

A Study Consumer Behaviour Patterns in On-line Shopping in India



Reena Gupta

Asstt. Prof., Dept. of Commerce
Aggarwal College Ballabgarh-121004

Abstract

This paper discusses the concept of Internet and online shopping on the Internet. It briefly discusses the history of Internet and the increasing popularity of Internet in the world business as well as in Indian economy. It details the reasons for the growing prevalence of online shopping in India. The chapter further gives an overview of the terms and definitions used in the study. The advantages and disadvantages of online shopping have also been discussed in the chapter. It also discusses about the field of consumer behaviour and how and why it is important in the context of online shopping

Keywords: online shopping, Behaviour, Internet

Introduction

The Internet and worldwide web (www) have dramatically changed the way consumers seek and use information. The Internet, which was earlier conceptualised as a tool for enquiring information, has become an important place of business these days. Internet as a business place provides enormous opportunities for everyone. Users on Internet are no more limiting themselves to only mailing, chatting and information retrieval. Today through Internet, they are shopping for information, shopping for goods and services, or using online services and many more such services. Internet has made almost everything just one click away from the customers.

The Internet was made available to public in 1983; since then its popularity has grown rapidly. Within four years of its inception, the numbers of Internet users exceeded fifty million. In comparison, it took television 13 years and radio 38 years to reach the same benchmark. The rapid growth of Internet use can be attributed to its strength and convenience as a medium of communication, education and entertainment. As a business tool, nowadays, the Internet has seven types of identities that perform distinct functions i.e., the Internet is:

- A network, connecting various individuals and organizations together;
- An interpersonal communication medium, offering a new communication channel;
- A market, offering a vast, global open marketplace with many potential customers e.g. e-commerce;
- A long-distance transaction platform, allowing consumers and businesses to access and download remote data (e.g. Form-filling, remote work, entertainment);

- An application development platform, allowing software developers to use it as a base to develop more applications;
- Data storage warehouse; and
- Information search tool
- On-line shopping is the process consumers go through to purchase products or services over the Internet. An on-line shop, e-shop, e-store, Internet shop, web shop, online store, or virtual store evokes the same physical analogy of buying products or services at a bricks- and-mortar retailer or in a shopping mall. The metaphor of an online catalogue is also used by analogy with mail order catalogues. All types of stores have retail web sites, including those that do and do not have physical storefronts and paper catalogue.
- Online shopping is a type of electronic commerce used for business-to-business (B2B) and business-to-consumer (B2C) transaction. The term Web shop refers to a place of business where web development, web hosting and other types of web related activities take place.

Today the Internet has captivated the attention of all industries including retail marketers. The Internet, as a retail outlet, is moving from its infancy used by only a few to a market with significant potential Millions of people are shopping online In the third quarter of 2007, retail e-commerce sales totalled \$10.2 billion dollars (U.S. Department of Commerce, 2007). These third quarter e-commerce sales were 24 percent greater than those in the 3rd quarter of 2006 when \$8 billion of online retail sales were made. While significant, those sales numbers still represents less than 1.2% of total retail sales of \$8.75 trillion in U.S. Online retail sales, which are

defined as Business to Consumer (‘B2C’) sales of goods including auctions and travel, will grow from \$172 billion in 2005 to \$329 billion in 2010 as consumers increase shopping-related activities and sellers compete to innovate and keep them engaged, online sales will enjoy a solid 14% compound annual growth rate (CAGR) over the next five years (Forrester, 2005).

History of Online Shopping

Internet started, as medium for information sharing and it has now become the biggest medium for selling goods and services. In the early ages of Internet, the web was considered to be a medium for information sharing. Passionate users created web pages on the topics they like and people loved to read it. Forums and user groups were the first type of communities that resulted in this informative nature of web.

Years later, people started reviewing products and then it became obvious that web can also be used for selling goods. Instead of writing reviews, marketers started writing with “sales pitch” (copywriting), which is still one of the important aspects of e-commerce. The key events in the history of online shopping can be chronologically ordered as shown as following:

1994: Pizza Hut opened its Online Shop.

1994: Netscape introduced the SSL system, which became the necessity for every online transaction.

1995: Amazon.com launched its operations.

1996: eBay started its services.

1999: First online shop in UK launched.

2000: Dot.com Burst.

2003: Amazon.com’s first year of profit.

2005: Google became the dominant search engine to find and buy goods and services.

Online Shopping in India

Online shopping and Internet Marketing has come off age in India. This form of marketing has made tremendous uptake since the time when only text based website were used for product marketing and promotion. In India, this form of marketing is forwarding with great speed and becoming one of the essential planning tools of the organizations to launch or promote or sell their products. Every now and then new product company are emerging to offer their services online. Some of the famous online shopping portals in India are Rediff, Indiatimes and Indiaplaza who showcase thousands of products to the customers and use drop-shipping methods through their vendor networks. Then there are manufacturers who are directly running their online portals and selling their stuff online.

Almost all the big brands are using this platform to sell their goods in India. Some companies are using their franchise model to operate online retails business. All forms of gifts, books, electronics, jewellery, clothes and art are the most sought after products purchased by customers online.

Electronic commerce has revolutionized the Indian shopping scene. People can send gifts to any Indian city sitting anywhere in the world in the comfort of their home or office. Even local people have started using this form of shopping and started sending gifts or any service online to their relatives and friends who live in a different Indian City. Online shopping is always on its peak on every special Indian occasion like Diwali, Holi, Mother's Day, Valentine's Day and New Year's Eve.

To help online shopping portals gain maximum exposure in all forms of Internet marketing for their products, many agencies are coming into the Indian online scene offering SEO (Search Engine Optimization), Website Development and Affiliate Marketing which are all different forms of web marketing tools used from development to marketing phase of online portals.

Online Shopping V/S Traditional Shopping

Current retailing trends show a shift from traditional store-based retailing to an increased use of the Internet . Although online shopping incorporates many of the same characteristics as “real world shopping”, consumers are in a different frame of mind and have different informational needs when shopping on the Internet or the traditional way . Therefore it is important to identify the analogies and differences between traditional shopping features and features of online shopping. set up a table to provide an overview on how the features of a brick-and-mortar store relate an Internet store. Nevertheless, Internet shopping fulfils several consumer needs more effectively and efficiently than conventional shopping Advantages of Internet shopping over traditional shopping are as follows:

1. With online shopping, consumers can browse the entire product-assortment with minimal effort, inconvenience and time investment.
2. Consumers can efficiently obtain critical knowledge about firms, products and brands, and thereby increase their competency in making sound decisions while shopping.
3. Consumer can easily compare product features, availability, and prices more

- efficiently and effectively than with brick-and-mortar shopping.
4. Internet shopping provides a level of anonymity when shopping for certain sensitive products.
 5. Online shopping offers a high level of

convenience for those whose time costs are perceived to be too high to invest in conventional shopping

Thus, there are several reasons for consumers to prefer Internet shopping to “real world shopping”.

Traditional Shopping V/S Online Shopping

Traditional shopping	Online shopping
<ul style="list-style-type: none"> • Salesclerk service • Sales promotion • Store window displays • Store atmosphere • Aisle products • Store layout • Number of floors in the store • Number of store entrances and store outlets/branches • Checkout cashier • Look and touch of the merchandise • Number of people entering the store • Sales per period 	<ul style="list-style-type: none"> • Product descriptions, information pages, gift services, search function, clerk on phone/e-mail. • Special offers, online games and lotteries, links to other sites of interest, appetizer information. • Home page • Interface consistency, store organization, interface and graphics quality. • Featured products on hierarchical levels of the store. • Screen depth, browse and search functions, indices, image maps. • Hierarchical levels of the store. • Number of links to a particular online retail store. • Online shopping basket and/or order form • Limited to image quality and description, potential for sound and video applications • Number of unique visits to the online retail store. • Sales per period.

Advantages & Disadvantages of Online Shopping

The following section of the study deals with advantages and disadvantages of on-line shopping. A single factor in on-line shopping may be perceived as a feature by one person and a threat by another person. So in the following section all major factors in on-line shopping scenario are discussed with their relative advantages and disadvantages to customers.

- Convenience
- Information and Reviews
- Price and Selection
- Fraud and security concerns
- Privacy
- Product Suitability
- Aggregation

Consumer Behaviour

Consumer Behavior is the study of how

individuals make decisions to spend their available resources on consumption-related items. It includes the study of WHAT they buy, WHY they buy it, WHERE they buy it, HOW OFTEN they buy and use it.

Online shopping behaviour (also called online buying behaviour and Internet shopping/ buying behaviour) refers to the process of purchasing products or services via the Internet. The process consists of five steps similar to those associated with traditional shopping behaviour. In the typical online shopping process, when potential consumers recognize a need for some merchandise or service, they go to the Internet store and search for need-related information. However, rather than searching actively, at times potential consumers are attracted by information about products or services associated with the felt need. They then evaluate alternatives and choose the one that best fits their criteria for meeting the

felt need. Finally, a transaction is conducted and post-sales services provided. Online shopping attitude refers to consumers' psychological state in terms of making purchases on the Internet. There have been intensive studies of online shopping attitudes and behaviour in recent years. Most of them have attempted to identify factors influencing or contributing to online shopping attitudes and behaviour. The researchers seem to take different perspectives and focus on different factors in different ways. For example, suggest that Internet knowledge, income, and education level are especially powerful predictors of Internet purchases among university students according to an online survey of 425 U.S. undergraduate and MBA students. discover that there are positive relationships between online shopping behaviour and five categories of factors, which include e-stores, Logistical support, product characteristics, websites technological characteristics, information characteristics, and homepage presentation. examine the quality factors of electronic commerce sites in terms of information,

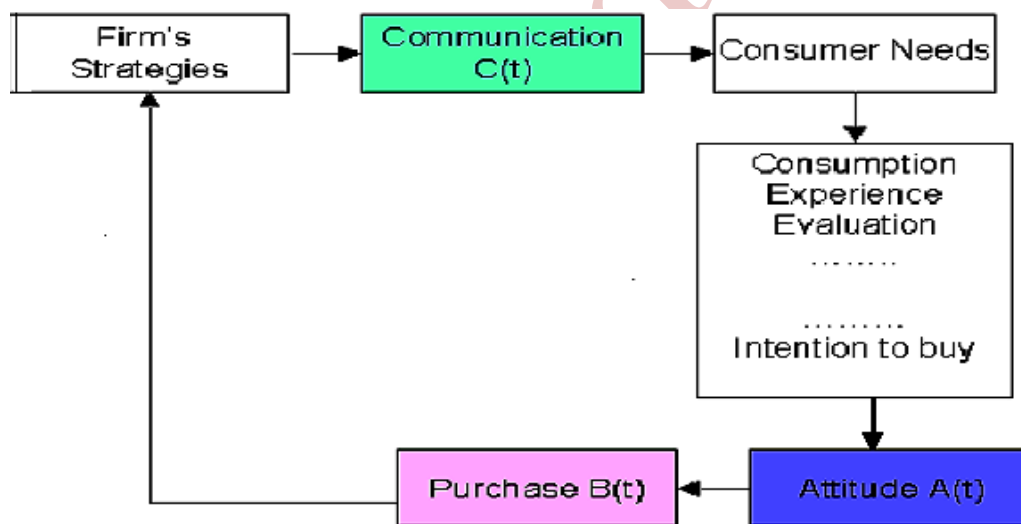
agreement, and settlement phases. They also review those factors related to e-commerce community.

Consumer Behaviour Model

Consumer Behaviour has been one of the most popular research areas in the area of marketing. For the current research work, following research models have been used:

Simplified Consumer Behavior Model

Simplified consumer behaviour model proposed by Hossen Arsham (1994) describes the process of consumer buying. The model depicts a cyclic process for the consumer behaviour. Firm's strategies were communicated to all the prospective consumers. This leads to satisfaction of consumer needs. Based on the needs, consumers go through the process of consumption, experience, evaluation and intention to buy. These factors lead to formation of consumer attitude, which further leads to purchase. The purchasing patterns are studied by the firms and become critical in strategy formulation



Recommendation for online shopping

Quality seals can be put on the Shop website page assuming it has gone through a free appraisal and meets all necessities of the organization giving the seal. The motivation behind these seals is to build the certainty of the web-based customers; the presence of various seals, or seals new to buyers, may thwart this work partially.

Various assets offer counsel on how customers can safeguard themselves while utilizing on the web retailer administrations. These include:

- Staying with known stores, or endeavoring to find free shopper audits of their encounters; likewise

guaranteeing that there is thorough contact data on the site prior to utilizing the help, and taking note of assuming the retailer has signed up for industry oversight projects, for example, trust imprint or trust seal.

- Guaranteeing that the retailer has a satisfactory protection strategy posted. For instance, note in the event that the retailer doesn't unequivocally express that it won't impart private data to others without assent.
- Guaranteeing that the merchant address is safeguarded with SSL while entering Mastercard data. Assuming that it does

the location on the Mastercard data section screen will begin with "HTTPS". Utilizing solid passwords, without individual data. Another choice is a "pass expression," which may be something along the lines: "I shop 4 great a purchase!!" These are challenging to hack, and gives an assortment of upper, lower, and extraordinary characters and could be site explicit and simple to recall.

References

1. Alba, Joseph, Lynch, et al., 1997, "Interactive home shopping; consumer, retailer, and manufacturer incentives to participate in electronic marketplaces". *Journal of marketing*, Vol. 61, pp. 38-53.
2. Case, T., Burns, O. M., and Dick, G. N., 2001, "Drivers of on-line purchasing among U.S. university students", *Proceedings of the 7th Americas Conference on Information Systems*, pp. 873-878.
3. Chandrashekar, R. & Grewal, D., 2003, "Assimilation of advertised reference prices: the moderating of involvement", *Journal of retailing*, Vol. 79, pp. 53-62.
4. Chen, L., and Leteney, F., 2000, "Get real! Managing the next stage of Internet retail", *European management journal*, vol.18, no. 5, pp. 519-28.
5. Donthu, N., & Garcia, A. 1999, "The Internet shopper", *Journal of Advertising Research*, Vol. 39, no. 2, pp. 52-58.
6. Engel, J.F., Blackwell, R.D., & Miniard, P.W., 1995, "The Dryden Press", *Journal of Consumer behaviour*, Vol. 8.
7. Forrester Research Inc., 2005, NRF/Forrester online research index. Retrieved in January 2007 from: <http://www.forrester.com>.
8. Frings, G. S., 2001, *Fashion: From concept to consumer*, Prentice-Hall. Upper Saddle River, NJ.
9. Grewal, D., Iyer, G.R. and Levy, M., 2002, "Internet retailing: enablers, limiters and market consequences", *Journal of business research*, vol.5, pp 72-80.
10. Hossen Arsham, 1994, "what are models in decision making process", *News Age*, Borno, Nigeria.
11. Shim, S., & Drake, M.F., 1990, "Consumer intention to utilize electronic shopping", *Journal of Direct Marketing*, Vol. 4, no. 3, pp. 22-52.
12. Shim, S., & Kotsiopoulos, A., 1994, "Technology innovativeness and adopter categories of apparel/gift retailers: from the diffusion of innovation perspective", *Clothing and Textiles Research Journal*, Vol. 12, no. 2, pp. 46-57.
13. Shim, S., & Mahoney, M.Y., 1991, "Electronic shoppers and non-shoppers among videotext users", *Journal of Direct Marketing*, Vol. 5, no. 3, pp. 29-38.
14. Shim, S., Eastlick, M. A., Lotz, S. L., & Warrington, P., 2001, "An online prepurchase intentions model: The role of intention to search", *Journal of Retailing*, Vol. 77, pp. 397- 416.