.000		.085	.000	.000	.000	.000	.000
N	400	400	400	400	400	400	400	400	400	400
WHICH IS BEST E- Pearson TAILER IN TERMS OF Correlation QUALITY	-.180**	.015	.159**	.086	1	.246**	.061	.222**	-.222**	-.237**
Sig. (2- tailed)	.000	.768	.001	.085		.000	.222	.000	.000	.000
N	400	400	400	400	400	400	400	400	400	400
WHICH ONE IS BEST Pearson IN DELIVERING Correlation PRODUCTS	-.006	.210**	.379**	.184**	.246**	1	.452**	.348**	-.235**	-.207**
Sig. (2- tailed)	.912	.000	.000	.000	.000		.000	.000	.000	.000
N	400	400	400	400	400	400	400	400	400	400
AMONG THESE Pearson WHICH PROVIDES Correlation VARIETY IN PRODUTS	.074	.062	.374**	.249**	.061	.452**	1	.442**	-.360**	-.346**
Sig. (2- tailed)	.138	.217	.000	.000	.222	.000		.000	.000	.000
N	400	400	400	400	400	400	400	400	400	400

WHICH ONE HAS THE BEST POLICIES	Pearson Correlation									
		-.056	-.010	.410**	.291**	.222**	.348**	.442**	1	-.477**
	Sig. (2-tailed)	.267	.836	.000	.000	.000	.000	.000		.000
	N	400	400	400	400	400	400	400	400	400
WHICH ONE IS BEST IN MARKETING	Pearson Correlation									
		.110*	.089	-.368**	-.359**	-.222**	-.235**	-.360**	-.477**	1
	Sig. (2-tailed)	.028	.075	.000	.000	.000	.000	.000	.000	.000
	N	400	400	400	400	400	400	400	400	400
IN YOUR OPINION WHICH ONE HAS BETTER SCOPE IN FUTURE	Pearson Correlation									
		.127*	.124*	-.284**	-.206**	-.237**	-.207**	-.346**	-.421**	.445**
	Sig. (2-tailed)	.011	.013	.000	.000	.000	.000	.000	.000	.000
	N	400	400	400	400	400	400	400	400	400

One way Anova:

One way Anova has been applied to know the various factors affecting customer's preference of all three selected sites. As per one way Anova table listed below, Amazon is slightly better than other two ecommerce sites on the basis of customer choices and preferences. Different questions regarding better scope, marketing policies, return policy, best variety, delivery, other terms and pricing etc were asked from the young and middle aged persons and as a result as per this analytical table concluded that, all the three sites are good in their services. The preference site is Amazon on the basis of survey. But with other sites also, customers are totally satisfied on the basis of different parameters.

ANOVA

				Sum of Squares	df	Mean Square	F	Sig.
DO YOU PREFER ONLINE SHOPPING	Between Groups (Combined)			.683	2	.341	3.673	.026
	Linear Term	Unweighted		.109	1	.109	1.173	.279
		Weighted		.077	1	.077	.831	.363
		Deviation		.606	1	.606	6.515	.011
	Within Groups			36.907	397	.093		
	Total			37.590	399			
WHICH COMMERCE WEBSITE YOU PREFER	Between Groups (Combined)			8.020	2	4.010	7.511	.001
	Linear Term	Unweighted		2.292	1	2.292	4.293	.039
		Weighted		2.800	1	2.800	5.245	.023
		Deviation		5.219	1	5.219	9.776	.002
	Within Groups			211.940	397	.534		
	Total			219.960	399			
WHICH BEST TAILER TERMS PRICING	Between Groups (Combined)			6.296	2	3.148	5.331	.005
	E- IN OF	Unweighted		.334	1	.334	.566	.452
		Weighted		.552	1	.552	.935	.334
		Deviation		5.744	1	5.744	9.727	.002
	Within Groups			234.414	397	.590		
	Total			240.710	399			
WHICH BEST TAILER	Between Groups (Combined)			8.870	2	4.435	6.969	.001
	E- IN	Unweighted		8.194	1	8.194	12.876	.000
		Weighted		8.479	1	8.479	13.324	.000

TERMS OF QUALITY	r Deviation					
	ε					
	ε					
	r					
	γ					
	ε					
	r					
	r					
Within Groups		252.640	397	.636		
Total		261.510	399			
WHICH ONE IS BEST DELIVERING PRODUCTS	Between Groups (Combined)	2.703	2	1.352	2.332	.098
	Linear Unweighted	.001	1	.001	.001	.971
	Term Weighted	.007	1	.007	.012	.912
	Deviation	2.696	1	2.696	4.652	.032
Within Groups		230.087	397	.580		
Total		232.790	399			
AMONG THESE WHICH PROVIDES VARIETY IN PRODUCTS	Between Groups (Combined)	1.336	2	.668	1.106	.332
	Unweighted	1.336	1	1.336	2.212	.138
	Weighted	1.331	1	1.331	2.204	.138
	r Deviation					
	ε					
	ε					
	r					
	γ					
	ε					
	r					
	r					
Within Groups		239.854	397	.604		
Total		241.190	399			
WHICH ONE HAS THE BEST RETURN	Between Groups (Combined)	.775	2	.387	.708	.493
	Unweighted	.637	1	.637	1.164	.281
	Weighted	.675	1	.675	1.233	.267

POLICIES	r Deviation					
	€					
	€					
	r					
		.099	1	.099	.182	.670
]					
	€					
	r					
	r					
Within Groups		217.265	397	.547		
Total		218.040	399			
WHICH ONE IS BEST IN MARKETING	Between Groups (Combined)	4.208	2	2.104	3.766	.024
	i Unweighted	3.007	1	3.007	5.382	.021
	i Weighted	2.740	1	2.740	4.905	.027
	r Deviation					
	€					
	€					
	r					
		1.468	1	1.468	2.628	.106
]					
	€					
	r					
	r					
Within Groups		221.782	397	.559		
Total		225.990	399			
IN YOUR OPINION WHICH ONE HAS BETTER SCOPE IN FUTURE	Between Groups (Combined)	4.957	2	2.478	4.303	.014
	i Unweighted	4.037	1	4.037	7.010	.008
	i Weighted	3.761	1	3.761	6.530	.011
	r Deviation					
	€					
	€					
	r					
		1.196	1	1.196	2.077	.150
]					
	€					
	r					
	r					

Within Groups	228.633	397	.576		
Total	233.590	399			

Conclusion:

E-commerce industry is rapidly evolving and very intensely competitive all over the web. Amazon is dealing with huge competition especially in India. In e-commerce industry Amazon is competing with Flipkart, Snapdeal, ebay along with others industries also. Therefore, to survive in Indian market Amazon has to provide best services to its customers in term of everything. In this context we have read that Amazon has keep on progressing in India. It deals in 22million products out of which 7, 00,000 products are available for delivery in very next day. Along with that it has come out with 2,500 exclusive products. In India Amazon is competing with largest online retailer Flipkart, which has 40million registered customers, doing shipment at the rate of 8million per month, has an acquisition with 5companys including Myntra, also had done 30 exclusive tie-ups and much more. This concludes that a healthy competition prevailing in e-commerce. Amazon is better than Snapdeal and Flipkart from the customer point of view. The catalogue of Flipkart is available at Amazon. From the customer point of view, Amazon is better because every item is on 40-50% discount and customers never pay full MRP for any product. Amazon is slightly less than that on Flipkart. In a nut shell, Amazon is better than Flipkart and Snapdeal from the customer's point of view. After all, Amazon promises to deliver A to Z with a smile on its face.

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