

“Consumer Buying Behaviour towards E- Shopping”

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Chapter 1- Introduction

1.1 Introduction to the Concept

The invention of the internet has led to a shift in the way people shop. The consumer is no longer bound to the fixed location and time. They can virtually place orders and can get the products delivered to their location. The internet has become the new medium of communication that has become a part of the day to day life. As the number of internet users is increasing, it has led to an increase in the number of online purchasing. The rapid increase has led to a change in consumer behaviour.

Consumer behaviour is how an individual customer, groups, or organizations select, buy, use, and dispose of ideas, goods, and services to satisfy their needs and wants. It refers to the actions of the consumers in the marketplace and the underlying motives of those actions. The study of consumer behaviour assumes that consumers are actors in a marketplace. Consumers play various roles in the marketplace.

Understanding consumer behaviour is particularly important. The needs of not even two consumers are the same. They buy only products that satisfy their needs, wants, and desires. A firm must continuously understand the latest tastes and preferences of the consumer.

The stages of the consumer decision process are quite similar irrespective of the mode of shopping used by the consumer, i.e., online, or offline. In the online model of consumer behaviour, consumer skills, product characteristics, attitudes of consumers towards E-Shopping, and perceptions about the web environment play a vital role.

Consumer behaviour regarding the use of the internet for online shopping varies. Some consumers either lack access or resist using this channel of distribution due to security and privacy issues.

It takes time for customers to build confidence to shop online, but as it increases, it results in a higher number of online purchasing due to convenience.

Chapter 2 - Review of Literature

2.1. Review

The internet is considered a mass medium that provides the consumer with purchase characteristics like no other medium. It makes shopping more convenient for consumers as compared to traditional shopping methods.

To have an impact on and retain consumers, in a competitive market, Constantinides (2004) stated that the first step is to identify certain influencing aspects when purchasing online, these are regarded as factors.

1. Anytime Viewing

Abilities such as anytime view and purchase products, visualize their needs with products and discuss products with their consumers (Joinetal,2003)

2. Convenience

Oppenheim and Ward (2006) explain that the primary reason for online shopping is convenience. They also recognize that earlier, the primary reason was the price, but now it has shifted to convenience.

“Products like mobile phones, e-tablets, consumer electronics, gift articles, apparel, and ornaments are the major attractions for consumers who shop online.” – The Economic Times Online shopping is the process that the consumers go through when they decide to shop on the internet. The internet has developed into a new distribution channel (Hollensen,2004)

3. Accessibility

The evolution of e-commerce has been identified by Smith and Rupp (2003) to be the most significant contribution to the information revolution. They also state that consumers have never had access to so many suppliers and product/service opinions.

In his book Electronic Commerce: A Managerial Perspective, Turban et al. have provided a consumer behaviour model in an E-Commerce environment. This model categorizes the factors that influence customers' buying decisions into categories.

4. Risk

The distinct categories of products that customers are willing to purchase online depend upon the customer perception of risk. Customers perceive more risk if the product category is new or if the product's perceived value is high. Schiffman et al., in his book Consumer behaviour states that “Studies also found that perceptions of trust and risk were the major determinants of consumers' attitudes toward shopping online and that trust reduced consumers' perceived risk in the electronic marketplace.”

2.2. Rationale of the Study

- Understanding consumer behaviour is essential for businesses because it helps them anticipate what customers want, learn how to attract customers, and understand how to present their products and services best.
- When a business understands how customers choose a product or what influences them to select one option over another, they can be able to present themselves appropriately. It is all about selling to the market and being able to target the segment of a population. So analyzing consumer buying behaviour towards online shopping is a must to become successful on the platform.

Chapter 3 - Research Methodology

3.1 Research Objective

This study's primary objective is to identify and understand the factors affecting customer buying behaviour concerning online shopping. The Secondary Objectives are:

1. To identify product categories for which customers favor online shopping and product categories, they still abide by the traditional approach.
2. To identify the different payment and delivery systems preferred by the customers.
3. To identify the inhibitions faced by customers during online purchases.

3.2 Research Hypothesis

Hypothesis 1:

H0: There is no significant relationship between perception of convenience of E- Shopping and frequency of E- Shopping.

H1: There is a significant relationship between perception of convenience of E- Shopping and frequency of E- Shopping.

Hypothesis 2:

H0: There is no significant relationship between in terms of prices offered and frequency of E -Shopping.

H1: There is a significant relationship between in terms of prices offered and frequency of E - Shopping.

Hypothesis 3:

H0: There is no significant relationship between income earned by the consumer and frequency of E -Shopping.

H1: There is a significant relationship between income earned by the consumer and frequency of E -Shopping.

3.3 Research Design

1. Type of Research

Descriptive Research - Provides a portrayal of characteristics of an individual, situation or group.

2. Data Collection Method

The data has been collected by primary sources using the Survey Method.

3. Data Collection Instrument

Structured questionnaires were circulated to collect first-hand information from the sample selected. It is the set of questions on a sheet of paper was being given to the of fill it, bases on which the data was interpreted.

Chapter 4 - Sample Design

4.1 Sample Unit

Consumers from the age of 15 to around 50 has been chosen as the sample unit. Both the genders and people of different occupations have been considered.

4.2 Sample Method

Convenience Sampling

4.3 Sample Size

The sample size chosen is 50. The language of the questionnaire has been kept simple to reduce ambiguity.

Chapter 5- Data Interpretation

1. Age:

Age	No. of Respondents	Percentage (%)
15-20	8	16
21-25	11	22
26-34	9	18

35-40	10	20
41 or Above	12	24

Table 5.1: Age

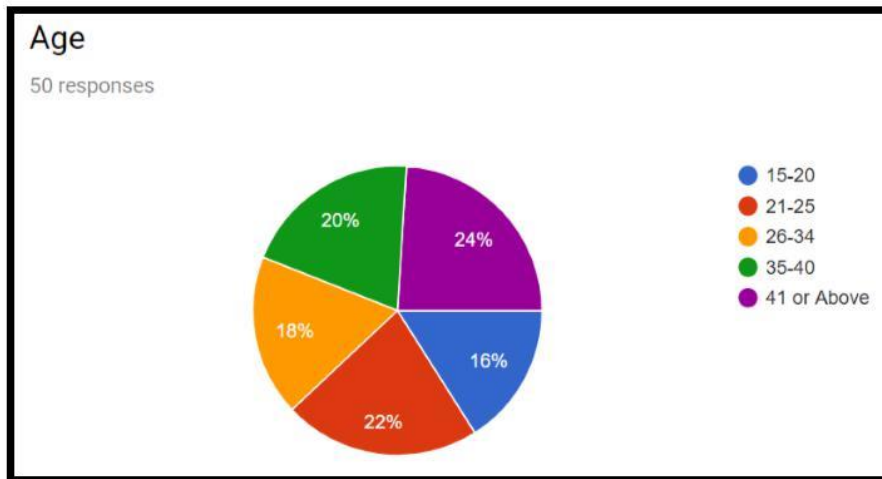


Fig. 5.1: Age

Analysis & Interpretation:

The above diagram shows the various age groups of the respondents. They varied from the age of 15 to more than 41. The highest number of respondents were aged 41 or above (24%). These are followed by 21-35 years (21%), 35-40 years (20%), 26-34 years (18%), and lastly, 15- 20 years (16%). Respondents from all age groups and various occupations such as managers, people in business, homemakers, etc. were considered to collect wholesome data.

2. Gender:

Gender	No. of Respondents	Percentage (%)
Male	26	48
Female	24	52

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Table 5.2

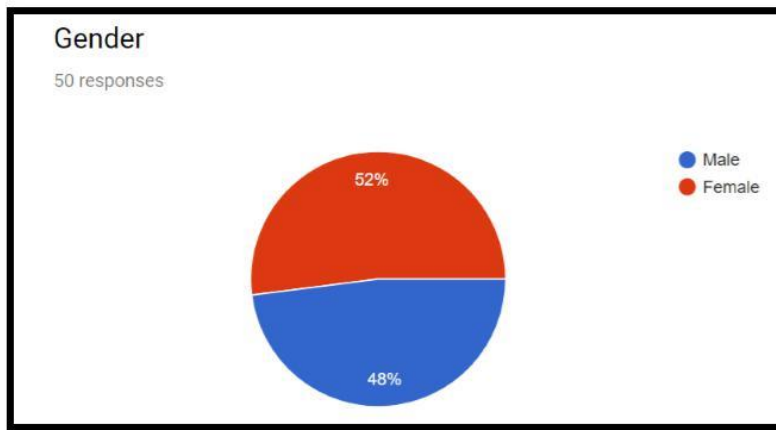


Fig. 5.2: Gender

Analysis & Interpretation:

52% of the total respondents are female, and 48% of the respondents are male. E-Shopping is preferred by everybody, irrespective of the gender. Gender is not a particularly crucial influencing factor.

3. Monthly Income:

Monthly Income	No. of Respondents	Percentage (%)
Less than 50,000	23	46
51,000- 70,000	9	18
71,000 – 90,000	9	18

91,000 and Above	9	18
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Table 5.3: Monthly Income

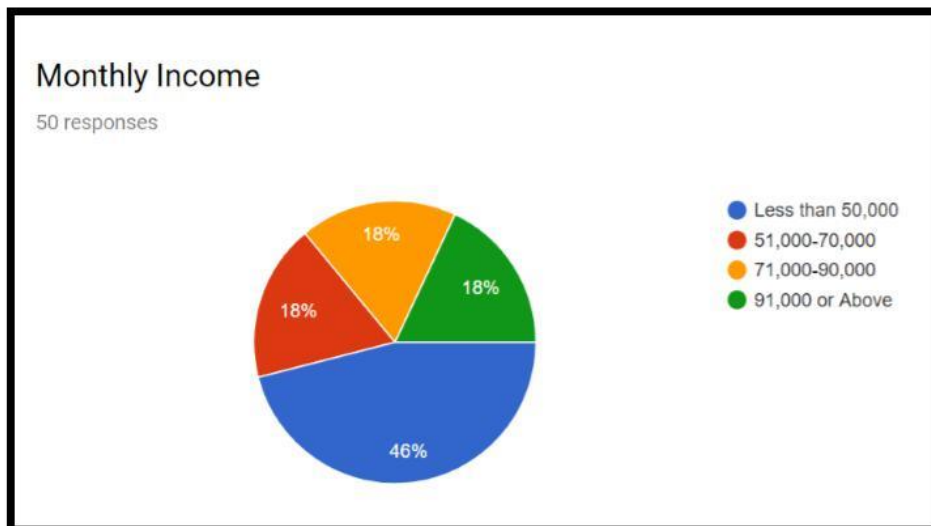


Fig. 5.3: Monthly Income

Analysis & Interpretation -

46% of the respondents earn less than 50,000 per month. the remaining 54% of the respondent’s income has been divided equally between 51,000-70,000 (18%), 71,000-90,000 (18%) and more than 91,000 (18%). Respondents from various income groups were considered for responses to collect appropriate data.

4. Frequency of Internet Usage:

No. of Hours	No. of Respondents	Percentage (%)
1-2 Hours	11	22

3-4 Hours	25	50
5-6 Hours	9	18
7 or More	5	10

Table 5.4: Frequency of Internet Usage

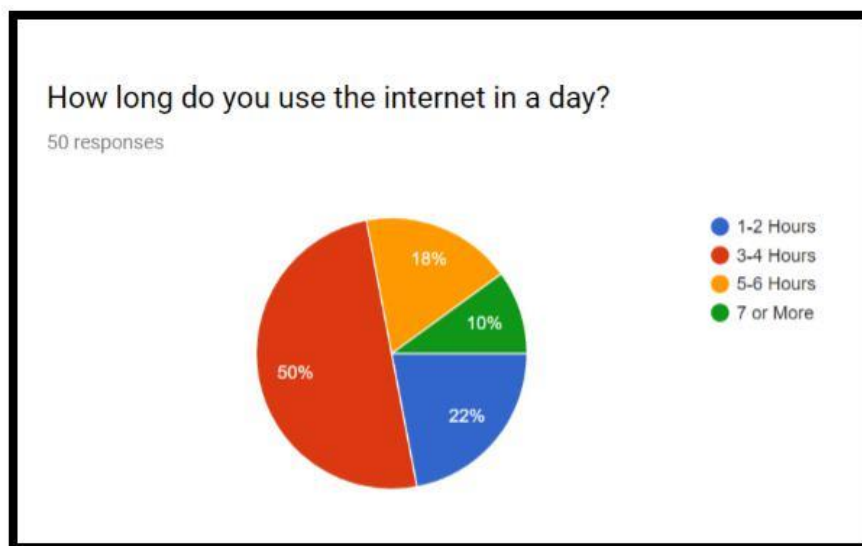


Fig. 5.4: Frequency of Internet Usage

Analysis & Interpretation:

Maximum number of hours for which spent on the internet according to the respondents is 3-4 hours (50%). Since most of the respondents are aged 41 or above it is possible that they spend less time on the internet because of their busy schedule. This is followed by 1-2 hours of internet (22%), 5-6 hours (18%) and lastly spending 7 or more hours on the internet (10%).

5. Convenience:

Agreeableness	No. of Respondents	Percentage (%)
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Highly Agree	31	62
Agree	12	24
Disagree	7	14

Table 5.5: Convenience

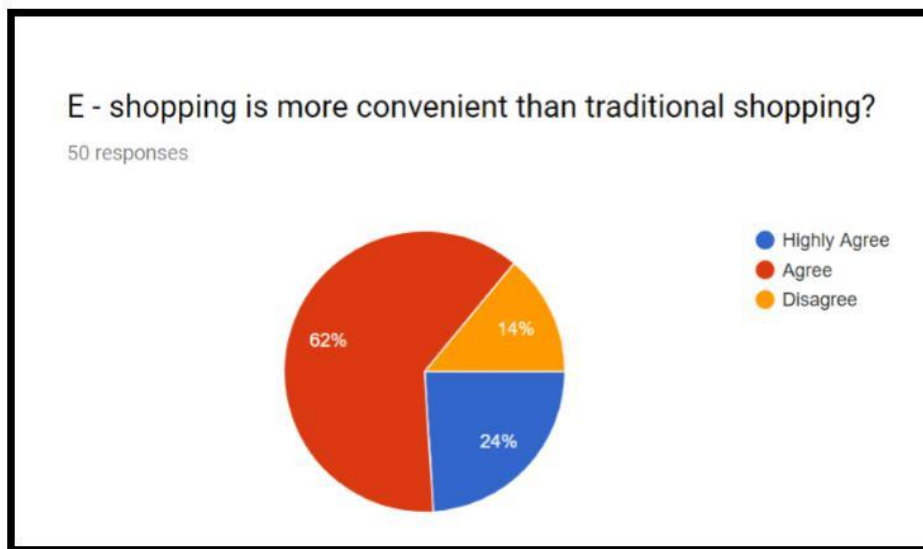


Fig. 5.5: Convenience

Analysis & Interpretation:

62% of the respondents agree and 24% highly agree to the fact that E- shopping is more convenient than traditional shopping. They find it is easier to shop online than going to the shop and buying the product required. But, 14% of the people find traditional shopping more convenient.

6. Usage

Usage of E – Commerce	No. of Respondents	Percentage (%)
E – Booking	5	10
E – Ticketing	8	16
E – Banking	6	12
E – Billing	7	14
E – Shopping	9	48

Table 5.6: Usage

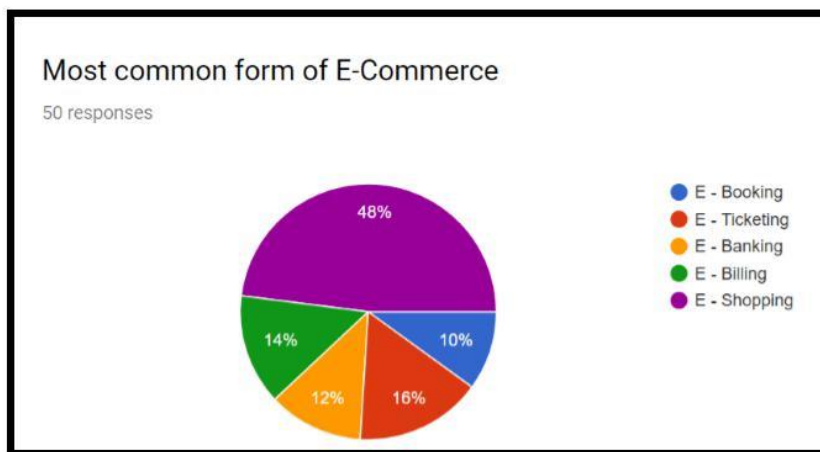


Fig 5.6: Usage

Analysis & Interpretation:

Most of the respondents prefer using the internet for E- Shopping (48%). Followed by E-Ticketing (16%), E- Billing (14%), E – Banking (12%) and E- Booking (10%). In today’s times, almost all the activities can be performed online in less time as compared to the traditional way of doing them. Activities such as booking of tickets, banking transactions, payment of bills, hotel bookings etc are more convenient when done online.

7. Frequency of E- Shopping

Frequency	No. of Respondents	Percentage (%)
Quite Often	8	16
Often	26	52
Sometimes	11	22
Rarely	5	10

Table 5.7: Frequency of E – Shopping

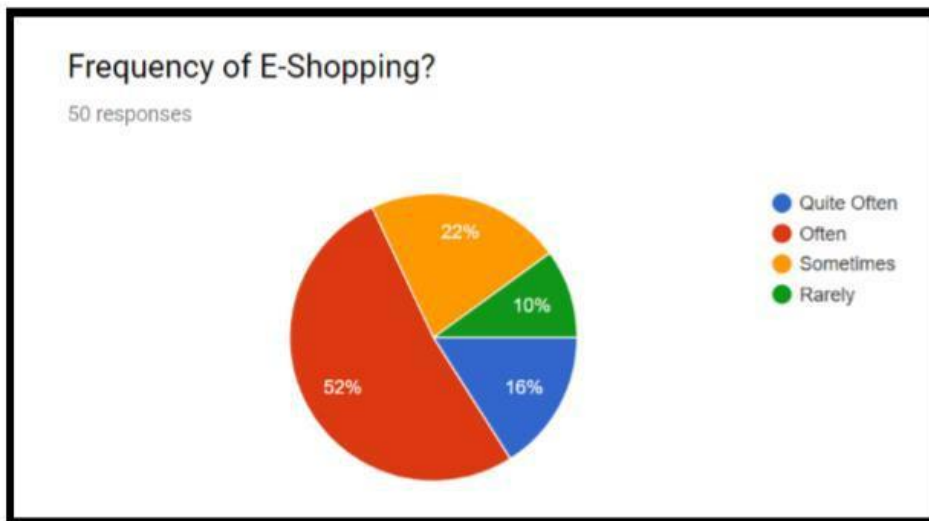


Fig. 5.7: Frequency of E- Shopping

Analysis & Interpretation:

52% of the respondents shop often from online portals. 22% shop sometimes, 16% shop quite often and only 10% rarely shop. E- Shopping is a personal choice and depends from person to person. There are various factors that influence the frequency of shopping.

8. Fair Prices

Agreeableness	No. of Respondents	Percentage (%)
Agree	32	64
Not Sure	13	26
Disagree	5	10

Table 5.8: Fair Prices



Fig. 5.8: Fair Prices

Analysis & Interpretation:

Fair prices are an important factor to motivate the customers to make online purchases. 64% respondents feel that the prices offered by online portals are fair, 26% are not sure and 10% disagree to this fact. They will prefer shopping the traditional way as they feel that it offers the same product at better prices.

9. Average Amount Spent on E- Shopping

Amount	No. of Respondents	Percentage (%)
1000 – 10,000	23	46
11,000 – 30,000	18	36
30,000 or More	9	18

Table 5. 9: Amount Spent

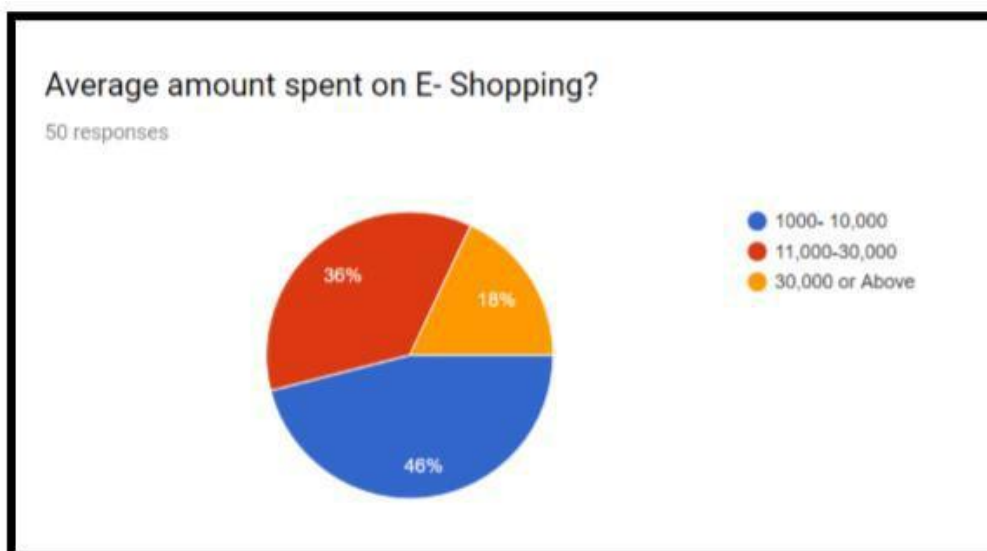


Fig 5.9: Amount Spent

Analysis & Interpretation:

On average, 46% of the respondents spend Rs. 1000-10,000 on E-Shopping. Most of the products purchased online, gets covered in this range. 36% spend Rs. 11,000-30,000 and only 18% spend Rs. 30,000 or above. Respondents also trust online portals enough to order and purchase expensive products. Products may include electronic products, high end brand products, jewellery, designer products etc.

10. Mode of Payment:

Mode	No. of Respondents	Percentage (%)
Cash on Delivery	19	38
Card Payments	24	48
E – Wallets	7	14

Table 5.10

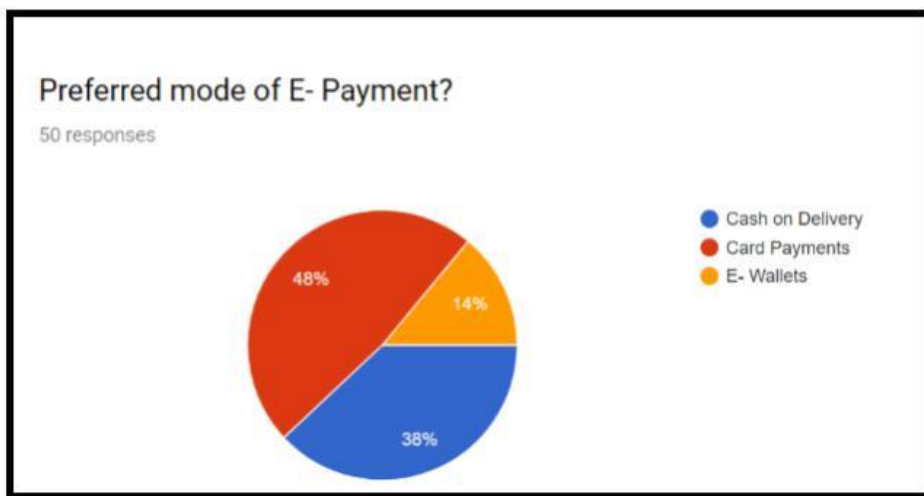


Fig 5.10: Mode of Payments

Analysis & Interpretation:

48% people prefer payment by card, 38% prefer cash on delivery and 14% opt for E- Wallets such as Paytm and Google Pay. Card payments are the easiest method of making online payments. E- wallets are still new to the picture and will take some time for complete acceptance.

11. Most Common Issues

Issues	No. of Respondents	Percentage (%)
Security Issues	12	24
Lack of Touch	20	40
Low Quality	10	20
Delayed Deliveries	8	16

Table 5.11

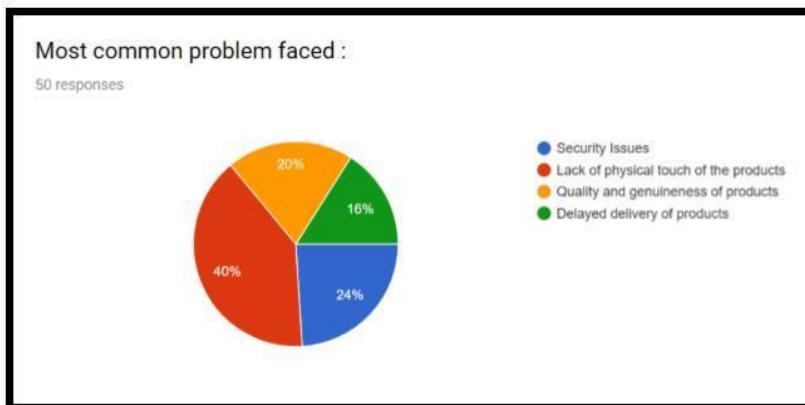


Fig. 5.11: Common Issues

Analysis & Interpretation:

40% of the respondents feel that the most common issue is lack of physical touch of the products. This problem is mostly faced while buying products which need to be checked before purchasing, 24% feel security of personal information is an issue, 20% doubt the product quality and 16% face the issue of delayed delivery of the products. Although problem of delayed delivery can be tackled but issues with security of personal information and product quality hampers the consumer’s trust. But there are customers, who despite issues, do prefer online shopping over traditional shopping.

Hypothesis Testing:

H0: There is no significant relationship between perception of convenience of E- Shopping and frequency of E- Shopping.

H1: There is a significant relationship between perception of convenience of E- Shopping and frequency of E- Shopping.

Convenience/Frequency	Quite Often	Often	Sometimes	Rarely	Total
Highly Agree	4	6	2	0	12
Agree	2	19	7	3	31
Disagree	2	1	2	2	7
Total	8	26	11	5	50

Table 5.12: Actual Frequency

Convenience/ Frequency	Quite Often	Often	Sometimes	Rarely	Total
Highly Agree	1.92	6.24	2.64	1.2	12
Agree	4.96	16.12	6.82	3.1	31

Disagree	1.12	3.64	1.54	0.7	7
Total	8	26	11	5	50

Table 5.13: Expected Frequency

Level of significance: 0.05

P Value = 0.0864 (Using MS Excel)

P Value > α : Null Hypothesis is accepted. (H1 is rejected)

The chi square test done on the variables show that they are independent of each other and there is no significant relationship between the perception of convenience and in the frequency of E- Shopping.

H0: There is no significant relationship between in terms of prices offered and frequency of E -Shopping.

H1: There is a significant relationship between in terms of prices offered and frequency of E -Shopping.

Pricing/Frequency	Quite Often	Often	Sometimes	Rarely	Total
Agree	2	20	7	3	32
Not Sure	2	5	4	2	17
Disagree	4	1	0	0	5

Total	8	26	5	5	50
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Table5.14: Actual Frequency

Pricing/Frequency	Quite Often	Often	Sometimes	Rarely	Total
Agree	5.12	16.64	7.04	3.2	32
Not Sure	2.72	8.84	3.74	1.7	17
Disagree	0.8	2.6	1.1	0.5	5
Total	8	26	11	5	50

Table 5.15: Expected Frequency

Level of Significance: 0.05

P Value: 0.002 (Using MS Excel)

P Value < α : Alternate Hypothesis is accepted. (H0 is rejected)

The chi square test done on the variables show that they are dependent on each other and there is a significant relationship between terms of prices offered and frequency of E - Shopping.

H0: There is no significant relationship between income earned by the consumer and frequency of E -Shopping.

H1: There is a significant relationship between income earned by the consumer and frequency of E -Shopping.

Income/Frequency	Quite Often	Often	Sometimes	Rarely	Total
Less than 50,000	4	11	8	0	23

51,000 – 70,000	1	1	6	1	9
71,000 – 90,000	2	4	2	1	9
91,000 or Above	1	5	0	3	9
Total	8	26	11	5	50

Table 5.16: Actual Frequency

Income/Frequency	Quite Often	Often	Sometimes	Rarely	Total
Less than 50,000	4	11	8	0	23
51,000 – 70,000	1	1	6	1	9
71,000 – 90,000	2	4	2	1	9
91,000 or Above	1	5	0	3	9
Total	8	26	11	5	50

Table5.17: Expected Frequency

Level of Significance: 0.05

P Value: 0.18 (Using MS Excel)

P Value > α : Null Hypothesis is accepted. (H1 is rejected)

The chi square test done on the variables show that they are independent on each other and there is no significant relationship between income earned by the consumer and frequency of E -Shopping.

6. Conclusion and Implication:

6.1 Conclusion

E-Shopping is rapidly changing the way people do business all over the world. In the business-to-consumer segment, sales through the web have been increasing dramatically over the last few years. Customers, not only those from well-developed countries but also those from developing countries, are getting used to the new shopping channel. The findings and

results reflect the perceptions, preferences, and factors influencing the buying behaviour of online shoppers. The results indicate that the respondents are becoming more internet savvy every day. As they become more confident, they are ready to buy high-value products online as well. The survey shows that people are ready to spend more than 30,000 on average on E-Shopping. However, the buyers are also facing everyday problems such as the risk of security of personal information and problems regarding the quality and genuineness of the products. People are slowly and gradually adapting to newer technology. 86% of respondents prefer online shopping over traditional shopping. 64% of respondents also feel that the products are appropriately priced on online portals. This is an essential factor as the consumers only purchase products from where they get the best price.

Respondents spend time and use online platforms for various purposes. These include shopping, banking activities, making bookings, paying bills, etc. the platform has made everything convenient. In a nutshell, we can conclude that E-Shopping has a great potential to grow if it gets proper boosting from both the producer and consumer level apart from government efforts.