

Factors Affecting Online Shopping Behavior of Consumers: A study of Tri City (Mohali, Chandigarh and Panchkula)

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Abstract

On-line shopping is now a well known tool for doing various kind of shopping. Soon online shopping will become the future of shopping in the world. Most of the companies have started their online portals for selling their products and services through on-line. Today the amount of trade that is conducted electronically using e-commerce has increased with a wide spread usage of internet and technology. E-business has helped a lot in the globalization of businesses throughout the world. Companies can easily market their product in the whole world and can create great market of their product. In India despite of its being one of the largest consumer market, shopping online in India is still not catching up speed as compared to other developed and fast developing countries due to psychological factors, social factors emotional factors, privacy factors and security issues which affect the buyer attitudes of online purchases. The present research paper has used Quantitative research methods to study the impact of Demographic factors of consumers on on-line shopping parameters like satisfaction with on-line shopping, risk involved, frequency of on-line shopping, numbers and types of items purchased, times spent on internet for shopping online and overall spend on on-line shopping. The data was collected through Questionnaires.

The results of study reveal that on-line shopping in India is increasing but still is significantly affected by various Demographic factors like age, gender, and income.

Key Words- On-line shopping, E-Commerce, Affecting Factors, Consumer buying behavior.

Introduction

People are frequently using internet for shopping online.

Online shopping refers to the shopping behavior of consumer in an online store or a website used for online purchasing purpose (Monsuwe et al. 2004).

Online shopping or ecommerce is a multibillion dollar industry and is expected to grow by 20% this year globally. By spending several billion dollars every year, e-commerce has continued its double digit growth.

Online shopping is providing various benefits to both retailers and consumers. Unlike retail store you can shop any time, you need not to visit stores which help in reducing the cost of traveling and consumer can buy wide range of the products.

Online retailers have improved their service and consumers have found it convenient. There is been transformation in payment mode as well. From advance payment it is moved to cash on delivery. From fixed delivery timings it is moved on to convenient delivery timings at the choice

of the customer. Because of these reasons more than 85% of the population that was online experienced online shopping recently.

In addition to this Indian Economy is doing very well and because of this income level of both upper lower class and all levels of middle class has noticed a significant rise and due to this internet users are increasing day by day in India. As internet users from lower upper and middle class are increasing day by day this gives enormous opportunities for various ecommerce sites to get in touch with this segment.

According to the Global Retail Development Index 2012, India ranks fifth among the top 30 emerging markets for retail. There are many factors contributing to the boom in this sector. Some of them are increased consumerism with the ability to afford luxury items.

In addition to this Digital marketing has changed the way advertisements were done earlier. It has led marketing strategy planners to re-do their homework and focus on tapping the potential of recently emerged and openly welcomed media of communication as digital marketing helps increase the cost effectiveness and help facilitate the interaction activity between company and the prospective customer through ongoing dialogue between the two. This media has given companies a new platform to advertise their product and to develop customer relations as this provides cost effectiveness in creating the image about the product in the minds of customers on a frequent basis.

The different channels of digital marketing include social media marketing, email marketing, search engine optimization and paid search. These different channels help to cater the different needs of different segments of the market. Companies use integrated marketing strategy to cater to different segments of the population as they cannot use one size fits all strategy to convey their message.

Literature Review

Monsuwe et al. (2004) created a framework to work through their study that would allow the consumer's understanding its attitude toward online shopping. The attitudes and beliefs are separated from the consumer psychological characteristics and mainly determined by the learning and prior experience. Sensitive to the evolution of the prices the buyers are mostly in relation to the purchase of products at the lowest price or get the best value for the money they spend through online shopping (Bellenger, 1980).

Monsuwe et al. (2004) made a comparison of the traditional way of shopping and online shopping and comparison has shown that shopping online is more convenient to make purchases compared to the traditional ones. This has principally concluded on the fact that the internet allows for more information must be collected in minimum quantity of the effort, the convenience and invested time by the consumer.

Smith and Rupp (2003) have examined and identify the factors in their work that affects the behavior of consumers. These issues have been identified as for the marketing effort, socio-cultural influence, emotional factor, the psychological factors and privacy factors, to the experience, the purchase and post -purchase decisions. They also show that consumers are affected by various psychological factors, such as perception, motivation, personality, attitudes

and emotions.

Price which is a part of the marketing mix is a factor used to stimulate the consumer and is also communicator, to negotiate and a competitive weapon. The consumer can use price as a means to compare products, judge relative value for the money, and the judge quality of products. It is estimated that this factor has a considerable influence on the consumers during their online shopping **Brassington & Pettitt (2000)**.

Herna'ndez et al. (2011) in a study, Age, gender and income: do they really moderate online shopping behavior, Analyzed whether individuals' socioeconomic characteristics – age, gender and income – influence their online shopping behavior. The individuals analyzed are experienced e-shoppers i.e. individuals who often make purchases on the internet. The results of their research show that socioeconomic variables moderate neither the influence of previous use of the internet nor the perceptions of e-commerce; in short, they do not condition the behavior of the experienced e-shopper.

Mohammad Hossein et.al. (2012) in a study, An Analysis of Factors Affecting on Online Shopping Behavior of Consumers, analyzed the impact of factors like perceived risks, infrastructural variables and return policy on attitude toward online shopping behavior and subjective norms, perceived behavioral control, domain specific innovativeness and attitude on online shopping behavior positively affect online shopping behavior.

Nagra et. al.(2013) in a study Factors Affecting on Online Shopping Behavior of Consumers analyzed that on-line shopping in India is significantly affected by various Demographic factors like age, gender, marital status, family size and income.

Research Objectives

1. To find the most refraining factors that influence not to shop online.
2. To study the effect of the demographic factors (Age, Gender, Income) on online shopping behavior.
3. To study which consumer durable are mostly purchased by the consumer.
4. To study about the risk awareness among the consumers

Research Hypothesis

On the basis of Gender

H1: Whether there is any significant difference between the gender on Shopping online is a risky affair

H2: Whether there is any significant difference between the gender on description of goods on online stores is reliable.

H3. Whether there is any significant difference between gender on frequency of Online shopping.

On the basis of Income

H4: Whether there is any significant difference between the different income group on Shopping online is a risky affair

H5: Whether there is any significant difference between the different income group on description of goods on online stores is reliable.

H6. Whether there is any significant difference between different income group on frequency of Online shopping.

Research Methodology

Methods of data collection

The data has been collected with the help of questionnaire.

Sampling Techniques

The convenience sampling was used for collection of the data

Sample Size

Sample size in the study is 130

Data Analysis and Interpretation-

For analyzing the data and testing of hypothesis H1, H2 and H3 we have used T test for independent sample. The table for the same is given below.

Group Statistics (Table 1)

Q1.What is your gender?		N	Mean	Std. Deviation	Std. Error Mean
Q18_3.Shopping online is a risky affair	Male	85	3.05	1.164	.126
	Female	46	3.57	.886	.131
Q18_8.Description of goods on internet is reliable	Male	85	3.41	1.158	.126
	Female	46	3.72	1.167	.172
Q6_OSP.How many times did you shopped in last one year?	Male	85	9.04	9.356	1.015
	Female	46	13.61	12.912	1.904

Independent Samples Test (Table 2)

	Levene's Test		t-test for Equality of Means						
	F	Sig.	T	df	Sig.	Mean Difference	Std. Error Difference	95% Confidence	
								Lower	Upper
Q18_3. Shopping online is a risky affair	.637	.426	-2.633	129	.009	-.518	.197	-.908	-.129
Q18_8. Description of goods on internet is reliable	.037	.848	-1.438	129	.153	-.306	.213	-.726	.115
Q6_OSPHow many times did you shopped in last one year?	9.276	.003	-2.328	129	.021	-4.573	1.964	-8.460	-.687

It is clear from the table 2 that there is significant difference between gender on shopping online is a risky affair and how many times did you shopped in last one year as the p-value are .009 and .021 respectively for both of the variables. Hence our null hypothesis will be rejected and our alternative hypothesis will be accepted for both of cases. Also as the mean as is clear from table 1 is high for the female for both of the variables and are respectively 3.57 and 13.67. Further there is no significance difference between gender on description of goods on internet is reliable. Hence in this case our null hypothesis will be accepted.

For testing the hypothesis H4, H5 and H6 we have applied one way Anova and the result for the same is given in the table below.

Descriptive Statistics(Table 3)

		N	Mean	Std. Deviation	Std. Error
Q18_3. Shopping online is a risky affair	Less Than 50000	55	3.15	1.177	.159
	50000-100000	60	3.48	.965	.125
	More than 100000	16	2.69	1.195	.299
	Total	131	3.24	1.110	.097
Q18_8. Description of goods on internet is reliable	Less Than 50000	55	3.42	1.182	.159
	50000-100000	60	3.60	1.167	.151
	More than 100000	16	3.56	1.153	.288
	Total	131	3.52	1.166	.102
Q6_OSP. How many times did you shopped in last one year?	Less Than 50000	55	12.04	12.858	1.734
	50000-100000	60	9.97	9.115	1.177
	More than 100000	16	8.38	9.777	2.444
	Total	131	10.64	10.912	.953

ANOVA (Table 4)

		Sum of Squares	df	Mean Square	F	Sig.
Q18_3. Shopping online is a risky affair	Between Groups	8.926	2	4.463	3.777	.025
	Within Groups	151.257	128	1.182		
	Total	160.183	130			
Q18_8. Description of goods on internet is reliable	Between Groups	.983	2	.491	.358	.700
	Within Groups	175.719	128	1.373		
	Total	176.702	130			
Q6_OSP. How many times did you shopped in last one year?	Between Groups	216.527	2	108.263	.908	.406
	Within Groups	15263.611	128	119.247		
	Total	15480.137	130			

As is clear from the above table that there is significance difference between the income level on shopping online is a risky affair the p-value of the statistics is .025. So our null hypothesis will be rejected and alternative will be accepted. Null hypothesis for hypothesis H5 and H6 will be accepted.

Finally we have computed mean of 11 variables for the factors which are responsible for consumer refraining from online shopping that are Shipment time, Risk involved in online payments, Risk of identity theft, Difficulty in exchanging/returning the Products, Delivery of product other than what is Shown, Risk of hacking of personal information, Not used to internet, Lack of authenticated/trust worthy Vendors, Difficult as compared to traditional Shopping, Product cannot be touched and Product cannot be touched and found that most of the people refrain because of the **Not used to internet with a mean value of 3.94, Difficult as compared to traditional Shopping with a mean value 3.56 and Products are sold at inflated prices with mean 3.8** are the most refraining factors.

Conclusion

T test shows that there is significant difference between the gender on shopping online is a risky affair and how many times did you shopped in last one year. Anova shows there is significant difference between the Income level on shopping online is a risky affair.

Most of the people think that they refrain shopping online because they are Not used to internet, find it difficult online shopping than traditional shopping and they also think that product are sold at inflated prices.

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