

A Perceptual Study of Consumer Buying Behavior in Online Shopping

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Abstract

The invention of the internet has created a paradigm shift of the traditional way people retail, a consumer in no bound to opening time & location. Internet has developed a new delivery channels electronic transaction are increasing rapidly, most of the people purchased a goods from online but that there are still some reasons for which customer are reluctant to buy online sometimes they hesitate to go for online. The e-Commerce sector has seen unprecedented growth in 2014.

The growth was driven by fastest technology adoption led by the multiple use of devices like smart phones and tablets, and 4G, access to the internet through broadband etc, which results into an increased online consumer base. Furthermore, favored demographics and a growing internet user base support this growth. More focus, the growth shown by homegrown players like Snapdeal and Flipkart and the giant investor interest around these companies displayed the immense potential of the market.

The basic objective of this research paper is to study that "What factors are affecting the consumers directly for online shopping" to this end a survey was conducted & 120 questionnaires were distributed among the student of the different colleges, professors & general public. Time, Price, Trust & Security have been identified as the important factors.

Keywords: *Delivery channels, factors affecting, online shopping, E-commerce*

1. Introduction

It has been more than a decade since the e-commerce evolved first. Practitioners and researchers in the electronic commerce constantly struggle to obtain a better insight into consumer behavior in the cyberspace. With the improvement of the retail E-commerce, researchers

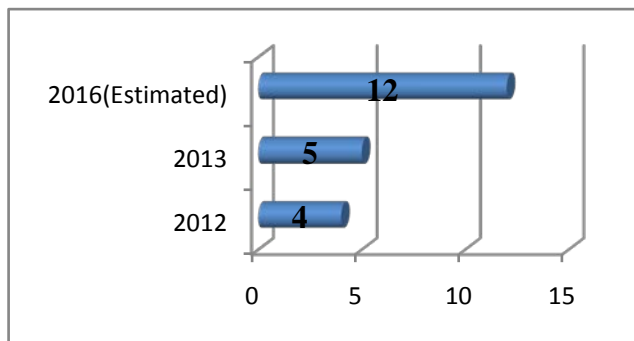
continue to explain E-attitude of consumers of different perspectives, many few of them are having the interest to know that which are the major factor that are attracting or repulsing the customers for online shopping. So this research paper focuses on the major factors.

The e-Commerce sector has seen unprecedented growth in 2014. The growth was driven by rapid technology adoption guided by the rising use of devices such as smart phones, tablets, kindles and access to the internet through broadband, 4G, etc., results to an increased online consumer base. Furthermore, favored demographics and rising internet users helped in this growth. Special focus, the growth shown by homegrown players such as Snapdeal and Flipkart and the big investor interest around these companies displayed the immense potential of the market. Consumers are declining to buy products online and it has too many reasons for this phenomenon because they consider that they do not trust in the process of online buys for the insecurity of credit or debit cards, the passwords, less time to devote, untrustworthy, the process of hacking information, unreliable, and a breach of privacy and social risks.

From the below graph we can conclude orders per million are expected to more than double from five million in 2013 to 12 million by 2016, which will mean more chances for both consumers as well e-Tail companies.

What is e-commerce?

A method of conducting Business through electronic means rather than through conventional physical means. Such electronic means include 'click & buy' methods using computers as well as 'm-commerce' which make use of various mobile devices or smart phones. This term takes into account not just the act of purchasing goods and availing services through an online platform but also all other activities which are associated with any transaction. Such as Delivery, Payment facilitation, Supply chain and service management.



Source: Technopak; Accel Partners, IAMAI-IMRB

An emergence of e-Commerce behemoths such as Amazon and Alibaba, the competition is raised to further intensification. Both these international players come with strong potential and the understanding to drive the Indian e-Commerce market. Additionally, their deep domain knowledge and best practices from their international experience enable them an additional edge. Also, these companies have been part of markets where they have seen the e-Commerce market evolve and are ready for the challenges and strategies to tackle upcoming issues.

Today, e-Commerce has emerged as an integral part of everyday life. Access to e-Commerce platforms is not a privilege instead it's a necessity for most of the people, particularly living in the urban areas. There are alternative e-commerce platforms exist (instead of the traditional physical platforms) for almost every aspect of our lives,

starting from buying of everyday household items to online brokerage. Since 1980, Catalogue shopping or mail order has been in existence in the United States, which was the predecessor of online commerce, and started in India after 2000.

In this digital world, critical understanding of consumer behavior in the electronic environment can be achieved if the factors that affect the buying decision are unequivocal or ignored. For an instance, online consumers' fears about the lack opportunity to examine products before buy specifically regarded as influential factors in the direct purchase decision. So that, several researchers have proposed that the consumers' buying behavior in online shops can be basically different from the traditional environment. [Alba et al., 1997; Winer et al., 1997].

Most online buyers and frequent use of the Internet shopping expected more often will be marketed and enhances their confidence on the website for the less online prevalent and buyers. It is clear that some electronic market's unique features. If the electronic means any ignored basic facts about consumer behavior, and because of this point more than promises and marketing electronic in this context business to consumers will not be achieved. [Nunes, 2001].

2. Research objective

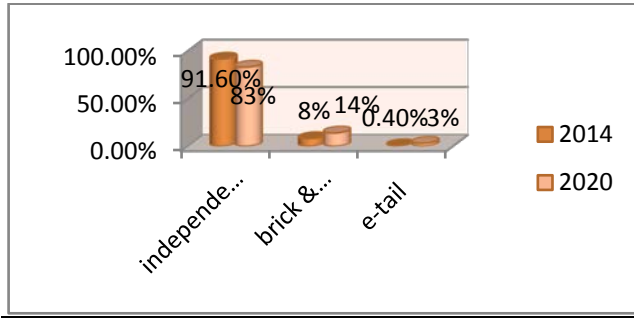
- To Study which are the factors affecting the consumers buying behavior at the time of Online shopping? How these factors influencing the consumers, when shopping online?
- Why is it that consumers hesitate to make decision for online shopping?

3. Literature Review

Ernst & Young (2000) is stated that its cost and competitive prices, due to the purchase on the internet delivery but the products pinch to review the system and fear of credit card hacking consumers are major concern. Internet shopping refers to purchase of goods and services through the Internet.

By 2020, e-Tail in India is expected to reach for 3% of total retail. While the share of online shopping in total retail has increased at a fast pace in the last few years, it is still small compared to the below figure in China, where the share is 8-10% depicted.

Share of E-tail in Indian market



Source: Technopak; Accel Partners, IAMAI-IMRB

According to *Vesterby & Chabert, 2001*, the internet is the way that can make it easier for businesses to have information on their products and services available to their strong customers. A company can meet the basic needs of the customer information to a less cost per report to the dispatch of product catalog. *Vesterby & Chabert, 2001* asserts that the businesses without physical existence must market themselves considerably, both online and off-line as well, for that the consumers to remember their name.

The invention of the internet has established a new model of the traditional way people shop. Customers are no longer tied to specific locations or the opening hours. It may result as active virtually at any time and any place to buy products and services. The Internet is a relatively new way for the communication and the exchange of information which has become a necessity in our daily lives. The number of Internet users is constantly rising, which is also advantageous that online purchasing is increasing rapidly. (Joines, Scherer & Scheufele, 2003)

An internet negotiates incarnation deals with the psychological state of our customers, with regards to the online shopping. Consumers are disinclined to purchase products online and it has too many reasons for this phenomenon because they think that they do not believe in the process of online purchases for the insecurity of credit or debit cards, its passwords, less time to devote, untrustworthy, the process of hacking information, unreliable, a breach of privacy and social risks.

Changchit, Douthit, and Hoffmeyer (2005) stated in his study on online shopping, was related to online some interesting factors which states the effect of online shoppers when they purchase from a website, more or less feedback to purchase or to the website. They have been in converse about the success of the business online burden on their ability to attract and to keep hold for customers to their customers could use the better of their time than the

prices and to get any type of product information through internet easily.

In today's competitive world many companies struggle to implement corporate strategies and are not able to respond to existing markets. To attain competitive advantage in today's dynamic market, companies use knowledge management. Knowledge management has become an integral part for all kinds of business as it helps organizations to improve on cost, quality, service and response to customer to obtain highest customer satisfaction. However, the major challenge of managing knowledge in the companies is capturing and integrating knowledge to share among all organizational members (Grant, 1996). Any organization has to gain the ability to collect, store, and distribute specialized knowledge to create and sustain competitive advantage (Davenport and Prusak, 1998; Grant 1996).

As markets and organizations are continuously becoming global, the traditional knowledge creation and transfer like face-to-face contact, job rotation, and staff training program may prove to be too slow and less effective. The need to develop more efficient way has led to implementing information systems that are designed specifically to facilitate coding, combining, and applying of organizational knowledge (Alavi and Leidner, 1999). People, processes, and technology are the three main components of knowledge management and are critical to build the learning base for organization to get results. Most of the organizations across the world implemented knowledge management have found technology and processes easier to be placed. However, "people" component has been found to be a major challenge. To ensure participation of people or employees sharing, integration and re-use of knowledge is the biggest challenge to achieve business results. The traditional mindsets of the people in organization need to be changed. It needs to be changed from "knowledge-hoarding" (to keep hidden or private) to "knowledge-sharing" (share among team members) and needs to create an atmosphere of trust between them. A combined program of motivation, rewards and recognition and other measurements like re-aligned performance appraisal can help to achieve it.

Knowledge management is the basic need of corporate to excel. It's the ability of an organization to manage knowledge and its knowledge workers to compete globally. Earlier, it was thought to be a basic requirement of any knowledge based industry like consultancy, software etc. However, today is has become an integral part of any organization irrespective of type of industry. Moreover, the organizations that are able to create and manage a culture of knowledge management will only manage to survive and achieve growth. Knowledge management has

extended to service industry too, beyond manufacturing industry. There are not much studies available in literature focusing service industry, but rigorous study is required as the service industry is growing at much faster pace. Thus, it is necessary to understand the situation and how the service sector develop and implement knowledge management, as it play an important role to make companies compete productively.

An effort has been done in this study to analyze various facets of knowledge management as well as to highlight the role played by the knowledge management system for the continuous growth of IT business in India with the help of exemplifying knowledge management practices conducted in IT Industry of India.

4. Research Methodology (Factor Analysis):

- The study was carried out with the help of questionnaire and it aimed at the basic profile of the respondent like age, sex etc.
- Further they had to state what the most important thing is for the online buyers at the time of online shopping.
- The respondents were required then to rank their responses on the following parameters (factor affecting consumers for online shopping) i.e. Price factor, Time factor, Trust & security factor, etc.

Since in this research paper Research is having 12 variables for their problem & Researcher is trying to find out the important factors which are affecting the online shopping in India. Factor analysis is a technique used when the research is interested in identifying a smaller number of factors underlying a large number of observed variables. Variable that have high correlation between them but largely independent of each other.

4.1 Sample Size

The study was to examine the attitude of the 120 of the people to fill questionnaire on online shopping based on closed ended questions & 1 open ended question. Data was gathered through different population of Professors & students from various institutions and the general public with different professions. Questionnaires were circulated among 86 teachers & students and 34 from general public of Pune region of the Maharashtra state.

4.2 Data Analysis & Findings

Gender

Category	Frequency	Percentage
Male	64	53.33%
Female	56	46.67%
Total	120	100%

Age

Category	Frequency	Percentage
0-20	00	00%
21-35	97	80.83%
36-45	14	11.67%
45 & above	9	7.5%
Total	120	100%

Factor Analysis (Data Reduction Techniques)

The factor model:

In This research paper Researcher has 12 variables (Time, Price, Security, Convenience, Language familiar, 24*7 accessibility, Risk Perception, Trustworthy & in mode of payment (COD i.e. Cash on Delivery, Credit card payment, Debit card payment)) etc.

The factor analysis includes:

1. Exploratory & confirmatory analysis
2. Extraction
3. Factor loading

4. Rotation
5. Communalities
6. Eigen value & scree plot
7. Scale reliability

Communalities		
	Initial	Extraction
Time_factor	1.000	.634
Security	1.000	.794
COD	1.000	.925
Price	1.000	.402
Convenience	1.000	.655
Accessibility(24*7)	1.000	.743
Trustworthiness	1.000	.722
Language_familiar	1.000	.320
Risk_perception	1.000	.899
DC	1.000	.767
NO_OF_OPTIONS	1.000	.925
CC	1.000	.748

Extraction Method: Principal Component Analysis.

Extraction communalities are useful as these are obtained using the extracted factors. Extraction factors give the total amount of variance in that variable explained by all the factors. In this research paper the variable Cod (cash on delivery) & No. of options show the variance of 92.5% both in positive way which attracts the consumer towards online shopping & risk perception related with the product quality, quantity, shape, size etc. in negative way with the variance of 89.9% which repulse consumers from online shopping.

Total Variance Explained						
Component	Initial Eigen values			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
2	3.109	25.906	59.112	3.109	25.906	59.112

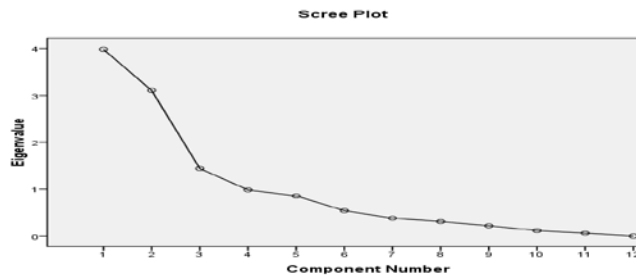
3	1.440	12.000	71.112	1.440	12.000	71.112
4	.985	8.210	79.322			
5	.855	7.124	86.447			
6	.543	4.521	90.968			
7	.380	3.170	94.138			
8	.309	2.573	96.711			
9	.218	1.815	98.525			
10	.116	.969	99.495			
11	.061	.505	100.000			
12	5.329E-17	4.441E-16	100.000			

Extraction Method: Principal Component Analysis.

The above table Total variance explained summarizes the total variance explained by the FA solution & gives an indication about the number of useful factors. The table has three parts, The first part titled Initial eigenvalues gives the variance described by all the possible factors. It has total of 12 factors, which is same as the total number of variables entered into a FA. Please note that factors are not the variables. The first column under initial eigenvalues give the eigenvalues for all the factors in a decreasing order this follows the variance as the percentage and then cumulative percentage.

The second part is known as sum of square loadings give the information about the extracted factors after rotation from the above table we can analyze that from the column of cumulative % that the three extracted factors explains 71.112 % of the variance.

From the below graph you can analyze that slope of scree plot changes from steep to shallow after first three factors this show that the three factor solution may be the right choice. i.e.(Time factor, security, Cash on delivery (COD)).



5. Conclusion

The study was accomplished to discover the affects of online shopping towards the attitude of consumer buying Behavior in online shopping. According to our survey, online shopping is getting popularity in the young generation such as students and professionals. Students usually prefer to buy goods from its original source and they mostly prefer online shopping.

When a consumers to make purchases online to buy something, he or she is affected by assorted factors. The main influencing factors have been identified as, Time factor, security, convenience, price factor, & cash on delivery. The price factor exists because the prices are often lower through online shopping as compared with physical purchases in the market. Buy online can be of great benefit to the consumer in terms of convenience, saving time and money.

In 2015, e-Commerce players see mobile commerce as the most preferred route with mobile wallet as the preferred way of payment. With 4G services expected to be launched in 2015, internet penetration is likely to take a significant leap, which is likely to give another boost to mobile commerce. Changes in lifestyle and shopping choices will see buyers preferring online and mobile channel over physical channel to save time and seek wider range and possibly comparative pricing. For mobile wallets, improvements on the payments front with multiple payment instruments and increase in payment gateways aided by enhanced security with multiple authentication layers will help the consumers with a seamless mobile experience.

The number of mobile subscribers in India jumped from 261 million in 2007-2008 to 910 million in 2013-2014. Along with telephony, internet penetration is soaring in rural and urban India. Moreover, the number of rural internet users is growing by 58% annually. Increases in the number of smart phones and 3G subscriptions are further

driving this growth. Indeed, the number of Smartphone's users is expected to grow at a CAGR 91% from 2012 through 2016, jumping from 29 million to 382 million. Similarly, the number of 3G subscribers could expand at a CAGR of 84%—from 23 million to 266 million—during the same period.

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