

## **E-commerce and Online Consumer Behavior in India: A Literature Review**

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### **Abstract**

The past decade we all have witnessed disrupting innovation with the increase in devices to use Internet and with increase in Internet penetration. Today, online shopping in India is becoming a common practice. Online shopping is more accessible than it has ever been in the digital era with the introduction of tablets, smartphones, easy checkout systems and more secure systems. M-commerce is facilitating this practice and a critical contributing factor for rise in numbers of customers shopping online. As a result, the E-commerce industry is generating higher sales volume. E-tailors are constantly toiling to break the barriers of online shopping. Today the factors which were earlier were barrier in shopping online, now becoming dominant factors of shopping online such as secure mode of payment, web stores' layout for ease of use, building trust through celebrity endorsements to name a few. This study attempts to bring together some of the recently published studies nationally and internationally to examine how E-commerce is shaping the future of business, the role of technology and changing behavior of customers towards online buying.

**Keywords:** Online shopping, E-commerce, Consumers Behavior.

### **Introduction**

With increasing popularity of E-commerce and M-commerce in India, online markets are expanding their horizons to level next. Life is moving at the pace than ever not only in metros but in the normal cities as well. Consumer is hard-pressed of time and wishes for comfort in each task he/she does. Technology is playing a vital role in bring more and more comfort in consumers' life. Virtual world is the ultimate solution for today's consumers' demand for comfort. Almost all products and services offered by virtual markets from household items to paying bills to match-making to hire a cab; to name a few, are just a click away. Consumers have left no option but the accept online world warm heartedly. The objective of this paper is to review the literatures to look at the change that is taking in the market place to market space vis-à-vis change in consumer buying behavior and role of technological advancements in E-commerce. This will lead to an understanding of the various unseen behavioral and situational characteristic of consumer online buying and role of technology.

### **Research Approach**

For this study, we reviewed the research papers published from 2012 to 2015. The selection of research papers was done keeping in view the topic of online consumer behavior is so dynamic in nature.

### **Review of Literatures**

#### **Success Factors of E-commerce in India**

Saumaya Singh et al (2013) published their work on *Consumer buying behavior and E-commerce-A Indian Perspective*; studied various factors responsible for Indian E-commerce and strategies for success.

For E-commerce and M-commerce, India has huge potential in near future. As the data discloses India with largest young population and among the top five countries in terms of Internet users. Online shopping has brought a remarkable change in the buying behavior of consumer who was earlier shopping in market place. The shift of consumer buying from market place to market space is challenging for both consumers as well as online sellers.

Increase in Internet access and 3G penetration and increase in disposable income and young consumer group were identified as the foremost contributing factors towards online shopping were acceptance in India.

Indian consumers have always been value maximizer and discounts offered on online gave them another reason to visit online at least before going to shop in market place.

The key to be in online business market is continuous innovation in their offerings as today's customer regularly wants something new as their needs are changing on regularly basis. The success lay on understanding of 'what customers want' written the destiny of **Redbus.com**. Redbus.com also broke the myth that Indian E-commerce can only run on discounts. **Naurkri.com** a job portal founded in 1997 has tasted the sweet taste of success till now by keeping the simple design that provides convenience and better experience to job seekers and helps recruiters in better screening of applicants. **Bookmyshow.com** was launched in 2007 with clear understanding of identification of customer need is played a critical role in its success. **Snapdeal.com** is having an edge over its competitors with its UPS of offering new deals every day. It is an excitement for online customer to visit this site for current deals running.

Earlier shopping in market place was an event in consumers life which used to bring excitement, fun of going out but in present scenario these elements related to shopping have been replaced with crowded markets, tiresome and waiting time (in traffic jams, for parking, for standing in queue for billing). Online markets is gaining acceptance because of shift of consumers' orientation towards comfort in every aspect of his/her life. Barriers of online shopping are touch, feel, and actual color/size to name a few, which companies must eye to overcome by technological advancements.

**Sakshi Kuchhal (2015)** *E-commerce in India: Sector analysis*; found that online shopping keep on to gain popularity and getting wider the horizons for E-commerce in India with the increase in connectivity through mobiles is not just limited to the urban areas. Rural India too is an important participant.

With the rise of internet penetration, largest young population in India the author reconfirmed that in near future India shall be a gold mine for E-commerce. Looking at huge potential big firms (domestic as well as multinational), angel investors, etc are already begun to start investing immensely and frequently in e-businesses of India.

With the exponential growth of E-commerce in India consumer gets the maximum benefits in terms of numbers of sites to purchase from, varieties of offerings. This gives rise in employment opportunities in India as well. Despite of many other challenges of online market the up gradation of technology and technological infrastructure (as changes are faster than ever) shall prove to be an expensive issue.

**Price Water Coopers' Global Retail and Consumer practice (2015)**, in union with the International Survey Unit (ISU), administered a global survey to understand and compare consumer shopping behaviors across 19 territories—Australia, Belgium, Brazil, Canada, Chile, China/Hong Kong, Denmark, France, Germany, India, Italy, Japan, the Middle East, Russia, South Africa, Switzerland, Turkey, the UK and the US. Under this survey 19,068 online interviews were conducted across above 19 countries.

According to the survey 'price' (in terms of discounts) has emerged as the prime differentiator driving consumers to shop online or in-store. Indian middle class customers are oriented towards value for money and E-tailors are developing their business on this one thought to attract them through huge discounts with extreme comfort to search for alternatives and compare prices just a click away.

An attention-grabbing finding of this survey revealed that the physical store will continue to persevere as the preferred and more convenient channel for shopping for now, even in the wake of disruptors such as the ones discussed in this report. When looking for everyday items like milk and eggs or when looking for that perfect dress for the office gala, customers will still prefer to run to the nearest store.

### **Technology Acceptance and Online buying behavior**

**Weng Marc Lim et al (2012)** employed a survey research in order to understand how consumers form their attitudes and make online shopping intentions under their study of E-shopping: an Analysis of the Technology Acceptance Model (TAM).

The Technology Acceptance Model (TAM) is one of the most influential extensions of

Ajzen and Fishbein's theory of reasoned action (TRA) in the literature. TAM is an information systems theory that models how users come to accept and use a technology. The model suggests that when users are presented with a new technology, a number of factors influence their decision about how and when they will use it, notably:

- \* **Perceived usefulness (PU)** - This was defined by Fred Davis as "the degree to which a person believes that using a particular system would enhance his or her job performance".
- \* **Perceived ease-of-use (PEOU)** - Davis defined this as "the degree to which a person believes that using a particular system would be free from effort" (Davis 1989).

Self-administered questionnaires were administered to 350 consumers (regardless of age but with some screening criteria) in shopping malls within Klang Valley, Malaysia. In terms of gender, more females were found to have made an attempt to shop online as compared to males. The hypothesized framework of the study established that consumers' PU and PEOU of online shopping sites have positive influence attitude towards online shopping.

An exhaustive research on **Online buying behavior in India was compiled by Google Trends and online research conducted by TNS Australia (2012)**. This study was conducted on sample size of 800 respondents who were spread across Delhi (22%), Mumbai (24%), Kolkata (9%), Bangalore (17%), Ahmedabad (6%), Hyderabad (12%), Pune (7%) and others (2%).

The interesting findings of this research were:

Online purchases in terms of product categories, consumer interest on Google search for apparels & accessories (30%) emerged as the second biggest product category after consumer electronics (34%).

30% of all shopping queries in India come from mobile phones.

Internet users were in the age group 18 to 50 from Delhi, Mumbai, Kolkata, Bangalore, Ahmedabad, Hyderabad and Pune.

90% of online shoppers are planning to buy more products online which reflect on the positive experience of the users such as Apparels & accessories was among the top category (84%)

Followed by Electronics (71%), Beauty & personal care (64%), Books (62%) and Household products (61%).

**Dr Gagandeep Nagra et al (2013), "A study of Factors Affecting on Online Shopping behavior of consumers"** to study the impact of Demographic factors of consumers on on-line shopping parameters like satisfaction, future purchase intention, frequency of online shopping and expenditure on on-line shopping.

Online retailers have understood the functioning of continuous improvement process to eliminate the barriers of online shopping. The shift from advance payment, it is moved to cash on delivery (COD). From fixed delivery timings it has moved on to convenient delivery timings at the choice of the customer.

A combination of interview method and questionnaire method was used to collect data from the 70 respondents. The results of study reveal that on-line shopping in India is significantly affected by various Demographic factors like age, gender, marital status, family size and income.

Demographic factors such as age, gender does impact possession of internet and frequency of online purchase online shopping. But on other hand gender has a significant impact on frequently of online shopping as females are more impulsive buyers and are more likely to be fascinated by sale & discounts offered by the online retailers.

**Abu Basher et al (2013)** investigated in their study of *E-satisfaction and E-loyalty of Consumers Shopping Online*. This explanatory research investigated to understand the links between the emotional state, perception of risk in the context of consumer online satisfaction and loyalty online consumers. A survey was conducted with a sample size of 250 respondents from Delhi & NCR. Selection of sample was done intelligently with 121 males and 129 females with their average age were 25-30 years. Majority of respondents are visiting twice (56.8%) and thrice (32%) a week to the stores.

### **E-satisfaction and E-loyalty**

Taylor and Hunter (2003) note that loyalty to a web merchant is often captured by the intentions of fidelity, such as the intention to revisit a site, intends to recommend a site, or intend to buy the site. The set of behavioral approaches to loyalty only attaches to observe the behavior of repeat purchase.

Oliver (1999). According to the Sreenivasan et al, (2002), E-loyalty is defined as the customer's favourable attitude towards the e-retailer that results in repeated buying behavior.

E-commerce is a cutthroat industry; when customer is online he can visit as many as website possible for seeking information, comparison of cost, features etc. Loyalty of cyber customers is not only challenge to understand moreover difficult to create in customers mind.

According to Oliver (1999) is the summary psychological state resulting when the emotion surrounding disconfirmed expectations is coupled with a consumer's prior feelings about the consumer experience." A dissatisfied customer will be looking for the alternatives and more likely to acquired by the competitor than a satisfied customer. Also dissatisfied customer will be in resistive nature in the retailers loyalty programme and their negative involvement in the programmes will also influence the other customers to probe the negatives on the services (Sreenivasan et al 2003).

Research hypotheses were also shaped to find out the correlation between variable such as there is no significant impact of emotional states on the e-satisfaction of consumers, perceived risk of online transaction does not significantly affect e-satisfaction, and there was no significant relation between e-satisfaction and e-loyalty in the case of online consumers.

When a customer is online, his/her behavior becomes enormously unpredictable and to measure customer e-satisfaction and e-loyalty become difficult as they are strongly associated with his/her present emotional state. It was highly recommended to E-tailors to invest in deep understanding of cyber consumer psychology for gaining e-satisfaction and e-loyalty along with e-trust.

**Mrs. Hemani Malhotra (2015) studied** Consumers' Behaviour towards Online Purchases in Mumbai. The research was proposed to understand the online buying behaviour in developing countries like India and factors affecting online purchases.

E-commerce market in India is on exponential rise from about \$2.5 billion in 2009 to \$6.3 billion in 2011, \$8.5 billion in 2012 and further to \$16 billion in 2013 and which is expected to touch \$56 billion by 2023- 6.5 percent of the total retail market (Industry Chamber Assocham, 2013). It is the time for the companies to change their marketing strategy to meet the customers' needs by opting for E-commerce.

The study was conducted with objectives to find out the online shopping behaviour of consumers in Mumbai, India, to investigate the problems and issues most concerned while shopping online and to study the shopping trends of online buyers.

There were 170 respondents undertaken for this research study (85 males and 85 females) The well-structured questionnaire aimed to gather information about respondents' attitude towards online shopping and purchase perception towards online shopping was used for data collection.

The study revealed that maximum subjects (38%) who shopped online ranged between the age group 20- 30 years and it was also observed that maximum online shopper were graduates (60%) and with monthly family income between Rs. 20,000 – 80,000.

Customers were attracted towards online purchase because of safety of payment and customer service. Further, it can also be understood that the consumers purchase items like clothes, book, mobiles and home appliances frequently. The shift of market place to market space is taking its shape in India.

**Ms. Asmatara khan (2015) studied** factors affecting on-line shoppers' behavior for electronic goods purchasing in Mumbai with the Primary objective to study motivational factors affecting online shopping behavior of electronic goods.

100 experienced online shoppers of electronic goods in Mumbai from (ie. students, servicemen, businessmen, professionals) were selected as a sample for the study. A structured questionnaire was developed with five point rating scale with ranging from strongly agree to strongly disagree on website variables such as website design, customer service, security, reliability towards online shopping.

As the e-tailors were making it easier and secure to do shopping more and more people attracted and suggest e-buying to each other. Domain specific innovativeness has positive effect on online shopping behavior. This means that marketing specialists should target this society in their marketing strategy formulation for better effectiveness of their marketing program.

### Conclusion

E-commerce and M-commerce are strongly affected by demographic and psychographic factors. The E-tailors are now can identify; who are shopping online? what are they like to buy online? where do they get information from etc. facilitate them to formulate the strategy for success in near future. The dominant factors of online can be summarized as convenience, ease of use, secure mode of payment, cost and time saving in order of priority. Online shopping at presently enjoying its entry in to early adopters' stage as the data confirms where younger, more educated customers who are shopping online. Technology is moving at a breakneck pace. Online sellers need to keep themselves ready to face technological changes which have the power to make or mar their business.

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