

A Study on Consumers Behaviour towards Online Shopping With Special Reference to Chennai City

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Abstract

Online shopping is a form of electronic commerce which allows consumers to directly buy goods or services from a seller over the Internet using a browser. Consumer behaviour is the study of individuals, groups, or organizations and all the activities associated with the purchase, use and disposal of goods and services, including the consumer's emotional, mental and behavioural responses that precede or follow these activities. Consumers find a product of interest by visiting the website of the retailer directly or by searching among alternative vendors using a shopping search engine, which displays the same product's availability and pricing at different e-retailers. As of 2017, customers can shop online using a range of different computers and devices, including desktop computers, laptops, tablet computers and smart phones. Internet is the fastest growing media over the past few decades. Especially, online shopping is a rapidly growing e-commerce area. Online stores are usually available any time and any day at the convenience of consumers and many consumers have internet access both at work and at home. A successful web store (online shop) is not only an eye catchy website with dynamic technical features, listed in many premier search engines, but also it must be user friendly, Having positive rating and good reviews. This study aims to establish an evaluation and understanding of the characteristics of online shopping by consumers in order to provides framework for Online sellers to fine-tuning their E-businesses' strategies.

Keywords: Consumer behavior, online shopping, Consumer Preference and attitude

1.1 Introduction

Internets is changing the way, the consumers shop goods and services and has rapidly evolved into a universal phenomenon. Several companies have started using the Internet with the goal of reducing marketing expenditure, thereby decreasing the price of their products and services in order to sustain and grow in highly competitive markets. Companies also use the Internet to convey, communicate and disseminate information, to sell the product, to take feedback and also to conduct satisfaction surveys with customers. Customers use the Internet not only to buy the product online, but also to compare prices, product features and after sale service facilities they will receive if they purchase the product from a particular store. Many experts are optimistic about the prospect of online business. In addition to the tremendous potential of the E-commerce market, the Internet provides a unique opportunity for companies to more efficiently reach existing and potential customers. The business-to-consumer (E commerce) was first evolved in the year 1979 in the form of videotext and popularized as online shopping after 1994. Scholars and practitioners of electronic commerce constantly strive to gain an improved insight into consumer behavior in cyberspace.

1.1.1 Online Shopping and E-Commerce in India

India has an internet user's base of about 450 million as of July 2017, 40% of the population. Despite being the second-largest user base 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 million, 84%), or France (54 M, 81%), but is growing at an unprecedented rate, adding around 6 million new entrants every month. According to a study conducted by the Internet and Mobile Association of India, the e-commerce sector is estimated to reach Rs.

211,005 crores by December 2016. According to a study done by Indian Institute of e-commerce, by 2020 India is expected to generate \$100 billion online retail revenue. Online electronics and apparel sales are set to grow four times in coming years.

India's retail market is estimated at \$470 billion in 2011 and is expected to grow to \$675 Billion by 2016 and \$850 billion by 2020, – estimated Compound Annual Growth Rate of 10%. According to Forrester, the e-commerce market in India grew the fastest within the Asia-Pacific Region at a CAGR of over 57% between 2012–16. Overall e-commerce market had reached Rs 1,07,800 crores (US\$24 billion) by the year 2017 with both online travel and e-tailing contributing equally. Online sales of luxury products like jewellery also increased over the years. Most of the retail brands have also started entering into the market and they expect at least 20% sales through online in next 2–3 years.

1.2 Research Problem:

The Concept of Consumer behavior is ever changing phenomenon. In the recent decades majority of companies started doing online business, which has been gaining great market share, Since its inception. The future of the online shopping is colorful and promising. The research problem is to identify the Consumers preference and attitudes on online shopping features, Purchase decision making process and demographic variables, which are helpful to online marketers to formulate a strategic framework to sell their products/services to the online customers in an efficient and effective manner. Needless to say, the base line of any type of marketing starts with understanding our consumers needs in order to satisfy the same.

1.3 Review of Literature

1. **Zhang et al. (2010)** conducted the study and found that retailers are now realizing the need to have an integrated approach towards store and online channels to exploit the growth potential of multi-channel retail.
2. **Demery (2010)** reports, the advantage of the online channel is that some customers find it convenient, think that it saves their time, and observe that it is easier to find a particular item in online store.
3. **Wells et al. (2011)** in his study entitled – online impulse buying: understanding the interplay between consumer impulsiveness and website quality| focused on the direct relationships between the website and online impulse buying. The study found and proposed the model considered the direct influence of website quality on the urge to buy impulsively.
4. **Dahiya Richa(2012)** in the study entitled – Impact of demographic factors of consumers on online shopping behaviour: a study of consumers in India| and the study found that On-line shopping is a recent phenomenon in the field of E-Business and is definitely going to be the future of shopping in the world. Most of the companies are running their on-line portals to sell their products/services on-line.

1.4 Research Methodology

Descriptive research method and convenience sampling method has been adopted to do this research.

The research is based upon primary and secondary data. The primary data was collected through a questionnaire designed exclusively for the study. Secondary data was taken from research papers, Journals, magazines and websites.

1.4.1 Objectives of the study

The objective of this research study is to investigate online consumer behavior, which in turn provides E-marketers with a constructional framework for fine-tuning their E-businesses' strategies. The specific objectives of this research are:

- 1 .To know the online consumer behavior by analyzing the consumers attitude and preferences on online shopping.

2. To know the various factors, which makes a consumer to buy or not to buy a product/service from online shopping.

3. To know the kind of goods they purchase online, where they shop, how they select an online shop.

4. To understand the online shoppers needs and give suggestions to the online marketers to incorporate the same.

1.4.2 Sample size and area

Samples were collected from consumers and buyers of online shopping of Chennai region. A Sample size of 150 respondents was set, but 30 of them provided incomplete questionnaire and having no experience of using internet and online shopping therefore only 120 questionnaires were taken for data analysis and interpretation.

1.4.3 Tools for analysis

For data analysis, Percentage analysis, Correlation analysis, and Factor analysis are used to understand the behavior of the respondents for online shopping.

1.5 Findings & Suggestions of the Study

Online shopping is becoming one of the top Internet activities and there is a huge growth in this business as more marketers are integrating the Internet into their sales model. But there are many things that need to occur in online shopping to generate higher revenues and the key to it lies in the hands of the marketers. To make online shopping a boom following methods can be followed.

1.5.1 Percentage Analysis

1. Majority of respondents annual salary ranges from Rs.1, 00,000 – 5, 00,000 and their age group is 18-47. They buy Products monthly or quarterly. They are employed in Government, Private and Professional services.

Most of the online shoppers use internet for searching product information. So, it enables the seller to spread information through search engines, Mail or Google ads. Moreover the online sellers may form an association to develop a single website or android application which furnishes the needed information on time to capture the market. Every information float in the internet about the product will alter the buyers' decision making process

Convenience and time saving are the main reasons to shop online. Therefore Business to Consumers (B2C) sites should be designed in such a way that consumers spend less time in finding information they are looking for as delays in searching or loading a web page might turn the consumers to other sites which have faster download and display times. The other motivating factors, which influenced the online shopping, was Product comparison and product return policies, if it is not fit for use from the different sellers, Then different payment options such as debit card, Credit card, online banking and Cash on delivery. Regular online shoppers considered convenience as the main motivating factor while buying and fewer were prices sensitive.

2. Among the categories of goods available online, Electronics and accessories is the highest category of goods purchased online, followed by Home appliances, Books, clothes, Tickets, gifts, books, CD / video, toys and software. The online sellers may think of including many things such as groceries, vegetable, meat etc; in their website to make the customer delightful and make them to purchase again and again.

3. PC is the most preferable medium used for internet shopping by the online shoppers and the next medium is android Mobile. The online marketers may make use of these mediums to capitalize the market online by creating user friendly interactive websites and mobile applications. There is a huge market for business in India, therefore efforts should be such that to bring these people also into experiencing online shopping. Companies should create more Indian languages in software or content as Internet websites are usually in English

language and that could be a barrier in India, which has several languages state wise.

4. Amazon is the most favorite shopping site of the respondents. Flipkart holds the second place. Other E-commerce sites failed to come to the remembrance of the buyers due to their Advertising strategies. They are suggested to position their brand in the minds of buyers by doing effective advertisement programs.

5. According to the study, almost all the respondents are satisfied with online shopping. Still there is a scope to develop much more technological wise and inclusion of sensory marketing.

6. There are certain problems faced by online shoppers like delay in delivery, cheap quality of the product, damaged product, etc. all these leads to negative comments by customers, Poor rating by customers, afraid of fake products, poor after sales service, makes majority of customers not to purchase online. Only the satisfied customer will bring more business to the seller. Merchants should provide goods and services that offer the right value for the money spent. There should be transparency in policies (returns, privacy, shipping, etc.), insurance against fraud and a good after sales services should be provided to consumers making it an enjoyable experience

7. The customers responded that the Persuasive advertisement, Cost Price sales, Quick Sales, Discount, Cash back & Freebies makes them to buy the product, Though they have need or not. Though there is no need to buy any product, the catalysts such as Persuasive advertisement, Cost Price sales, Quick Sales, Discount, Cash back & Freebies made them to purchase by creating a need (artificial demand) in the mind of customers. The online sellers need to concentrate on this area to attract buyer like free delivery, free gift parcel, purchase points etc;

8. Positive Reviews about the products by customer, 5 star or 4 star ratings by customers and trusted seller batch by online portals play a major role, while the online buyer makes his/her Purchase decision on a product/services. . Negative comments by Customers, Poor rating by customers, High Price, afraid of fake products, poor after sales service, Misleading Advertisement makes majority of customers not to purchase online at the moment. (In the recent years online buyers have given considerable weightage to the Customer reviews and ratings, trusted partner certification by e-commerce portals to buy a product online. The online marketers have to get as much as positive reviews and ratings from the buyers, which decides the future market online.

1.5.2 Correlation Analysis:

11. The Occupation of the respondent and the frequency of Purchase are Positively Correlated as .536. The Positive correlation denotes that the frequency of purchase depends on the occupation, the respondents do. Because it is not only including the purchases of their own but also the purchases for their offices.

12. The income of the respondent and the frequency of Purchase are Negatively Correlated as -.167. The negative correlation denotes that the frequency of purchase does not depend on the income of the respondent. Here we infer that the frequency of purchase is purely based on needs of the respondent and whatever the purchases the respondents do online for their offices, will be claimed from their employer. It denies the notion that purchase is based on income.

13. The Education of the respondent and the usage of internet are Negatively Correlated as -.669. The Negative correlation denotes that The Education of the respondent has no effects on the usage of internet. So, the myth known that the educated only can use the internet is broken. The online marketers have business from illiterate to the literate, by using comprehensive symbols, Signs & languages top sell the products or services.

1.5.3. Factor Analysis:

Communalities

Variables	Initial	Extraction
Convenience	1.000	.921
Time Saving	1.000	.891
Economy	1.000	.920
Product Comparison	1.000	.753
Reviews & Ratings of Buyers	1.000	.900
Delivery Time	1.000	.922
Quality of Products	1.000	.920
Purchase Return	1.000	.760

Extraction Method: Principal Component Analysis.

On the basis of factor analysis, The Following findings were drawn. Delivery time, Convenience, Quality of Products, Economy, Reviews and ratings of buyer, Time savings, Purchase return, Product Comparison with the factor loading values of 0.922,0.911,0.920,0.920,0.900,0.891,0.760,0.753 respectively.

10. Since the consumers are the leaders of the market, the experience they receive from shopping over the Internet, there is a need to find ways of managing the amount of information available over the Internet. Sites that are able to offer this information and present it in a simple way to understand will become the preferred destination for online shopping. It is not only important to pay strong attention to the security issue and create new, innovative safeguards that protect consumers but the merchants should promote these safeguards to the marketplace and make the prospective consumers aware that the communications, personal data, credit card

accounts, and transaction information can be protected. To make online shopping big, the shopping web sites should give the customers the convenience to shop anything on a single site like ordering pizzas, movie tickets, groceries, etc. rather than in scattered places. The site should not only provide information content but also tools to navigate and evaluate this information. The information on the site should be just sufficient for the consumers to make a decision and not to overload them with information, which results in confusion.

1.7 Conclusion

The e-commerce is one of the biggest things that have taken the business by a storm. It is creating an entire new economy, which has a huge potential and is fundamentally changing the way businesses are done. It is believed that electronic commerce will become a huge industry in the coming years and online shopping is now becoming a significant part of the consumer’s daily life to meet their never ending requirements in a convenient way. Online shopping is picking up and is becoming a trend. More consumers are indulging into internet shopping as seen by the research because of the value proposition it offers to a customer such as convenience, 24x7 shopping, doorstep delivery, a broad product selection and the ever-expanding range of unique and unusual gift ideas as well as increased consumer confidence in shopping on the internet is increasing. The main motivating factor seen during the research was the Delivery time, convenience and customer service which drive the people to online shopping. As a result today they are buying airline and railway tickets, books, home appliances, electronic gadgets, movie tickets, etc by logging on to a web site, than driving up to a store. A huge buyers and sellers across demographics are shopping online because of the changing lifestyles and shopping habits. It is seen that despite the immense possibilities available on the internet it is mainly used for mailing, chatting and surfing. Social networking applications still constitute the bulk of net traffic in the country. E- Marketers may make optimal use of social network to advertise and attract customers which leads to market expansion beyond boundaries.

1.8 Scope for Further Research

The study is limited to Chennai city only. The scope of research can be made wider by covering more places. The sample size does not give clear representation of the total universe as the size of sample taken for study is small. The size of sample can be increased to get more accurate results. Time constraint was also one of the limitations of the research. So if sufficient time is taken to conduct the research, better results can be obtained.

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