

A STUDY OF ONLINE SHOPPING BEHAVIOR IN INDIA

Dr. Kapil Garg
Research Supervisor
Mewar University
Rajasthan

Khushboo Agarwal
Research Scholar
Mewar University
Rajasthan

ABSTRACT: Rapid exponential growth of internet users have provided an opportunity to both buyer and seller to use this virtual platform for doing economic transaction (selling and buying) online. Internet has emerged as a popular mode of Non Store retailing, where consumers are buying and shopping almost all types of products online. Recent research has shown an interest in investigating consumer motivations that affect the online shopping behavior. It is yet to understand what factors influence online shopping decision process. The objective of this study is to provide an overview of online shopping decision process by comparing the offline and online decision making and identifying the factors that motivate online customers to decide or not to decide to buy online. It is found that marketing communication process differs between offline and online consumer decision. Managerial implications are developed for online stores to improve their website.

This study provides a theoretical and conceptual background that illustrates the online consumer behavior process. The result shows that Indian market is still not a fully developed market for e-tail stores. According to India B2C E-Commerce Report 2013, e-tailing accounts for less than 1 percent of the overall retail market in India in 2012. While it accounts for over 5 percent if the total retail market in China and 10% in the UK and the US. It can be concluded on the basis of study that online shopping is gaining popularity among people of young generation. The young population is the biggest attraction of this industry and they may contribute substantially to the growth of online shopping in India. Higher income groups and educated people are also purchasing more via e-retailing websites.

Keywords: Online shopping, online shopper behavior, internet, market

INTRODUCTION

The Internet have been using for several different purposes. Besides that, it has also brought a different dimension to commercial activities. The Internet has created a new market for both customers and organizations, and has been an alternative market to the traditional market. Web sites provide a chance to search information about products/services, place a comment or give orders (Hoffman and Novak, 1996; 51). Therefore, the previous experience of marketing has turned into a different segment. Now organizations are taking consider to provide different payment methods, different shipping alternatives and even different web interfaces for different geographies.

Rapid exponential growth of internet users have provided an opportunity to both buyer and seller to use this virtual platform for doing economic transaction (selling and buying) online. Internet has emerged as a popular mode of Non Store retailing, where consumers are buying and shopping almost all types of products online. As per The Hindu India has bypassed Japan to become the world's third largest Internet user after China and the United States, and its users are significantly younger than those of other emerging economies. The Telecom Regulatory Authority of India (TRAI) pegged the number of Internet subscribers in India at 164.81 million as of March 31, 2013, with seven out of eight accessing the Internet from their mobile phones.

Three-fourths of India's online population is under 35 as against just over half worldwide, the com Score report, India Digital Future in Focus 2013, says, possibly reflecting India's more recent improvements in literacy. Men under 35 and women between 35 and 44 are heavier users. But women account for less than 40 per cent of all Indian users, a far lower sex ratio than that of other countries. It has been proved that consumers are accepting and adopting online buying into their habit. Rapid growth in the number of growing e-commerce websites and consumers' acceptance and support to these e-

commerce websites have forced the marketers and academicians to study the consumer behavior. The Top Ten Players in Indian E-commerce Market are Flipkart, E-Bay India, Snapdeal, Amazon India, Myntra, Shopclues, Dominos, Freecharge, Jabong, and Tradus.

OBJECTIVES OF THE STUDY

The objectives of the present study are:

- To study the online shopping behavior of customers.
- To study the predictors influencing online shoppers especially mobile phone shoppers.
- To examine whether customers prefer online shopping to physical stores for mobile phone shopping.

RESEARCH METHODOLOGY

Sources of Data -The present study is based on secondary data collected from different sources like websites, journals, books, official reports etc. The data have been used to emphasize the distinct predictors of Online purchasing in general and for mobile phone in particular.

ON LINE PURCHASING BEHAVIOUR

Current Scenario

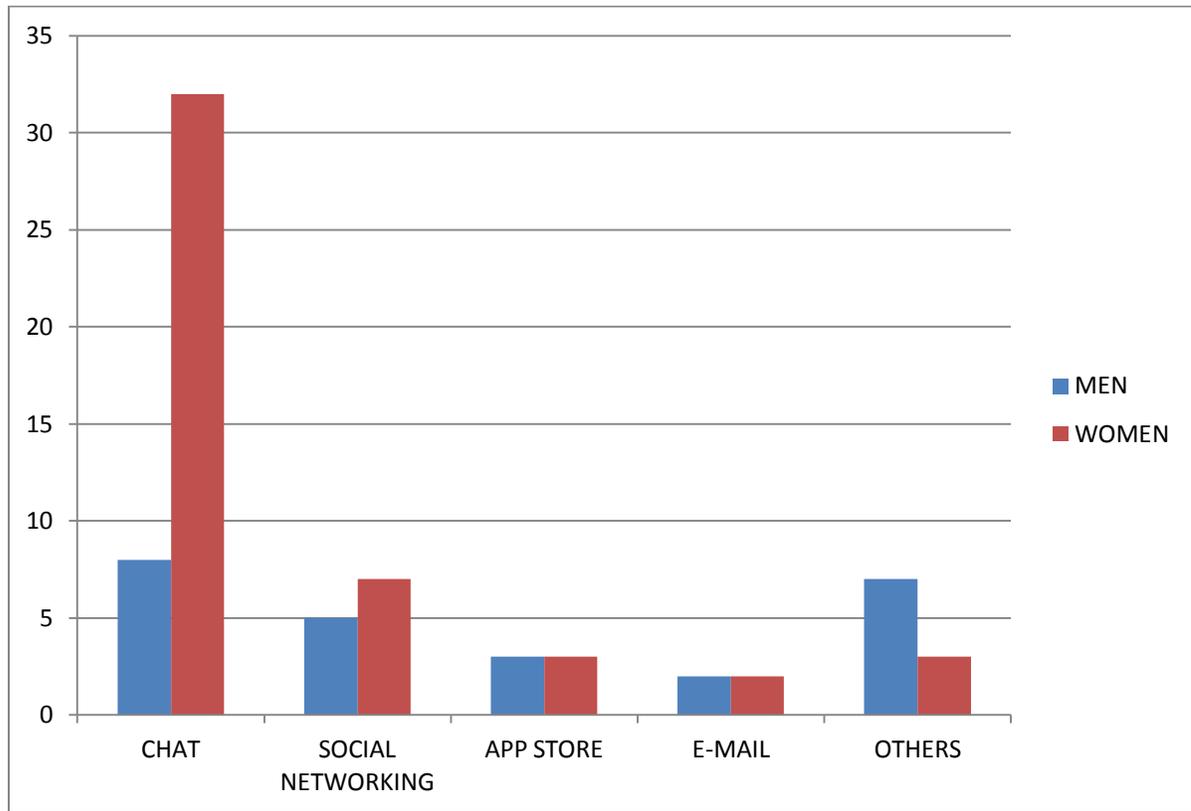
As per the Press Release of ASSOCHAM, on December 30, 2013 Factors like spiraling inflation and slower economic growth failed to dampen the online shopping trends of Indian consumers and have witnessed a significant change in 2013, recorded 85% rise in online trends over the regular shopping than last year (65%).Internet users have also increased with a high growth rate during 2010-2014 as shown under-

INDIA INTERNET USERS

| Year (July 1) | Internet Users** | User Growth | New Users | Country Population | Population Change | Penetration (% of Pop. with Internet) | Country's Share of World Population | Country's Share of World Internet Users | Global Rank |
|---------------|------------------|-------------|------------|--------------------|-------------------|---------------------------------------|-------------------------------------|---|-------------|
| 2014 | 243,198,922 | 14% | 29,859,598 | 1,267,401,849 | 1.22% | 19.19% | 17.50% | 8.33% | 3 |
| 2013 | 213,339,324 | 37% | 57,763,380 | 1,252,139,596 | 1.25% | 17.04% | 17.48% | 7.87% | 3 |
| 2012 | 155,575,944 | 27% | 32,605,503 | 1,236,686,732 | 1.27% | 12.58% | 17.47% | 6.18% | 3 |
| 2011 | 122,970,441 | 36% | 32,548,593 | 1,221,156,319 | 1.29% | 10.07% | 17.45% | 5.39% | 3 |
| 2010 | 90,421,849 | 48% | 29,486,779 | 1,205,624,648 | 1.30% | 7.50% | 17.43% | 4.42% | 4 |

* **Internet User** = individual who can access the Internet at home, via any device type and connection. More details.

ONLINE APP USAGE IN INDIA (%)

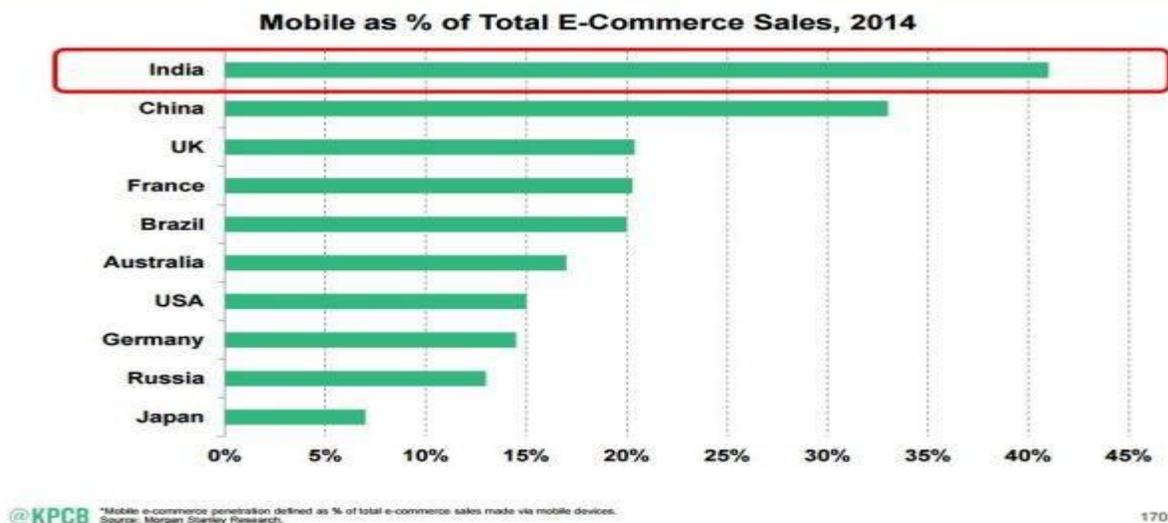


REASONS FOR GROWTH OF ONLINE BANKING IN INDIA

Mobile Penetration: The increase in Internet users is led by a significant growth in Smartphone subscription in India that grew by 55% to 140 million subscriptions for the year. Smartphone's now account for around 15% of the total mobile subscriptions in India and 11% of Indian population are on Smartphone's as of now. Mobile contributed for 65% of India's Internet traffic as of May 2015. India, China and Brazil are leading the Smartphone growth worldwide, that witnessed a 23% increase to 2.1 billion Smartphone subscriptions.

Mobile E-commerce: India seems to be the leader in the switch to mobile for e-commerce companies, with mobile platform accounting for 41% total e-commerce sales in 2014. The report notes that Indian e-commerce leaders are also more mobile-centric as compared to global leaders. Mobile accounts for around 75% of Snapdeal's orders and around 70% of Flipkart's orders. This has probably incentivized e-tailers like Myntra to chuck the desktop site and adopt an app-only model.

Mobile = 41% of India E-Commerce...
= More Mobilized vs. Most Other Countries*



ONLINE CONSUMER CHARACTERISTICS

Buyers’s characteristics are important theories from Kotler and Armstrong (2007) and it explains the way that the consumer interprets and receives stimuli from advertisements. The decision of consumers are influenced by a number of individual characteristics that are linked to the consumer’s specific needs (Kotler & Armstrong,2007).Human needs and motives are inextricably linked and that the relationship between them is so very close that it become difficult to identify the precise difference which may characterize them. People may buy new coats because it protects them against the weather, but their real underlying dominant need may be to follow the latest fashion trend.

More specific identifications of the online consumer need to be made in order to understand the online purchase behavior. The identified characteristics are some key characteristics in regard to the online consumers. These key characteristics were made in order to identify online consumer and to be able to segment them.

Cultural Online Characteristics- Consumer form a higher social class generally purchase more and have higher intention to purchase online because there is a higher probability that they possess a computer and also have greater access to internet. Consumer from lower social class would not have the same properties. The author point out those consumers with lower social class, and thereby not having the same properties, would not have the needed computer literacy to be able to leverage a computer.

Social online characteristics- The social influence on the online consumer comes from the Reference group compared from the traditional way. For the online consumer new Reference group were identified as virtual communities, consisting of discussion group on the web site. The consumer can read about other people’s experience and opinions which have shown to have the effect of Reference groups (Christopher & Huarang,2003), are links to product related websites, which encourages product selection and contact information.

Personal Online Characteristics- Consumers with higher household income would have a positive attitude towards online shopping. This conclusion was explained by the fact that households with higher

income would have a positive correlation with possession of computer, internet access, and higher education.

Psychological Online Characteristics- Smith and Rupp (2003) identified the psychological characteristics of consumer behavior as questions the online consumer would ask himself before making a purchase online.

Motivation- the consumer is reasoning for incentives to encourage in a particular behavior. He may ask himself questions like: should I look around for better price? If online shopping saves me time, should I shop online more often? How much do I really need this product?

Perception- The consumer is interpreting acquired information by classing it. Question such as the following may come about: I feel that this site seems pretty secure. It seems that this site has a good product but how can I be sure?

Personality- The consumer is adapting to influences of his cognitions. He may ask himself, what type of websites is best suited for his personal preferences.

Attitude- The consumer is working out what his like and dislikes are in respect to particular situation. He may ask himself; I am pretty unsure about extra cost, should I really be buying items from the internet? If I do not buy the item online, how else can I get it?

Emotions- The consumer is without conscious effort detecting how he is being affected by his cognitive choice. He may ask himself, that last time I ordered from the internet I had a really bad experience. Should I try buying online again? What is the future of buying online? If web sites get better should I invest more time in buying online.

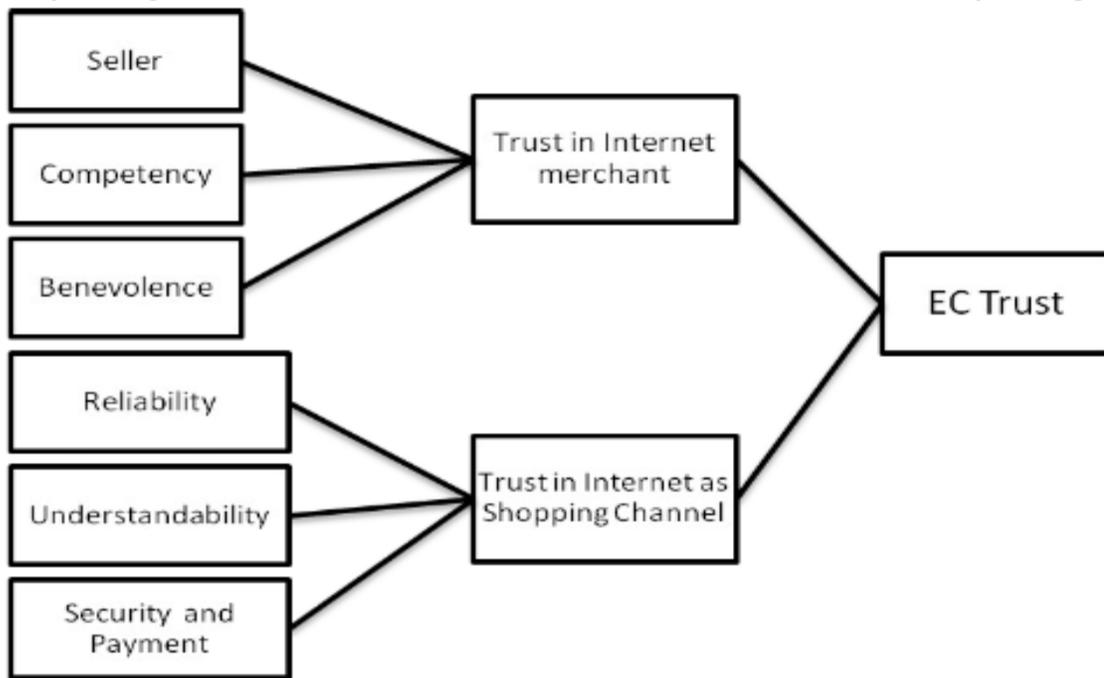
IMPORTANT INFLUENCING FACTORS

The factors that affected the identified segments and that were relevant for the framework were: consumer traits, product characteristics, previous online shopping experience, situational factors, and trust in online shopping. There have been many attempts to identify and segment the online consumer through various studies. By reading different studies we have identifies certain factors that were constantly present in the literature. There are many factors that have an impact on the online purchase behavior, but we have identified Price, trust and convenience to be very important and will put our attention to these factors.

IDENTIFIED FACTORS AFFECTING ONLINE CONSUMER BEHAVIOUR

(A)**The Factor Price-** Saving Money,
Comparing Price

(B)**The Factor Trust and its Attributes-** Perception of Safety,
Trust in the Internet Retailer,
Trust in retail shopping



TRUST IN ELECTRONIC COMMERCE

Source: Based on Lee Matthew K.O. and Efraim Turban. “ A trust Model for consumer Internet Shopping.” International Journal of Electronics Commerce, Vol.6 no.1 (Fall2001)

(C)The Factor Convenience with Attributes. Saving Time
Less Effort
Shopping at any time

CONCLUSION

The current study is descriptive in nature and it has made an attempt to understand the behaviour of Indian consumers towards online shopping. Although statistical significance of various parameters has not been examined but the generalized results has given clear indication of increasing significance of online stores in the life of Indian people. One of the key and significant factors in online shopping is consumer satisfaction Trust in online shopping is an important concern for the consumers as people of a culture with high uncertainty avoidance index. 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. According to India B2C E-Commerce Report 2013, e-tailing accounts for less than 1 percent of the overall retail market in India in 2012. While it accounts for over 5 percent if the total retail market in China and 10% in the UK and the US. This shows that only a small fraction of internet users in India are currently online shoppers. It can be concluded on the basis of study that online shopping is gaining popularity among people of young generation. The young population is the biggest attraction of this industry and they may contribute substantially to the growth of online shopping in India. Higher income groups and educated people are also purchasing more via e-retailing websites.

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