"A Study of Online Purchase Behavior of Customers"

Mrs. Parveen

Research Scholar

Shri Venkateshwara University, Gajraula(UP)

Dr. Devesh Kumar

Associate Professor

Deptt. Of Commerce & Mgt.

Shri Venkateshwara University, Gajraula(UP)

ABSTRACT

The recent growth of e-commerce and the consumer's increasing interest in purchasing over the net have significantly changed the landscape of Indian retail market. Today customers are inclined to accept the changes and keep their eyes on the benefits they can obtain from online retailers. The recent example of changing consumer purchase pattern is the Flipkart's 'Big Billion day' Sale. The growth in online sales can be partially attributed to the Internet's advantages of providing large amounts of information quickly and inexpensively and its growing accessibility. Yet, to reach its full potential, business owners who use ecommerce as a distribution channel need a clearer understanding of who buys online, what they buy online, why they buy online, and how the non-Internet buyer can be transformed into an online buyer in order to increase online sale.

The purpose of this study is to understand and analyze the factors effecting online purchase decisions of Indian customer. The paper attempts to identify the determinants of online purchase intentions of youths in Indian context. Based on extensive literature review, factors effecting online purchase intentions, antecedents of service quality and consumer attitudes were identified and a structured-non-disguised questionnaire was prepared. The data was collected through survey of 200 students of graduation and post-graduation courses in Bareilly region of Uttar Pradesh. The questionnaire contained questions about consumer demographics, security and privacy concerns, technological familiarity, past online shopping experiences and intentions to buy various types of products through internet in future.

The findings of the study indicate that customer online purchase intentions are significantly related to their gender, education, age, security concern, technological familiarity, and past online purchase frequency. Consumer buying behavior is also affected by product type, purchase frequency and expensiveness. Their purchase decisions are also found to be related with the online retailer's

services like return, refund and delivery services.

1. INTRODUCTION

Online shopping is a form of electronic commerce which allows consumers to directly purchase products or services from seller over the internet using web browser. Online shopping provides all type of goods to be available in the virtual world. It is just like a shop in the neighborhood, selling all type of goods but with some prominent differences. Here one can access these shops any time without stepping out of their home /office. It can be accessed any time when you are on the move, relaxing in your home or having a time out at your office. Here all the products are displayed with the price and detailed mention of the features. Potential customers can have a look at them, analyze what other similar online shopping outlets are offering and can get the best deal out of it.

An e-commerce opens the global market to the customer, it helps the customer by providing huge options while buying a product or a service, the online searching and comparing facilities enables customer to select right product or service,.

E-commerce is trading of services and products with the help of internet. E-commerce introduced in the end of 70s and became popular during the 90s in western countries like USA and UK. E-commerce introduced new possibilities in trading and attracted attention of many traders.

In July 1995 Amazon.com started selling books online and the response they received was unexpected as in short timespan books sold online in all 50 states of USA and 45 countries.

E-commerce offers products and services through websites, a customer simply has to visit an e-commerce website and browse various offering through browser catalog, a customer can select multiple offerings and can add them to the shopping cart, once the shopping is done the customer can checkout and proceed to payment section where various online payment options are available like internet banking, credit card, debit card etc. Once the payment is done the customer is notified about the order and order is shipped on the postal address provided by the customer.

2.Specific features of Online shopping:-

1.   It is based on the concept of flexi time.

2.   It can be accessed from anywhere.

3.   One can evaluate many online shopping stores at a time.

4.   Comparison can be made in real time.

There is provision of replacement of product if it is not as per the aspiration of the customer.

5.   Casual shopping.

## 3.Different phases in the online shopping process
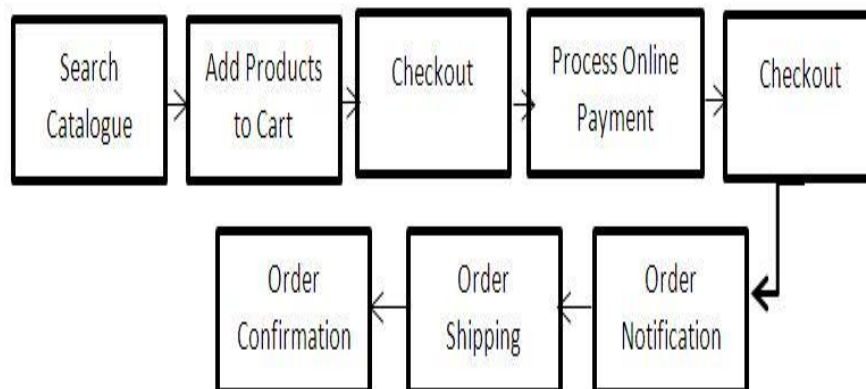
4.Internet Growth in India

The number of Internet users in India is expected to reach 500 million by June 2018, according the 'Internet in India 2017' report published by the Internet and Mobile Association of India (IAMAI) and Kantar IMRB.Despite being the second largest userbase in world, only behind China (650 million, 48% of population), the penetration of e-commerce is low compared to markets like the United States (266 M, 84%), or France (54 M, 81%), but is growing at an unprecedented rate, adding around 6 million new entrants every month. The industry consensus is that growth is at an inflection point.

5.Growth of E-Commerce in India

For the financial year 2016-17, eCommerce sales reached the US $16 billion with a projection of a seven fold growth within the next two fiscals as estimated by Morgan Stanley. By 2020 online commerce sales is expected to cross $120 billion. According to reports published by International Monetary Fund (IMF) and Central Statistics Office (CSO), India.

India's online customer base could increase as much as 1400% and reach 300 million shoppers within 10 years.

Largest e-commerce companies in India are Flipkart, Amazon India, Paytm.
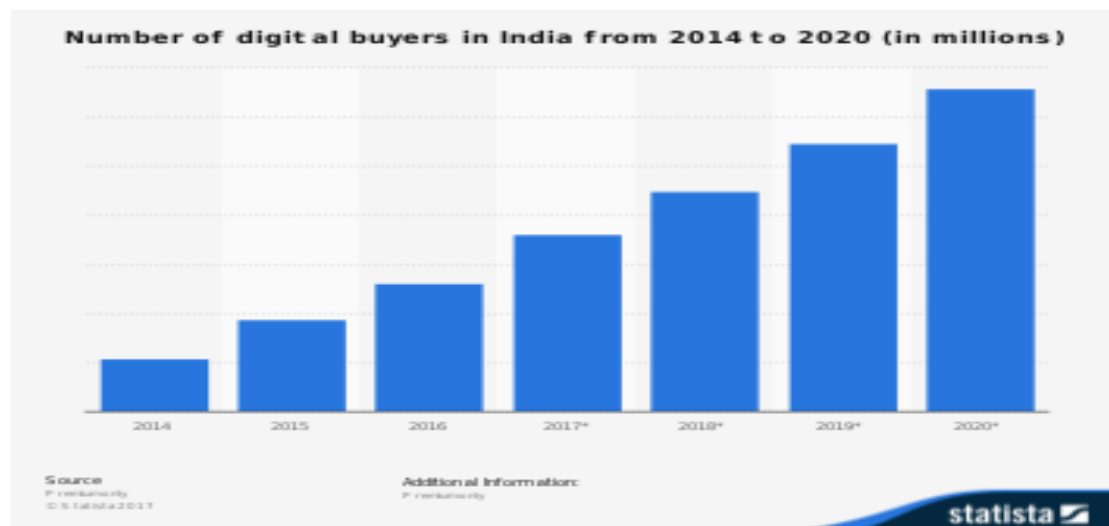
Top 5 leading online shopping site in India

    i)   FlipKart

    ii)   Amazon

    iii)   PayTm

    iv)   Snapdeal

    v)   Shopclues

6Cash on Delivery

Cash on delivery (COD), sometimes called collect on delivery, is the sale of goods by mail order where payment is made on delivery rather than in advance. If the goods are not paid for, they

are returned to the retailer. Originally, the term applied only to payment by cash but as other forms of payment have become more common, the word "cash" has sometimes been replaced with the word "collect" to include transactions by checks, credit cards or debit cards.

In India, cash on delivery (COD) is the most preferred payment method, accumulating 75% of the e-retail activities. Demand for international consumer products (including long-tailitems) is growing much faster than in-country supply from authorised distributors and e-commerce offerings.

7 LITERATURE REVIEW

CONSUMER CHARACTERISTICS AND ITS IMPACT ON ONLINE SHOPPING

Zhou et al. (2007) discovered that customer traits, internet self efficacy, prior online shopping experience, shopping orientations, economic benefit perception, risk perceptionare some of the factors affecting online shopping acceptance of customers.

Customer characteristics can be explained in following categories: cultural, characteristics, social characteristics, personal characteristics and psychological characteristics. Cultural characteristics are developed by three features- culture, sub culture and social class (Hawkins, Best and Coney, 1995; Armstrong and Kotler, 2003; Peter and Donnelly, 2001, Wu, 2003), while social characteristics may be defined with the help of reference groups, family, social roles, & status (Armstrongand Kotler, 2003; Wu, 2003). Personal characteristics are divided into Age and Life-Cycle Stage, Occupation, Economic Situation, Lifestyle, Personality and Self-concept (Armstrong and Kotler, 2003; Adcock et al, 1995; Hawkins, Best and Coney, 1995; Wu, 2003). Last but not the least psychological characteristics can be defined by Motivation, Perception, Learning, and Beliefs and Attitudes (Armstrong and Kotler, 2003; Wu, 2003).

These customer characteristics will be studied specifically for the online customers. The characteristics will be studied to segment the online consumer by analyzing:

- The customer's demographics

- Life patterns concerning Online Behaviour, such as how much the consumer uses the Internet, & for what purposes.

Prior experiences have also been identified to be relevant for what Beliefs and Attitudes the customer has towards online shopping and are therefore also important for the research.

These are the customer characteristics that are relevant for this research and need to be identified in order to find out who the online customer is and what affects him when shopping online.With the increasing size, more demand by youth and change in thebehaviour of youth towards shopping has clearly indicated a huge

market is available to the incumbents and existing performers. Andat this stage it is important to understand the buying behaviour ofIndian customers towards online shopping which is mandatoryfor a great marketing strategy by the players in this industry.

Thesize and growth rate of this industry was never like this before.And considering all this, the present study has made an attempt tounderstand the online shopping behaviour of Indian customers.

8 Objective of the Study

The primary objective of the study is to analyze the features related to the shopping behaviour of online shoppers and to provide useful information to marketing professionals to develop a better marketing strategy to boost online shopping in retail market.

Following objectives have been framed for the research:

- To know about the purpose of using internet.

- To find popular e-tailing websites.

- To know about the most popular category of item purchased online.

- To study the impact of demographic characteristics of customers on their online purchase

pattern.

9 Research Design

Focusing the objective of the present study, a survey was conducted with the help of a structured questionnaire to collect data about the consumer behavior for online shopping in Sonipat region. The structured questionnaire was designed to collect informationabout demographic profile of the respondents such as age, gender,occupation. In addition to this, various questions related to theexperience of internet usage, the purpose of using Internet, types ofproducts purchased online, factors affecting consumer behavior while online shopping etc. were asked from the respondents.Considering the time and budget constraints, the data was collectedfrom Sonipat region. Out of 120 respondents, some ofthe respondents did not answer 2-3 questions and the same hasbeen mentioned at the time of analysis of data. Simple chartingand tabulation tools are used to understand the behaviour of therespondents for online shopping.

10. Data Collection Tool Used: Questionnaire

The data collection tool used for the research is **"Questionnaires"** to get the primary data for the empirical research on consumer preference on online grocery shopping.

11. Finding and Implication

The objective of this study was to assess the impact of customer characteristics on their online shopping intentions. Based on the review of literature, a total of six customer-related factors were identified and examined in the study. Major findings of the study and their implications are as follows:

Both the genders are likely to purchase goods/services online but as compared to females, males do more online shopping.

Most of the time people use internet for communication purpose i.e. for e-mail, chatting, social networking etc. but people also use internet for entertainment, information gathering and shopping purpose.

It has been analyzed that people in the age group between 30-45 years are more interested in doing online shopping as compared to other age groups.

Income has a positive relationship with online purchase frequency. People having higher income are more engaged in purchasing goods over internet.

Education level of respondents was also found to be positively correlated with online purchase frequency implying that the higher the education level of people, more they have tended to prefer buying goods online.

The most popular website for online shopping was Flipkart and Amazon. Although many people are also aware about eBay and HomeShop18.

The most popular items purchased by people over internet are books followed by tickets and apparels.

Customers' concern for security is found to be negatively correlated with their online purchase decision. People highly concerned about security of personal information, passwords, financial transactions are less likely to do online shopping.

A positive relationship between past online purchase frequency and future online shopping intentions is observed implying that customers who purchased more products via internet in past will continue to make online purchases in future too.

Technology familiarity of the respondents is found to be positively related with past online purchase frequency. The implications are once again that people having high knowledge of technology are more likely to shop online.

12. Suggestions:

1. More awareness towards online shopping:

We find through this study that the demo-graphical issues like age, education and income were agreed foronline shopping but the rate is higher when the respondents are young, when the education is higher the respondents agreed for the same and the higher income group respondents strongly agree for the same. Itmeans an awareness program for online shopping is very much necessary. The retail online shoppers shouldbe planned for awareness towards online shopping through different ways.

2. Varied payment options:

In order to attract more and more customers, online shoppers have to increase the payment options as thereare only small sections of people in India specially in Sonipat like city who have credit cards so this also hampers some who are willing toshop online. More options like Cash-on-delivery, money transfer, cheques or demand drafts, end-to-endpayment should be made available to the customer who can adopt the best suited method.

3. Awareness regarding security measures

Security issues still continue to be a major drawback and trends like AVS (Address Verification System),PIN for credit cards, smart cards, digital signatures, e-cards, and easier infra-and inter-bank transactionsonline need to be made more prominent. Teaching consumers to transact only on secure internetconnections is also necessary.

4. Highlight the benefit of shopping at home

Potential customers should be convinced of the benefits of shopping from home without having the pain ofgoing out in the crowded placed.

5. Make the prices more competitive

The price offered for online shopping should be made more competitive as compared to the prices of thegoods available in the local shops then only the customers will feel motivated to buy online.

6. Stress on the special offers

Customers should be made aware about the varied sales promotion schemes, which will make this onlinebuying more attractive and popular among the buyers.

7. Emphasis on after sale service

As the biggest hindrance in the path of online shopping becoming more popular is the question "who is toblame" If the product is not functioning well? Therefore, there should be more stress on the quality ofproducts and the durability of the products, which are offered for sales and along with that assurance forafter sales service.

13. CONCLUSION

The current study is descriptive in nature and it has made an attempt to understand the behavior of small city consumers towards online shopping. Although statistical significance of various parameters has not been examined but the generalized results obtained through data analysis has given clear indication of increasing significance of online stores in the life of Indian city people.

The e-stores are frequently visited by the shoppers. The ease and convenience provided by these stores for 24x7 has made very easy shopping for consumers worldwide. The analysis discussed in the above section has documented that the Indian customers are also getting addicted to the online shopping and they do like various features of online shopping as by rest of the world. But the statistics available has shown that Indian market is still not a fully developed market for e-tail stores. There is huge scope of web-stores in various areas and in almost all the segments. The

young population is the biggest attraction of this industry and they may contribute substantially to the growth of online shopping in Indian city. The majority of internet users are youngsters, the majority of goods and services demanded are related to only this segment. Travel planning is one of the biggest services used by Sonipat City online shoppers.

REFERENCES

[1] Joseph Alba, John Lynch, Barton Weitz, Chris Janiszewski, Richard Lutz, Alan Sawyer and Stacy Wood, "Interactive home shopping: consumer, retailer and manufacturer incentives to participate in electronic marketplaces", *Journal of Marketing*, Vol. 61, No. 3, pp. 38-54, 1997.

[2] Billy Bai, Rob Law and Ivan Wen, "The impact of website quality on customer satisfaction and purchase intentions: evidence from Chinese online visitors", *InternationalJournal of Hospitality Management*, Vol. 27, No. 3, pp.391–402, 2008.

[3] Kumar Shefali, "Consumers' Behavioral Intentions Regarding Online Shopping", Ph.D Thesis, School of Merchandising and Hospitality Management, University of North Texas, 2000.

[4] "The Internet Shopper" in "*Marketing Whitebook 2013-14*", Business World, 2014.

[5] http://articles.economictimes.indiatimes.com/2009-12-17/news/28394286_1_mobile-platform-ebay-online-shopping

[6] Bellman, S., Lohse, G., Johnson, E.J.,"Predictors of online buying behavior", Association for Computing Machinery. Communications of the ACM, 42(12), pp. 32-38, 1999.

[7] Bhatnagar, A, Misra, S., Rao, H. R.,"Online risk, convenience, and Internet shopping behavior", Communications of the ACM (43:11), pp. 98-105, 2000.

[8] Donthu, N.; Garcia, A.,"The Internet shopper", Journal of Advertising Research, Vol. 39, No. 3, pp. 52-58, 1999.

[9] Schiffman, L.G., Sherman, E., & Long, M.M.,"Toward a better understanding of the interplay of personal values and the Internet", Psychology & Marketing, 20(2), pp. 169-186, 2003.

[10] Shergill, G., Chen, Z., (2005), "Web Based Shopping: Consumers' Attitude Towards Online Shopping in New Zealand", Journal of Electronic Research, Vol. 6, No. 2, pp. 79-94. [Online] Available: http://commerce.massey.ac.nz/ research_outputs/2003/2003008.pdf.

[11] Solomon, M. R.,"Consumer behavior", New York, NY: Prentice Hall, 1998.

[12] Sorce, P.; Perotti, V.; Widrick, S.,"Attitude and age differences in online buying", International Journal of Retail & Distribution Management, Vol. 33, No. 2/3, pp. 122-132, 2005.

[13] Sultan, F., Henrichs, R.B.,"Consumer preferences for Internet services over time: initial explorations", The Journal of Consumer Marketing, 17(5), pp. 386-403, 2000.

[14] Swaminathan, V., E. Lepkowska-White, B.P. Rao (1999). "Browsers or Buyers in Cyberspace? An Investigation of Factors Influencing Electronic Exchange", Journal of Computer-Mediated Communication, Vol. 5, No. 2, [Online] Available: http://www.ascusc.org/jcmc/vol5/issue2/ swaminathan.htm.

[15] Swaminathan, V.; Lepkowska-White, E.; Rao, B. (1999). "Browsers or buyers in cyberspace? An investigation of factors influencing electronic exchange", Journal of Computer

[16] Mediated Communications, Vol. 5, No. 2. [Online] Available http://jcmc.indiana.edu/vol5/issue2/swaminathan.htm

[17] http://gadgets.ndtv.com/internet/news/shopping-via-smartphones-in-india-could-touch-40-million-by-2016-study-726136

[18] http://indianexpress.com/article/technology/tech-news-technology/india-to-have-over-500-million-internet-users-by-june-2018-iamai-report/

[30] https://www.kartrocket.com/blog/ecommerce-growth-india-market-research-stats/