



A study of the factors Affecting Online Shopping of Products in Indore City

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Abstract

In an era of globalization electronic marketing is a great revolution. Online shopping has become a new trend of shopping now days and is quickly becoming an important part of lifestyle. This paper tries to look at the factors influencing the online shopping by the Consumers. This is done by exploring the factors that encourage consumers to shop on-line through analysis of such advantages as product information, variety, Price, Offers, convenience etc. A sample of 100 respondents was selected in Indore city from different occupation and the data was collected through Questionnaires. Basic statistical tools and Anova with the help of SPSS version 18.0 have been used in this study for analyzing and interpreting the data. The findings of the study showed that the price and quality factor is the most important factor that affects the choice of the consumers, i.e., whether to buy online or not. Except then proper advertising, variety, discount effective communication of the seller's information, and proper after sale service and feedback undertaken by the seller is also important to influence consumers to undertake online shopping and the factors that influence the online purchase of products are specific and correlated.

Keywords: *online marketing, online shopping*

Introduction

Online shopping or electronic shopping is a part of electronic commerce which allows consumers to directly buy goods or services from a seller over the internet. Michael Aldrich invented online shopping concept in 1979. The prospect of online marketing is increasing in India with the increasing internet literacy. An online shop evokes the physical analogy of buying products or services at a bricks and-mortar retailer or shopping center; the process is called business to- consumer (B2C) online shopping. The popular online retailing companies in India are Myntra, Jabong, Alibaba.com, Snap deal, Amazon.com and e-Bay. With the growth of online shopping, the general retailers also make available their products on online shopping sites to capture the market more. The five dominant factors which influence consumer perceptions for online shopping are information, easy to use, satisfaction, security, proper utilization of available information to compare the different products.

Internet is frequently using for online shopping. Online shopping refers to the shopping behavior of consumer in an online store or a website used for online purchasing purpose (Monuwe et al. 2004). Online shopping has experienced a rapid growth during the recent years due to its unique advantages for both consumers and retailers, such as shopping at round the clock facilities, decreasing dependence to store visits, saving travel costs, increasing market area, decreasing overhead expenses and offering a wide range of products. More than 85% of world's online population has ordered goods over the internet during the recent year. Todd and Jarvenpa, (1997) introduced technology-centered view and consumer oriented views for adoption of online shopping. The technology-centered view involves the technical specifications of an online store that influence consumer's awareness of using that technology (Chen et al. 2002). On the other hand, the consumer-oriented view involves customers understanding or views about online shopping.

The number of consumers online has increased more than three times since 2012. The confidence to buy online, or in other words the consumer's acceptance of online shopping as a shopping channel, is on the rise in India



There are a number of reasons in the literature suggested by Kini (2002) as to why Electronic Commerce based Internet technology is needed from both the sellers' and shoppers' perspective: To save labor costs, so that business owners can invest in other areas of their business to generate increased revenue, resulting in customers getting the benefit of better pricing; To improve the quality of their products or services online that will serve the needs of customers better; To have a variety of products so that customers can browse for more products and services without leaving their homes; they also do not need to go from shop to shop to compare prices, thus they get the benefits of convenience as well as saving time while they are online; To serve customers better, business owners can track customers' behavior when they visit the shop each time so that in the future customers will be better served when they revisit; and 3 (5) Business owners can respond to their customers immediately, they are also able to answer any questions from customers right away. In this way, their customers can obtain increased satisfaction with the services as well as saving their time.

Review of Literature

Solomon, 1998 in his study 'Consumer behavior is the study of the processes involved when an individual selects, purchases, uses or disposes of products, services, ideas, or experiences to satisfy needs and desires'. In view for the Internet to spread out as a retail channel, it is imperative to realize the consumer's mind-set, intention and conduct in light of the online buying practice, Consumer attitudes seem to have a significant influence on this decision.

(Schiffman, Scherman, & Long, 2003 revealed that "yet individual attitudes do not, by themselves, influence one's intention and/or behavior. Instead that intention or behavior is a result of a variety of attitudes that the consumer has about a variety of issues relevant to the situation at hand, in this case online buying. Over time the Internet buyer, once considered the innovator or early adopter, has changed. While once young, professional males with higher educational levels, incomes, tolerance for risk, social status and a lower dependence on the mass media or the need to patronize established retail channels (Ernst & Young, 2001; Mahajan, Muller & Bass, 1990),

Sultan and Henrichs (2000) concluded that the consumer's willingness to and preference for adopting the Internet as his or her shopping medium was also positively related to income, household size, and innovativeness. Vijay, Sai. T. & Balaji, M. S. (May 2009), revealed that Consumers, all over the world, are increasingly shifting from the crowded stores to the one-click online shopping format. However, in spite of the convenience offered, online shopping is far from being the most preferred form of shopping in India. A survey among 150 internet users, including both users and non-users of online shopping, was carried out to understand why some purchase online while others do not. The results suggested that convenience and saving of time drive Indian consumers to shop online; while security and privacy concerns dissuade them from doing so. The work of Kim and Park (2005) using U.S. samples suggests that their positive attitudes as well as willingness to search for pre-purchase information leads to a strong likelihood that they will buy online. Online shoppers are required to have computer skills in order to use the Internet for shopping. Hence, those who are not comfortable with using the computer, will likely do their shopping at the traditional store, modern shop, or discount store (Monuwe , 2004) because it will be faster shopping there than in the Internet shop. Goldsmith and Flynn (2004) state that the home catalog is another traditional selling channel where people can shop at home because of the varieties of products offered in the catalog. They can order through the phone or by mail. It is convenient except that they are not able to touch and feel products before purchasing.

(KIYICI, 2012), in his study of internet shopping behavior of college of education Students, tried to find out the role of familiarity and income and possession of credit card on online shopping. His results found out that that male students teacher are more familiar and have more positive



attitude than female student teacher. Teacher students, who have more monthly income and have more internet self-efficacy, have positive attitude and intention to shop online. Participants, who have credit card, have more familiarity and less anxiety concerning internet shopping.

(Delafrooz, Paim, and Khatibi, 2010), the results indicated that utilitarian orientation, convenience, price, and a wider selection influenced consumers' attitudes towards online shopping. Therefore, e-retailers should emphasize a more user-friendly function in order to provide utilitarian customers a way to find what they need efficiently.

(Delafrooz, 2009), found that the level of online shopping intention was relatively high and direction of attitude towards online shopping was positive among the postgraduate students. Moreover, it was found that utilitarian orientation and hedonic orientation, perceived benefits and demographic characteristics (gender, age, and income) were significantly and positively correlated with the attitude towards online shopping. In addition, the result revealed that the perceived behavioral control and attitude were significantly and positively correlated with online shopping intention. (Kim, 2010), in his study found out that the consumer factor, comprised of privacy, security and trust, time saving, ease of use, convenience, enjoyment provided by shopping, company reputation and tactility, was most significant for who intended to purchase online and who did buy online.

(Wambui, 2010), found out the characteristics of online shopping adopters among university students and went further to unearth the reasons behind non-adoption and adoption of online shopping. The findings of the study revealed that there was a high level of awareness of online shopping but very low use of the same. Findings also showed that online shoppers were mostly male, most of them were aged 30 yrs and below and most earned higher incomes. Some of the reasons cited for non adoption of online shopping were concerns about financial security and discomfort in sharing of personal information online. Some of the reasons cited for adoption of online shopping 26 Choudhury and Dey were the ease of buying products from anywhere in the world, and the ability to choose from a wide variety of products.

Objective of the Study

Find out the factor that influence the online purchase of products in Indore city

Study the characteristics of the respondents and the respondents online shopping behavior.

Research Methodology

The Study

The present study is an exploratory to investigate the factor which influence the online purchase of product in Indore city

The Sample

Both primary and secondary data were collected. Primary data was collected through a self-structured questionnaire using survey method. A sample size of 100 respondents from Indore city. The data was collected via one-to-one interaction with the respondents from students, different occupation, housewife, income and age group. The secondary data was collected from internet, marketing journals and Books

The tools

ANOVA and percentage methods were applied to test the objectives of the study. Statistical Packages for Social Science (SPSS Version 18.0) was used to analyze and interprets.

Hypothesis

This research study focuses on finding out the factors that influence the online purchase of products in Indore city. Thus, our aim is to determine whether the factors are specific and correlated or, non-specific and uncorrelated.

The null hypothesis (H₀) is stated as: H₀ : the factors that influence the online purchase of products are non-specific and uncorrelated.

The alternative hypothesis (H1) is stated as: H1: the factors that influence the online purchase of products are specific and correlated

Data Analysis

Out of the 100 respondents who purchase products online, the majority of respondents stated that they purchase such products once in month. However, there are many people who prefer to buy the products online once in 3 month, and there are some who buy 2-3 times a months and there are few people who purchase product online once in a 6 month.

This is highlighted in Fig. 1 below

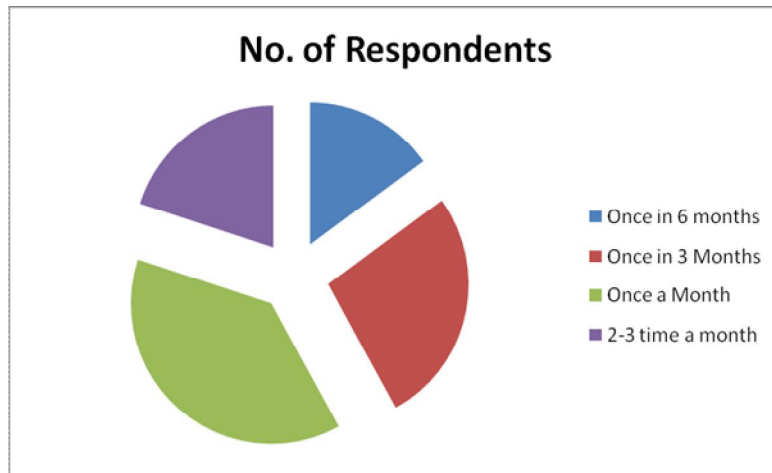


Fig .1 Frequency of Online Product Purchase

Consumers in Indore buy different categories of products over the internet. Fig. 2 below highlights that 35% of the responses is for apparel. This is followed by electronic products, books and gifts. However, few responses are for food and beverages and only 7% are for the 'Others' category, (jewelry and second hand products like cars) from online websites

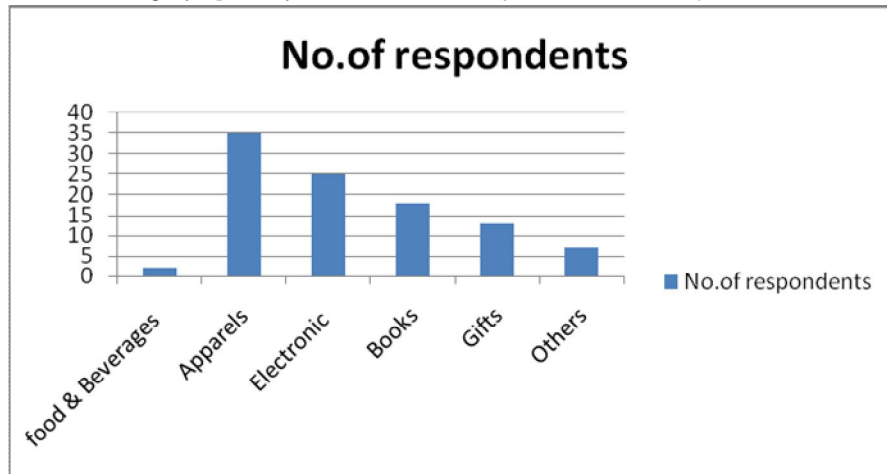


Fig. 2 Preference of Products that are Purchased Online

In case of the preference for online websites to shop at, the maximum number of responses (33%) is for Flip kart. This is followed by Amazon snap deal , Myntra, ebay.in and Jabong. Only a 2% of responses are for other sites is highlighted in Fig.3 below

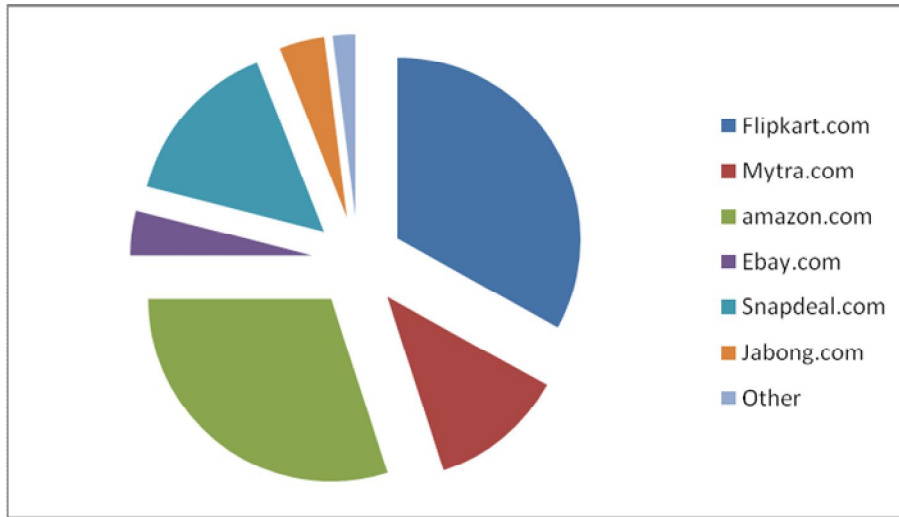


Fig.3 Preference of Websites for online shopping

ANOVA (One way classification) test has been applied to test whether the significant variations exists between the gender belonging to different factors influencing online shopping. Table given below shows this relationship.

ANOVA

GENDER

| | Sum of Squares | df | Mean Square | F | Sig. |
|--------------------|----------------|----|-------------|-------|------|
| Between Groups | 12.026 | 10 | 1.203 | 4.747 | .000 |
| (Combined) | | | | | |
| Linear Term | .318 | 1 | .318 | 1.255 | .266 |
| Weighted Deviation | 11.708 | 9 | 1.301 | 5.134 | .000 |
| Within Groups | 22.297 | 88 | .253 | | |
| Total | 34.323 | 98 | | | |

From the table, it is clear that there are low chances of obtaining the required results if the null hypothesis was true. Hence the null hypothesis (H0) is rejected and accept the alternative hypothesis (H1). So it can conclude that, the factors that influence the online purchase of products are specific and correlated as the significance value is 0.00, i.e., $p < 0.05$, it means that the variables are correlated.

Findings

This study helps to highlight that the factors that influence the online purchase of products in Indore city are specific and correlated. The price and Quality factor is the most important factor that influences the online purchase of products in Indore city. By selling online, a company can undertake cost savings in a number of ways and such savings should be passed on to the consumers in terms of price reductions. Moreover offers, discounts and other sales promotional techniques should be undertaken to attract customers to purchase the products online.

After the cost factor, the next important factor that influences the online purchase of products in Indore is the convenience factor specially those who are professionals.. Customers find it much more convenient to shop at home and it also saves time. Moreover, customers look for proper product information on the websites, a safe and secured online payment system and cash on delivery facilities. After the convenience factor, the product factor is the next important factor that influences the online purchase of products in Indore. Customers will be attracted towards online shopping if different varieties of products and brands with proper quality are offered to them .The last factor that influences the online purchase of products is the seller related factor.



Unavailability and unawareness of the seller will prove to be disastrous. Proper advertisements of the seller and its products and brands are crucial to attract customers. Proper information of the seller is also an important consideration. Customers also look for proper after sale service and feedback from the seller.

Conclusion

The study has showed that in most cases shopping in e-stores is preferred because it is convenience and simplicity. The most important factors of online shopping were analyzed based on age groups and it was found that 16–40 year old people more often chose online shops because of lower prices and greater variety of products. The study is conducted in Indore city helps to highlight that a number of factors influence a consumer to buy products online, rather than purchasing it at a physical store. The price factor is the most important factor that affects the choice of the consumers, i.e., whether to buy online or not. Except then price, proper advertising, effective communication of the seller's information, and proper after sale service and feedback undertaken by the seller is also important to influence consumers to undertake online shopping. By understanding these factors companies can devise proper marketing strategies and will achieve a competitive advantage in the market

Limitations

- As with most researches, this study has also some limitations.
- The sample size of the study, which consists of only 100 students, cannot be generalized and applied for general public and it is relatively small..
- Again opinions are dynamic; hence, the results of the study based on the opinions are likely to differ.
- The study was conducted in Indore city only, so it may not reflect the opinion of the consumers of the whole country.

Implication / Suggestions

- The study can be utilized by practitioners for making their strategies for online shopping.
- E shopping companies should be distinct in addressing the needs of both male as well as female shoppers while promoting their brands or selling their product in online environment.
- E shopping companies try to concentrate on above recommendations then it will surely be able to increase the no of online shoppers as well as the frequency of online shopping among the students who are the majority online purchaser.
- E-stores should devote resources to better understand consumer behavior, technologies of the future and their development.
- Online retailers should also look into the prospect of call centers which could guarantee that the customer get a chance to officially interact with the other party before the actual purchase.
- Companies should devise the policies and strategies to magnetize more number of people in this segment in future also.
- They should change their marketing strategies giving priority to customer orientation and they should be particularly focused on the ease of use of online shopping services. E-stores should devote resources to better understand consumer behavior, technologies of the future and their development.

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