Consumers' Perception on Online Shopping

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Abstract

E-commerce is emerging as a great level given that organized retail is still not ubiquitous across the length and breadth of the country with large retail chains making up less than 10% of the market.E-commerce is helping people in smaller towns in India access quality products and services similar to what people in the larger cities have access to. It being forecast that close to 60% of online shoppers would come from beyond the top eight large cities by end of this year.Increasing internet penetration has helped to expand the potential customer pool. Internet penetration is only about 10% (or about 121 million users) as against about 81% in the US and 36% in China. However this number continues to rise at a consistent pace because of falling prices for broadband connections. The first World Wide Web server and browser, created by Tim Berners-Lee in 1990, opened for commercial use in 1991. Thereafter, subsequent technological innovations emerged in 1994: online banking, the opening of an online pizza shop by Pizza Hut, Netscape's SSL v2 encryption standard for secure data transfer, and inter-shop's first online shopping system. Immediately after, Amazon.com launched its online shopping site in 1995 and eBay was introduced in 1996. In the past decade, there has been a dramatic change in the way consumers have altered their way of shopping. Although consumers continue to purchase from a physical store, consumers feel very convenient to shop online since it frees the customer from personally visiting the store. Internet shopping has its own advantages and it reduces the effort of travelling to a physical store. Decisions can be made from home at ease looking at various choices and prices can be easily compared with the competitor's products to arrive at a decision. This study highlights student's attitude towards online shopping and their product preference on online shopping. This enable the e-retailers to support their online customer better by developing suitable marketing strategy in order to attract and convert potential customer as an active customers by encouraging them in an efficient way to make a purchase decision.

Keywords: *Online Shopping, Consumer Perception, Buying Behaviour, Purchase Decision,   e-Commerce*

1. Introduction

Internet marketing is conceptually different from other marketing channels and internet promotes a one to one communication between the seller and the end user with round the clock customer service. Today, business internet marketing is the fastest growing segment of online commerce. The major difference between traditional and online selling is the extent of interaction between the consumer and the seller. There is much more electronic interactivity with the consumer in the form of emails and FAQs. Through FAQs, the consumer's questions on shipment, payment, product, policies and other customer concerns can be addressed effectively (Pervaiz Ali,2011).

Increasing numbers of people are gravitating towards more intensive use of the Internet as the accessibility of technology, the availability of information, and the ability to interact through the Internet increase and evolve. Obvious capabilities of the Internet include avenues for gathering information, purchasing a product, or rendering a service. These advances in Internet technology allow for the expansion of shopping options beyond traditional methods that may be more time consuming. Issues with having to physically gather information with offline shopping methods are alleviated, and customers are better able to efficiently use their time. For instance, instead of having to physically visit different stores to compare prices or rely on circular pamphlets in newspapers, a consumer is able to search and retrieve needed information through the Internet. The Internet explosion has opened the doors to a new electronic world. Consumers are now able to use the Internet for a variety of purposes such as research, communication, online banking, and even shopping. With such advantages, the Internet is rapidly becoming the main method of communication and of conducting business conveniently. With a growing number of households turning towards the Internet and the world of e-commerce to shop, invest, make payments, and do online banking, new technological advancements will have to come about to make these transactions secure. However, not all consumers are participating in online transactions as part of the Internet boom. As more and more businesses continue to establish an online presence, they are finding that some

consumers are still reluctant to shift in that same direction. For various consumers there are still concerns with security and passing personal data over the Internet. There is a disparity between the number of consumers who visit a site and the number of actual purchases being made (Shim et al., 2001; Changchit,2006).

2. Review of Literature

The studies on consumer's perception on online shopping and other rented topic in the Indian context are limited as the online shopping has entered into the market only a few years only. The literatures so far reviewed relates to the studies conducted outside India especially in the United States where the online shopping is a big hit. As taken the case of Indian scenario where the online shopping has just entered into the market and already it has climbing the ladder. Though there are certain literature reviews by the context of Indian consumers.

Benedict et al (2001) study reveals that perceptions toward online shopping and intention to shop online are not only affected by ease of use, usefulness, and enjoyment, but also by exogenous factors like consumer traits, situational factors, product characteristics, previous online shopping experiences, and trust in online shopping.

A Commerce Net/Nielson Media Research Survey found out that 73% users used the Net to window shop, 53% used the Net to make purchase decision, but only 15% bought online.

According to a **NFO Interactive (1999)** study released in May 1999 by online market research firm NFO Interactive, 24.1% of online consumers believe that their internet/online shopping use will decrease the amount they spend on products and services at walk-in type neighbor hood or regional retail stores, by the end of 1999.The survey also found that 23.8 % of online shoppers said their internet/online purchasing has increased to the total amount of money they have typically spent in a year or products & services.

An OFT Market Study (2007) study establishes the scale and growth of internet shopping is impressive. In 2005, the most recent year for which reliable figures are available, sales to households were over £21bn – a fourfold increase during the previous three years. It is benefiting millions of people and thousands of businesses. Over 20 million UK adults shopped online in 2005, with 56 per cent of internet shoppers we surveyed having spent over £500 each during the year. In the same year, an estimated 62,000 UK businesses were selling online to households. We found that people shopped online because they find it convenient, it increases their choice and helps them to hunt for lower prices. Retailers sell online to reach more customers, to sell around the clock and in reaction to competition from rivals.

Susan Rose, Neil Hair and Moira Clark (2011) identified online purchase in particular continues to rise, as adoption and penetration levels of Internet technology continuously increase. By 2007, European Internet penetration stood at 43% of the population with a 231% usage growth year on year. In North America, penetration was at 71% of the population with 120% growth (Internet World Stats 2007). This is also evidenced by increasing levels of online sales, which in the US reached US$128.1bn in 2007 and were projected to reach US$165.9bn by 2009 (source: US Census Bureau 2009).

Peterson et al. (1997) commented that it is an early stage in Internet development in terms of building an appropriate dedicated model of consumer buying behavior. Decision sequences will be influenced by the starting point of the consumer, the relevant market structures and the characteristics of the product in question. Consumers' attitude towards online shopping is a prominent factor affecting actual buying behavior.

Haver (2008) identified Today's younger, more 'green' shoppers aren't going to waste precious money and gas going from store to store looking for just the right item. They shop online whenever they can, narrowing their choices to one or two items then go to the store to touch, feel , bounce and check out the actual product to see if it looks the way it was represented online.

Kodandarama Setty (2013) stated that "We are facing some threat from online stores in these electronics categories, however, in the big market of consumer durables we are safe for now".

K.Vaitheesewaran (2013) examined the convenience of online shopping "With product getting standardized, specifications getting fixed and the concept of service getting eroded, the post sale responsibility of the retailer has come down drastically. Hence customers go to stores to explore the product physically detail but by online at a cheaper rate. Heavy discounts of e-commerce firms are possible because of their no warehouse model."

3. Objective of the Study

The objective of the study is given below
1. To know the type of products purchased by consumers through online shopping.
2. To identify the factors influencing consumer to buy online

4. Research Methodology

The study is explorative as well as comparative in nature. It intends to explore the consumer's perception on online shopping. This chapter focuses on research design and methodology adopted for the study. The data for the study was gathered through a structured questionnaire. A direct survey was used to collect the data for this study. The survey was done mostly on the students of Madras University and Madras Christian College. All variables were operationalised using the literature on online shopping. The first part of the questionnaire included questions about Internet usage habits of the respondents such as how frequent they browse Internet, how much time they spent, purposes for Internet use, what type of products the respondents purchase online and how frequent the respondents buy products through online. The second part consisted of questions measuring all the variables including some questions which are used to measure the online shopping. All the questions were utilizing on a Likert scale ranging from 1= strongly disagree to 6 =strongly agree. The third part consisted of their demographic profile like gender, age, education and income

5. Result and Discussion

5.1. To Know the Type of Products Purchased By Consumers through Online Shopping
5.1.1. Type of Products Purchased Online


Type of Products Purchased Online
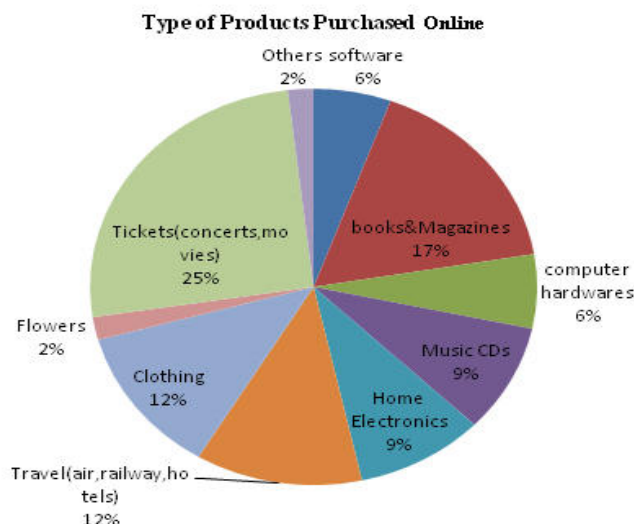
It is clearly indicated that out of the 100 people surveyed the total number of various products purchased by them online 5.6 % purchased software online, 16.74% purchased books and magazines, 6.05% purchased computer and hardwares, 8.84% purchased Music and CDs, 9.3% purchased Home Electronics, 12.09% purchased Travel services such as Airlines,rentals,hotels, 12.09% purchased clothing, 1.86% purchased flowers, 25.58% purchased movie and concerts tickets and 1.86% purchased other products which is not listed in the questionnaire.

5.1.2. Most Products Bought Online
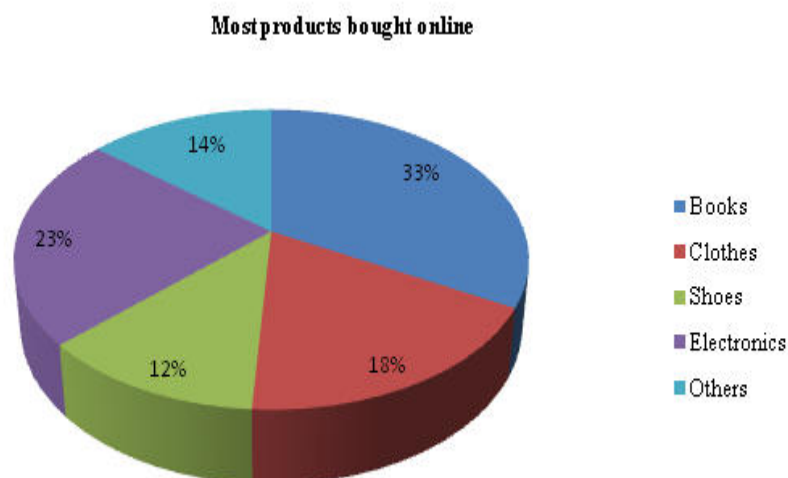
In this study, out of the 100 respondents - 33% of the respondents bought books, 23% bought by electronics items, 18% bought clothes followed by 12% purchased shoes the most and finally 14% of them responded that they purchase other kind of products.

5.1.3. Websites Used to Buy Products
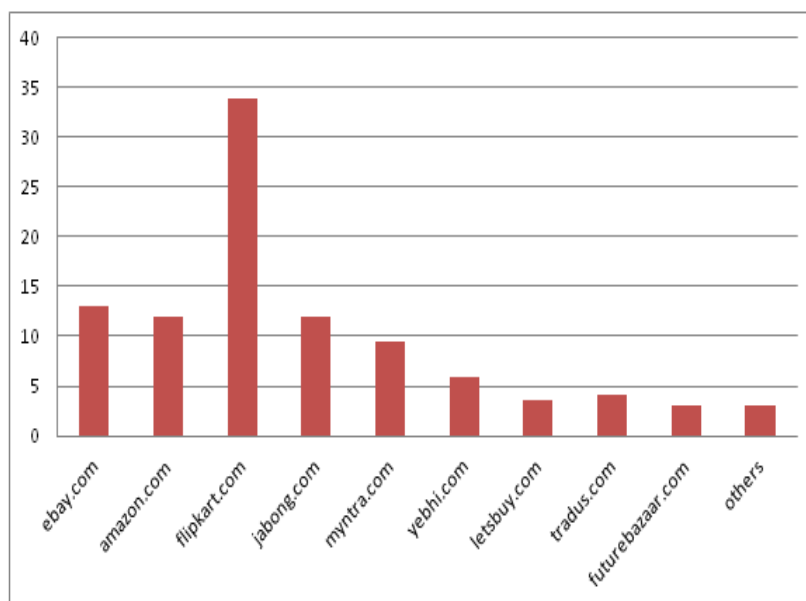
Out of 100 respondents 33.92% said that they use the flipkart.com to purchase the clothes.13.09% use ebay.com, 11.9% use amazon.com and jabong.com.9.52% use myntra.com.5.92% use yebhi.com. The least number of websites accessed by the respondents to purchase clothes online is futurebazaar.com and others.

5.2. To Identify The Factors Influencing Consumer To Buy Online

The reliability statistics results shows that Cronbach's alpha values is .808 (80.8%) to measure online shopping

factors. The value of Kaiser-Meyer-Olkin Measure of Sampling Adequacy is 0.798 (79.8%) which is adequate to proceed with factor analysis. In this study, 63.439% variance was explained by the 6 extracted components namely product information, online payment, convenience, customer attitude, easy accessibility and flexibility

5.2.1. Product Information

There has to be a product information in any of the standardized products which states or provides the knowledge about the product and to promote the product. A patent is a contract with the government where the inventor agrees that details of the invention be published in exchange for a period of protection for the invention. Thus every detailed knowledge about the product has to mentioned and to be informed to the consumers about the proper usage, climatic conditions, side-effects etc knowledge has to given to the consumers. It plays an important role so as to determine the acceptability of the product for usage. The items loaded on this factor is given below:-

- The information given about the products and services on the internet is sufficient. (.730)
- The description of products shown on the web sites are very accurate (.726)

5.2.2. Online Payment

Online payment refers to money that is exchanged electronically. Typically, this involves use of computer networks, the internet and digital stored value systems. Online payment systems are e-commerce business allowing money transfers to be made only through the Internet. They function as fast and secure electronics alternative to traditional methods as cheques and money orders. Thus nowadays the online payment is a very big hit as all the merchants and companies are turning towards the online shopping which is thus more convenient to the consumers as well to the business. The certain factors which resist the consumers to make online purchase is the fishing and risk factor. Thus the items loaded on this factor is given below:-

- I could afford to pay a monthly fee to an Internet service provider in order to shop online (.745)
- Shopping online is risky (.719)

5.2.3. Convenience

Online buying and selling has become an important part of many people's lives. Students and parents rely on the internet to acquire and sell textbooks at affordable prices, virtual stores allow people to shop from the comfort of their homes without the pressure of a salesperson, and online marketplaces provide a new and more convenient venue for the exchange of virtually all types of goods and services. One of the major reasons that many of the people turn to online shopping as it due convenience in nature and as it saves lot of time and effort as compared to the real time shopping. The convenience factor depends on the particular individuals as such. Thus the items loaded on this factor is given below:-

- Shopping online would give me greater control over my shopping (.733)
- Selection of goods available on the internet is very broad (.701)
- The information given about the products and services on the internet is sufficient(.674)
- Shopping Online would allow me to get better prices when shopping (.660)
- Online shopping is as secure as traditional shopping (.641)

5.2.4. Consumer Attitude

Consumers are individuals with likes and dislikes. When the preponderance of people in a particular group feel one way or another about a product, service, entity, person, place or thing, it is said to be a generalized consumer attitude that could affect the marketing of that person, product or entity in positive or negative ways. Marketers strive to influence consumer attitudes, and understanding the prevailing attitude is the first step to changing it if needed. Thus consumer attitude is taken into very vital importance so as to know the changes required in the products with reference to the consumers. The consumer attitude will thus very from different individuals with the affect of the surrounding environment, culture or society. The items loaded on this factor are given below:-

- People who shop online have greater prestige than those who do not(.789)
- While shopping online, I hesitate to give my credit card number (.741)
- I prefer traditional/conventional shopping to online shopping (.679)
- Shopping Online allow me to have better item selection in my shopping (.639)

5.2.5. Easy Accessibility

The one of the major importance of online shopping is that due to its easy accessability in nature. Many of the consumers turn to online shopping only because it is very easy to use and one can make online purchase with the click of the mouse. Even though it is easy to use it also depends on the good and fast internet connection as in the rural areas the online shopping is yet to tarnish as there is lack of either power shortage or lack of connectivity. The items loaded on this factor is given below:-

- It is a great advantage to be able to shop at any time of the day on the internet (.674)
- Shopping Online allow me to have better item selection in my shopping. (.574)
- The fact that only those with a credit card or bank account can shop on the internet is a drawback (-.553)

5.2.6. Flexibility

The online shopping as of now is catching up and many predicts that online shopping will be the backbone of the business n services very soon. Every now and than business enterprises are adapting the online shopping features on their particular products and specially as it is flexible in the sense that it is being monitored and the work is being carried in a very well structured format. The introduction of various features in the concept of online shopping like that of cash on delivery, door delivery, trial and money back etc are thus adding to the context of the online shopping. The items loaded on this factor is given below:-

- Internet reduces the monetary costs of traditional shopping to a great extent (.841)
- I think shopping on the internet saves time (.562)

5.3. Decision to Purchase Online

DECISION TO PURCHASE ONLINE

Descriptive Statistics			
	N	Mean	Std. Deviation
Delivery time	100	4.07	1.289
Reputation of the company	100	3.97	1.049
Guarantees and Warantees	100	4.21	1.094
Privacy of the information	100	3.97	1.193
Nice description of goods	100	3.97	1.105
Security	100	4.22	1.079
Prices	100	4.26	1.088

From the above table it is clear that the price of the products have the most influencing factor on the purchase of products online with the mean of 4.26.The second most influencing factor is the security of the products with a mean of 4.22.The third most influencing factor on online purchase is Guarantees and Warantees with the mean of 4.21 followed by delivery time with a mean of 4.07. Next most influencing factor is reputation of the company, privacy of the information and nice description of goods with a mean of 3.97 each.

6. Conclusion

The consumer's perception on online shopping varies from individual to individual and the perception is limited to a certain extent with the availability of the proper connectivity and the exposure to the online shopping. The perception of the consumer also has similarities and difference based on their personal characteristics. The study reveals that mostly the youngsters are attached to the online shopping and hence the elder people don't use online shopping much as compared to the younger ones. The study highlights the fact that the youngsters between the age of 20-25 are mostly poised to use the online shopping. It is also found that the majority of the people who shop online buys books online as it is cheaper compared to the market price with various discounts and offers. The study also reveals that the price of the products have the most influencing factor on online purchase. The second most influencing factor is the security of the products, the third most influencing factor on online purchase is Guarantees and Warrantees followed by delivery time and the next most influencing factor is reputation of the company, privacy of the information and nice description of goods. The study highlights on the easy navigation and access on the internet with people liking for easy to access the online shopping and to be more convenient. The study also reveals that majority of the respondent's buys clothes from flipkart.com which is thus one of the leading online shopping websites in India. On top of that the most products purchased online by the respondents is the books followed by tickets (railway, movie, concerts).

In nutshell, through this study it is found that majority of students of University of Madras and Madras Christians College are well aware of the online shopping and 90% of them have made online purchase which indicates the growing popularity of the online shopping within the youngsters. Transformation in the trends of shopping is occurring because of the changing lifestyle of the consumers in India and expansion in online activity. Major draw card of online shopping is the ease and discounts available for different kind of products. Understanding the young online shoppers enable the e-retailers to develop suitable marketing strategy in order to attract and convert potential customer as an active customers.

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