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Online Shopping: A Survey on Consumer's Perception

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Abstract:

Online shopping is catching up in India due to several reasons. Several studies have been conducted in different countries to discover the facilitators of online shopping and issues related to it. The current study explores few researches related to online shopping. The focus is on India and growth of e-tailers in India. Growth and innovations by online retailers have created tough competition for the offline players. The study presents findings of a survey conducted on 113 Indian shoppers regarding their online purchases. The survey reveals the most popular categories purchased online, issues in online shopping and the trends in online shopping. The study discusses about success of e-retailers in India and concludes with recommendations for the marketers based on the findings of the survey.

Keywords: E-tailers, India, Online shopping.

1. Introduction

Indian shoppers have discovered a new market which is open 24X7, offers great discounts and deals and delivers the goods at their doorsteps. And the market is available wherever, whenever the consumers want. Yes, we are talking about the market in the cyberspace, the online market. Flipkart, Amazon, Snapdeal, Myntra are the e-retails which are getting blessed with the orders showering on them by Indian consumers.

There are about 1 million small and large online retailers in India. These online retailers are selling their products through various e-commerce portals. Mobile apps are the latest channel to reach to the consumers. Myntra, Flipkart, Jabong, etc., have launched their own mobile apps. Use of mobiles is also catching up fast keeping in view the technology friendly consumers and their lifestyle.

According to the TCS Gen-Y 2013-14 survey, a total of 68 per cent of teenagers shop online, while 91 per cent own mobiles in smaller metros. Mobile phones and tablets were the most popular gadgets among teenagers as per the findings of the survey.

According to a report comprising of findings of 800 respondents, consisting of data compiled by combining data from Google Trends and online research conducted by TNS Australia, approximately 8 million Indians shopped online in 2012.

The paper aims to explore various challenges and facilitators of online shopping. An online survey has been conducted on Indian consumers which gives insights regarding

2. Objectives

The current paper focuses on understanding the perception of Indian consumers with regard to online shopping. The objectives are as follows:

- To review studies on online shopping across the globe.
- To study the growing trend of online shopping in India.
- To discover the factors stimulating online sales.
- To discover the loopholes in online shopping.
- To find out the most and least popular categories purchased online.

3. Research Methodology

The current study is an outcome of inputs from primary as well as secondary sources. An online survey was conducted using self designed questionnaire developed on Google Drive. Convenient sampling was used and responses were received online. A total of 113 responses have been received. The responses have been analysed to understand as to what motivates and demotivated the shoppers to go online. Secondary sources includes newspapers, websites, journals containing information on related area.

4. Review of Literature

Several studies have been done around the globe to study the patterns of online shopping, behaviour of online consumers and satisfaction levels. Several attempts have been made to assess consumer commitment is related to which all factors. The following papers were reviewed to gain understanding of different aspects of online shopping.

Lee & Lin, 2014, have used data from a survey of 297 online consumers to test the research model examine the relationship among e-service quality dimensions and overall service quality, customer satisfaction and purchase intentions. The analytical

results showed that the dimensions of web site design, reliability, responsiveness, and trust affect overall service quality and customer satisfaction. Moreover, the latter in turn are significantly related to customer purchase intentions. The personalization dimension was not found significantly related to the overall service quality and customer satisfaction.

Dange & Kumar, 2012, have developed FFF model which talks about the factors which affect and motivate the consumer to buy products and services online, which are the combinations of external as well as internal factors. The external factors are beyond control of the customer but the internal factors are the elements of individual (human) traits, psychologies or behaviors. After the first step, the customer faces certain hurdles, named in the model as, filtering elements like security, privacy issues. After getting through the filtering elements the refined buying motives evolves and the customer goes ahead and shops online.

Liu, X, He, M. Gao, F & Xie P. 2008, have presented multiple regression analysis based on a survey of 1,001 online customers. Their study has identified various factors that influence the online shopping satisfaction of Chinese customers. The study suggests that there are eight constructs which strongly predict customer satisfaction for online shopping. They are – information quality, web site design, merchandise attributes, transaction capability, security/privacy, payment, delivery, and customer service. The effect of response time is found to be insignificant.

Kumar, Lang, & Peng, 2004-05 have done an extensive work to understand the search behaviour of online shoppers. They have presented a research model proposing that users need to spend time and effort when completing search tasks, resulting in significant search cost and a trade-off between search cost and search performance. They have concluded that technology by itself does not significantly reduce search cost, but that technology in combination with behavioral factors does. IT is an enabling technology, which can be a very effective tool when given to savvy consumers but may not turn naïve consumers into great shoppers. Search engines, and related technologies augment already existing consumer capabilities but do not originally create consumer power.

Chen & Chang, 2003, have presented a descriptive model of online shopping based on empirical results. They have discussed the reasons of shopping online. The study is based on in-depth interviews and it depicts a common online shopping process. The study has identified three common online shopping components: interactivity, transaction, and fulfillment. The interviews have revealed that price and convenience were the two main reasons for shopping online. The study presents a five factor model and gives insights for online marketers.

Park & Kin, 2003, have studied the relationship between online shopping and consumer purchase behaviour. They have conducted an online survey of 602 Korean consumers who purchased from online bookstore.

Ahmad, (Kumar, Lang, & Peng, 2004-05) 2002, have studied the service failures and customer defection in case of online shopping. The researcher has analysed that some of the online shops have breached few fundamental business principles which has resulted in loss of customers. The study is based on responses received from 187 students in USA. The study focuses on customer retention by providing satisfactory services. The online service providers should ensure that they understand the cost associated with loss of customers and should frame necessary policies to for satisfying, recovering and retaining the customers.

Though the studies have been conducted in different countries, they study aspects related to online shopping and consumer behaviour. It gives insights that online shopping is on rise with more and more youngsters going online. In addition to these research papers, several reports have been consulted giving insights regarding online shopping in India.

5. Online Shopping @ India

Online shopping is still in its infancy stage in India. According to a report by CRISIL, in the year 2013, online shopping amounted to \$2.3 billion of the \$421 billion retail market. However the growth rate is tremendous. The online sales are growing at more than 50%. It is expected that by 2016 the online sales will reach figure of \$8.3 billion. According to research and consultancy firm RNCOS, the online retail market is projected to grow at a compound annual rate of 40-45 per cent during 2014-18.

According to IAMAI-IMRB, digital commerce has shown an exponential growth from December 2009- December 2013. The revenue of digital commerce has increased from INR 192-624 billion.

The expected growth rate of 20-25% of e-commerce is expected to create jobs over 1,50,000. The current estimated size of the industry is about Rs 18,000 crore. This is expected to grow to Rs 50,000 crore by the year 2016.

However India has been stringent with e-tailers as FDI is not yet allowed in e-retail. Amazon, Flipkart and Snapdeal, all follow the marketplace model wherein they connect the buyers and sellers.

Though 51% FDI was allowed in retail businesses in 2012, India has remained strict with regulations with an aim to protect the small manufacturers & mom-and-pop shops that covers 93% of the country's retail sales.



Figure 1: Growth of Digital Commerce

Source: <http://moneybies.com/10-best-online-shopping-sites-india>

Currently, in India there are 243 million Internet users. Different studies have pointed out the exponential growth of the e-commerce industry and it is claimed that it is growing at 38% annually. Over next five years, the market size is expected to grow to \$100 billion from the present \$15 billion.

The year 2014 has already shown impact on physical stores which have faced adverse impact of growth of e-tailers. Retailers dealing in consumer electronics, apparel, footwear, furniture and furnishings are the ones who are impacted the most. However, if we look from the overall consumer spending, the share of the e-tail is expected to be around 3% on a net sales value by 2020 and around 10% by 2025.

Companies are opting for exclusive tie ups with e-tailers. Motorola's successful re-entry with the help of Flipkart has motivating its competitors to re-think about its strategies.

Amazon's Diwali Dhamaka Week and Flipkart's Big Billion Day sale offered huge discounts on big brands like Crocs, Allen Solly and Nautica. Challenges are arising as the prices offered are lower than the offline counterparts. Offline retailers have criticized e-tailers for offering such low prices. We might see a situation where offline players refuse to stock the brands offered at heavy discounts online, like when American singer Beyonce launched her self titled album only on iTunes, Amazon and supermarket chain Target refused to stock CDs of the album.

6. Findings of The Survey

After understanding the current status of e-retailing in India, we now discuss the findings of the survey in this section.

6.1. Demographics of the respondents.

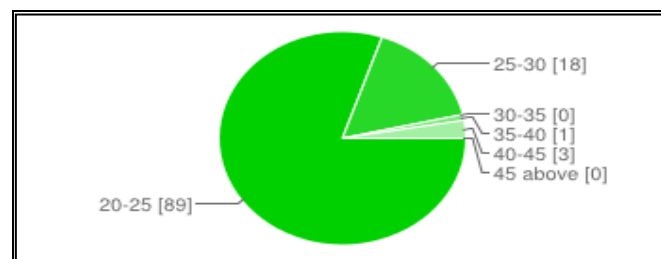


Figure 2: Age group of Respondents

Majority of the respondent group falls in the age group of 20-25 years. 79% respondents are in the age group of 20-25 years, 16% in the age group of 25-30. This shows that the respondent group is comprising of youngsters who are generally tech savy and internet friendly.

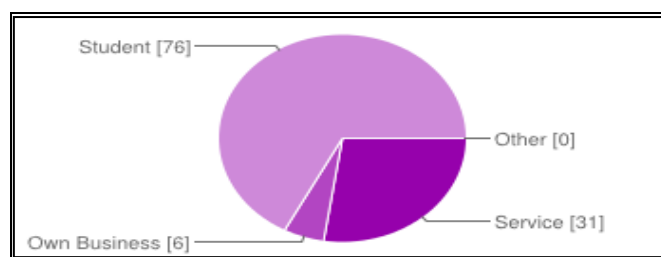


Figure 3: Occupation of the respondents

Out of 113 respondents, 67% were students, 27% in service and 5% were engaged in their own business.

6.2. Findings from the survey

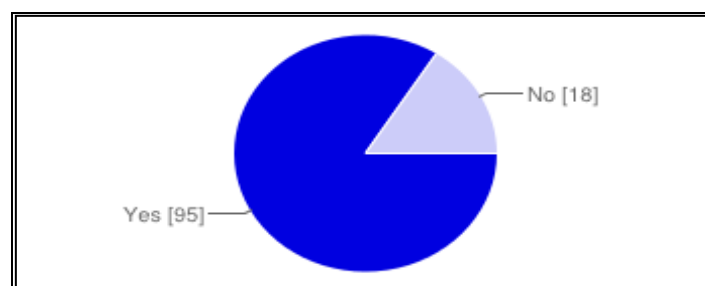


Figure 4: Online Shoppers

84% of our respondents are online shoppers, i.e. they purchase goods and services online.

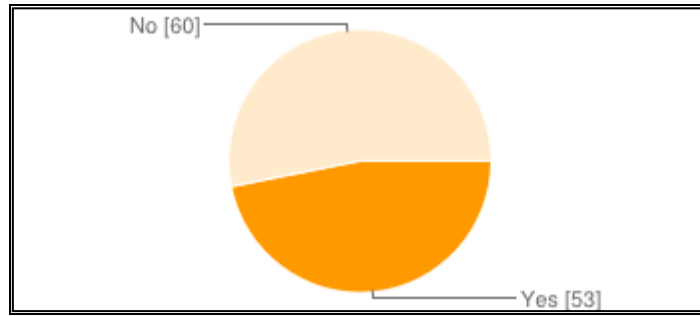


Figure 5: Research online but purchase offline.

47% of the respondents admitted that they research online but purchase offline.

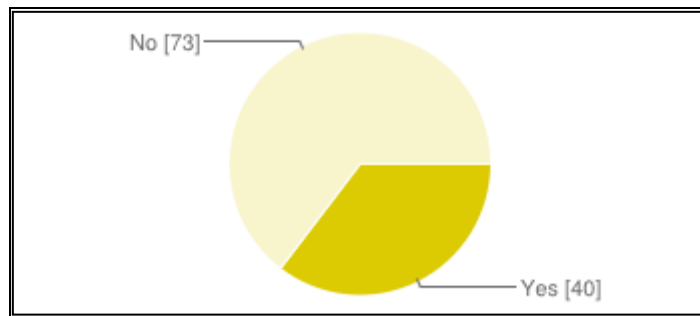


Figure 6: Research offline but purchase online.

35% respondents said that they research offline but purchase online.

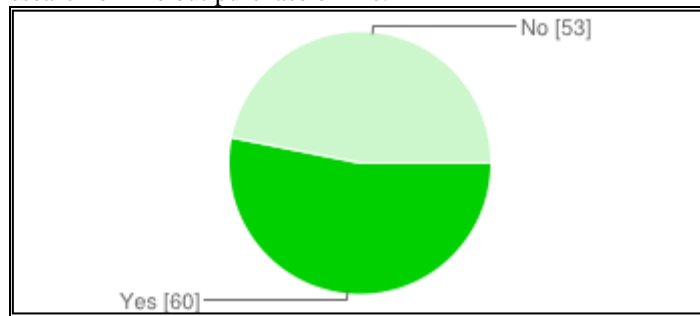


Figure 7: Online shopping can replace the small mom & pop stores.

53% respondents believe that online shopping is substitute for small mom & pop stores.

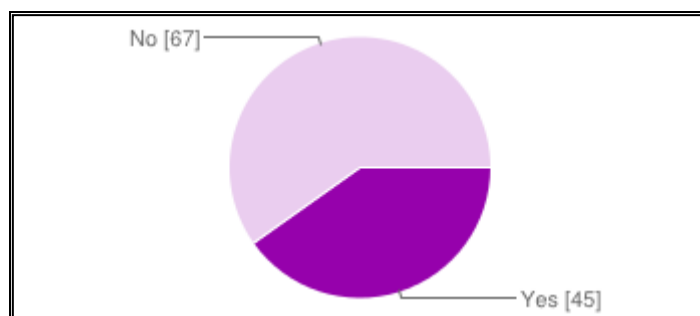


Figure 8: Online shopping can replace big malls.

40% respondents believe that online shopping can replace big malls.

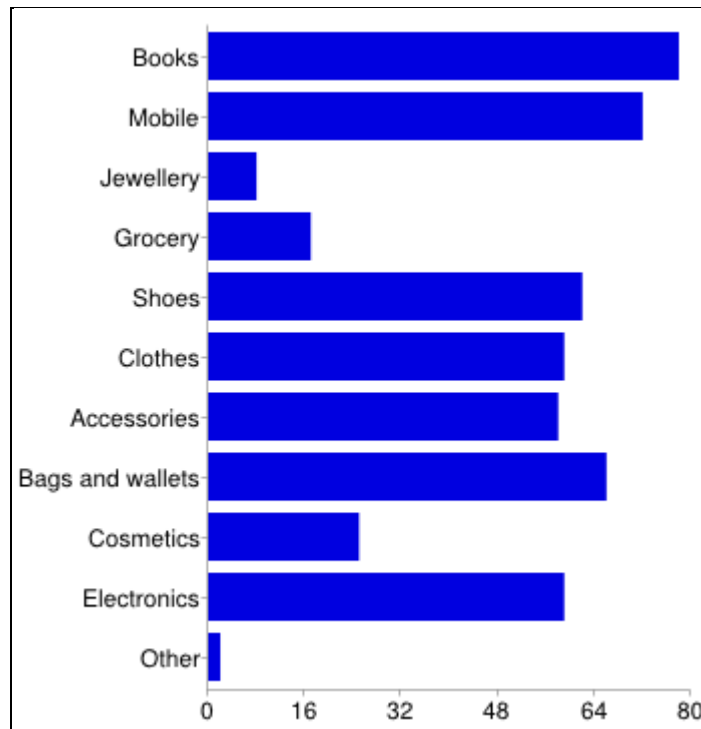


Figure 9: Most common purchased goods online.

69% respondents have purchased books online followed by mobiles which is being purchased by 64%. Bags and wallets are purchased by 58%, shoes by 55%, clothes and electronics by 52%. Accessories have been purchased by 51%. Grocery and jewellery are not so popular with 15%, and 7% buying them.

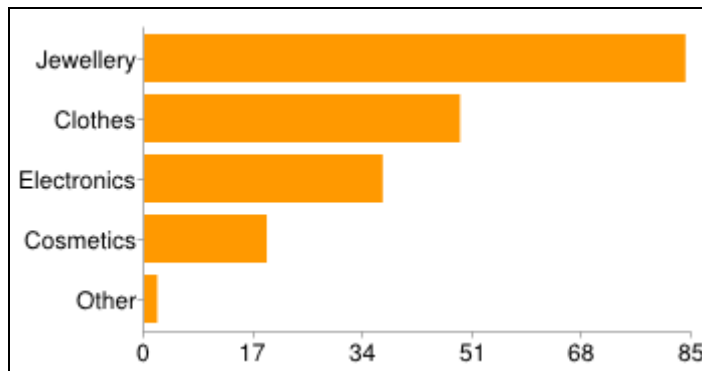


Figure 10: Least preferred goods for online shopping

Majority of the respondents are not comfortable buying jewellery. 74% respondents stated that they are not comfortable buying jewellery online, 43% said clothes, 33% electronics and 17% cosmetics.

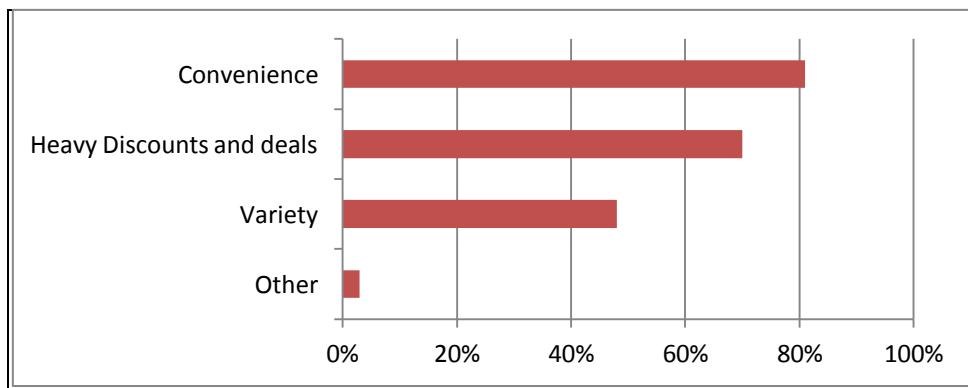


Figure 11: Factors promoting Online shopping

81% respondents said that online shopping is more convenient. 70% said they resort to online shopping because of the deals and discounts, 48% said due to variety offered.

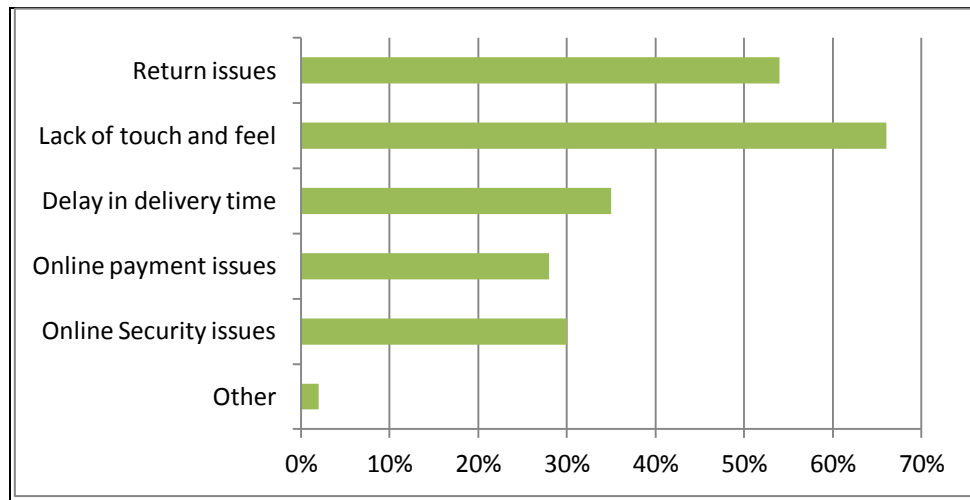


Figure 12: Issues in online shopping

66% of respondents admitted that drawbacks of online shopping is lack of touch and feel. 54% said that returning goods was an issue, 35% said that goods are not delivered on time, 30% were afraid of security issues and 28% had issues with online payment.

7. Summary and Conclusion

From the survey it is clear that more and more people are going online. However it is a common trend that consumers find out deals online but purchase offline. Reverse trend has also started wherein consumers get the feel and touch of the product in the stores but purchase online. 35% of our respondents said that they research offline and make purchases online. On the other hand, 47% of the respondents are doing the opposite thing. They research online but make purchases in the stores. This shows that consumers still use online sources to get information and compare the prices but feel comfortable purchasing the goods in the stores.

The heavy discounts offered by e-tailers is giving tough competition to malls and brick and mortar stores. With increasing number of people making online purchases, retailers feel they might not be able to survive as they are not able to give the discounts e-tailers are offering. 53% of respondents are of the opinion that online shopping can replace small mom-and-pop stores while 40% believe that it can replace malls.

Stores and malls spend huge amount on rent, maintenance of shops, décor, ambience, staff and other store expenses. Majority of these are not to be borne by online players. The brick and mortar companies are trying to attract the consumers by various means. Mall owners have explored that people come to malls for shopping and food. So many malls are now re-constructing their food courts and including big brands to attract consumers to the malls.

Books, mobiles, bags & wallets are the most popular categories purchased online by our respondents. The rising popularity of mobiles is a reason that some of the companies have been selling exclusively on a particular website. For example Xiaomi was launched exclusively on Flipkart. Motorola also revived itself with online route. Its success has motivated the rivals to be active in the cyberworld.

Lack of touch and feel of the product is the major deterrent of online purchasing. Many websites are offering customization, 'äaina' is one such attempt by Manyavar brand wherein customers can see themselves in the dresses they select by placing their pictures on the dummies. This gives them a chance to see how they will look in the outfit. Cash on delivery, easy returns, free trials are some of the steps which can make online purchasing more convenient.

To conclude, it is a known fact now that the online shopping industry in India is growing rapidly and will continue to see exponential growth. The survey conducted on Indian consumers shows that shopping online is becoming popular and the main reason is convenience and the discounts offered by e-tailers. The study offers insights for marketers to understand what categories are popular in the e-market and what are the issues faced by consumers which discourages them to purchase online shopping.

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