

# CONSUMER BEHAVIOUR: AN EMPIRICAL STUDY ON CONSUMERS' PERCEPTION ON PURCHASE BEHAVIOUR TOWARDS E-PRODUCTS THROUGH E-RETAIL MARKET

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### Abstract

The emergence of internet has created opportunities for firms to stay competitive by providing customers with a convenient, faster and cheaper way to make purchases. Electronic Retailing is more than just buying and selling products online. It also includes entire online process of developing, marketing, selling, delivering, servicing and paying for products and services. India has shown tremendous growth in E-Retailing segment. With an internet user base of over 300 million, India has third largest internet population after US & China. India has witnessed major breakthrough E-commerce success stories particularly in e-retail in Consumer Electronics & Fashion Apparel & Home Furnishing segments. E-Retailing creates new opportunities for entrepreneurial start-ups. Ease of Internet access, Safe and secure payment modes coupled with aggressive marketing by E-Retailing Giants has revolutionized this segment. Rapid development in mobile technology has given way to e-logistics companies to serve people as and when required very effectively.

**Keywords:** Competitive, Marketing, Internet and Technology

## 1.1. INTRODUCTION

E-Retailing has become increasingly popular, due to convenience and often lower prices. Especially in holiday season, online shopping saves an individual the hassle of searching several stores and then waiting in long queues to buy a particular item. Internet is changing the way consumers shop and buy goods and services, and has rapidly evolved into a global phenomenon. Many companies have started using the Internet with the aim of cutting marketing costs, thereby reducing the price of their products and services in order to stay ahead in highly competitive markets. Without doubt Internet has influenced our lives deeply in which it plays an indispensable and irreplaceable role. Many experts are optimistic about prospect of online business. In addition to tremendous potential of E-commerce market, the Internet provides unique opportunity for companies to efficiently reach existing and potential customers.

## 1.2. LITERATURE REVIEW

**Chaing and Dholakia (2014)** carried out a study in which they examined purpose of customer to purchase goods online during their shopping. Mainly there are three variables in their study those affects the consumer to purchase online or to go offline. Those are accessibility features of shopping sites, the type of the products and their characteristic, and the actual price of the product. The study revealed that the accessibility and the convenience of the shopping sites create the intention in the customer to purchase or not. When there is difficulty faced by a consumer to purchase online then the customer switch to the offline shopping for the purchase behavior and the consumer face difficulty in offline purchasing then they go to the online purchasing. After relating both the medium of shopping the consumer said that the online shopping is more convenient for them and gives more satisfaction which inspires the consumer to purchase online in the internet.

**Lindstrom, (2001) which was cited by Rajamma, Paswan and Ganesh (2007)**, it is easier to market product on traditional stores than internet because consumers can feel and touch product, and they can wear it on spot. Bricks and mortar is known as shopping malls because it has physical location where consumers can visit. Consumer's lifestyle is affected by role of shopping malls (Terblanche, 1999) because it can act as a community Centre for public and other recreational activities (Ng, 2003). Shopping mall also offers entertainment and provides other utilitarian needs to consumers such as stores, food courts and restaurant, children's amusement Centre, cinemas and relaxation spaces (Terblanche, 1999).

**Leverick Fiona, et al (1997)** examined the various issues associated with IT implementation and its relationship to change in nature and scope of organizational activity. Three areas in particular were addressed: changes in nature and scope of marketing activities, changes in the nature and use of marketing information, changes to role and position of marketing within organizational framework. It was concluded that IT has up to a point, created new opportunities and led to market changes in role of marketing, range of marketing activities performed and the manner in which these were undertaken. In terms of marketing activities, of particular note were the major shift in emphasis from advertising to IT driven direct marketing and the growth of electronic communication, both within and between organizations.

**Rowley Jennifer (1996)** examined the challenges that shopping and other commercial transaction on the internet pose for the retail industry. These include: - locating the shape, comparison shopping, security especially in relation to financial transactions, the customer base and profile, the nature of the shopping experience, and legal and market-place control and lack of them. It is possible to make money on the Internet without selling, but by using the internet to support other business process. Currently, many retailers are exploring the potential of the Internet, but the market is still in its infancy.

**Bagozzi (1974)** in his study reveals that E-shopping behaviour is a complicated decision process. First, consumers make a shopping decision based on their family needs, budget limitations, and other constraints impinging on them. Accordingly, they are likely to

minimize transaction costs and maximize compatibility with needs. Second, e-shopping behaviour is a social influence process and it is affected by social 50 influence (e.g., social norms), vendor and consumer characteristics, and third parties (e.g., competitive offerings)

**Wolhandler (1999)** Internet provides a big convenience for shopper as the main reason for the shopping online has been agreed by most of researcher and customers. Due to the feature of Internet, it allows customer to shopping online anytime and anywhere, which means customer can browse and shopping online 24-hours a day, 7 days a week from home or office, which attracts some time-starved shoppers come to Internet for save time to searching products in physical store

**Joines et al. (2003) and Houque et al. (2006)** had come out with same judgment which is the internet user has continuously grown and give impact to the online purchase on the internet. This result shows an opportunity arrived from the technology factor and can be as a benefit to company if they know how to use these chances. The main objective of this research is to examine consumers' perception towards online shopping with a specific focus on convenience and security on consumer market in Malaysia. Studies of this nature conducted quite extensively in developed countries but in a developing country context is very limited. This gap was addressed with an empirical case study conducted in Malaysia. Despite high potential of online shopping in Malaysia, there is still lack of convenience and security issues on consumer market.

### 1.3. OBJECTIVES OF THE STUDY

- To examine perception of consumers towards E-products through E-Retailing.
- To assess the factors influencing consumer perception towards e-products in E-Retailing.
- To suggest means for enhancing e-products quality and availability in E-Retail market as well as better consumer satisfaction level from E-Retailing.

### 1.4. RESEARCH METHODOLOGY

The sample is selected from Mysuru City of Karnataka state. It is one of the major cities of Karnataka state with good density of population using E-Retail channels for purchase of products. Around 100 samples were collected using non probability sampling method or convenient sampling method. A well-structured questionnaire has been developed to collect data from the E-Retail users. The questionnaire consists of two parts, first deals with demographic profile of the users namely their Age, Gender, Marital status, educational qualification, occupation and their household income. The second section deals with factor determining E-Retail purchase behaviour of consumers. Both nominal and Likert scale has been used to measure the response.

## 1.5. DATA ANALYSIS AND INTERPRETATION

The data collected is subjected to statistical analysis and draw influence findings for the study. A number of statistical data has been used such as percentage analysis, t-test, ANOVA and multiple regression and the results are shown in below table.

**Table 1.1: Age of the Respondent**

AGE	No. of Respondents	Percentage
18-25year	74	74%
25-35 years	26	26%
<b>TOTAL</b>	100	100%

Table 1.1 reveals age of the E-Retail users, sizable number of users are between 18- to 25-year-old (74%) followed by those are in the age group of 25 to 35 years. The majority of the respondents belong to 18-25 year.

**Table 1.2: Gender of the Respondent**

Gender	No. of Respondents	Percentage
Male	62	62%
Female	38	38%
<b>TOTAL</b>	100	100%

Table 1.2. shows gender of the E-Retail users, common number of users are male (62%) and remaining are females (38%). The majority of the respondents are Male.

**Table 1.3: Income of the Respondent**

Income of the Respondent	No. of Respondents	Percentage
Less than 10,000	32	32%
10,000 to 25,000	24	24%
25,000 to 50,000	44	44%
<b>TOTAL</b>	100	100%

Table1.3 shows income the E-Retail users, maximum number of users are earning between Rs.25,000 to Rs.50,000 (44%) followed by those are earning less than Rs.10,000(32%) and remaining 24% of the users are earning between Rs.10,000 to Rs.25,000. The majority of the respondents earn between 25,000 to 50,000.

**Table 1.4: Product preferred in E-Retailing**

Product preferred in E-Retailing	No. of Respondents	Percentage
BOOKS	36	36%
CLOTHS	28	28%
FURNITURE	04	04%
COSMOTICS	08	08%
ELECTRONIC ITEMS	18	18%
TRAVEL TICKETS	06	06%
<b>TOTAL</b>	100	100%

Table 1.4 shows number of product preferred by E-Retail users in E-market, maximum number of users are purchasing Books through E-Retail channels (36%) followed by cloths

(28%), Electronic Items (18%), Cosmetics (8%), Travel Tickets (6%) and only 4% of the users purchases furniture and fixtures. The majority of the respondents prefer books.

**Table 1.5: Amount Spent on Online Shopping**

Amount Spent on Online Shopping	No. of Respondents	Percentage
LESS THAN1000	32	32%
1000 TO 5000	32	32%
5000 TO 10000	20	20%
10000 AND ABOVE	16	16%
<b>TOTAL</b>	100	100%

Table 1.5. shows amount spent by E-Retail users in Online shopping, common number of users spent between Rs.1,000 to Rs.5,000 (32%) followed by less than Rs.1,000(32%), Rs.5,000 to Rs.10,000(20%) and rest 16% of the users spent more than Rs.10,000 on online shopping.

**Table 1.6: Factor Determining E-Retailing**

	Factor Loading	Mean	Standard Deviation	Communalities	Variance Explained	Eigen Value	Factor Name
Perceived reputation	0.731	3.650	1.263	0.609	18.525	1.230	<b>Reputation and trust Factor</b>
Trust in online shopping	0.748	3.560	1.055	0.532			
Convenience and risk	0.744	3.770	1.035	0.573			
Reliability and assurance	0.837	4.200	0.819	0.746	14.144	1.114	<b>Assurance and Service Factor</b>
Tailored services	0.749	3.710	0.725	0.694			
Trust on e-telling	0.840	3.880	0.915	0.742	9.621	1.112	<b>Service and Cost Factor</b>
Price benefits	0.568	3.650	1.126	0.422			
Cost saving	0.572	3.420	1.129	0.594			
Accurate and trustable information	0.843	3.890	0.984	0.757	7.876	1.008	<b>Trust and Usage factor</b>
Easy to use	0.726	4.080	0.940	0.548			
<b>KMO and Bartlett's Test:0.878, Chi-square:652.775, Df:107 and P value:0.000</b>							
<b>Total Variance: 50.166%</b>							

Table 1.6. explain factorization of 10 Determinants of E-Retailing Factors (DEF) variables, the ten variables has been segregated into four factors which overall, explaining 50.166% of total variance. The mean score and standard deviation values shows robust measure of their central values as the std. deviation are lower than its mean values. The KMO and Bartlett's values of 0.878 with Chi-square value 652.775 with Df: 107 indicates significant level  $P < 0.000$ . Thus, factor analysis can be applied to those ten Determinants of E-Retailing Factors. The value of communalities are laying between 0.422 to 0.694 which indicates factor analysis can be applied to those 10 Determinants of E-Retailing Factor. The Factor 1 which is highly dominant and explaining 18.525% of variance in DEF and consist of three variables namely Perceived reputation, Trust in online shopping and Convenience and risk and it has been termed as **Reputation and trust Factor**. The second factor consist of two variables namely Reliability and assurance and Tailored

services and it has been labeled as **Assurance and Service Factor**. The third factor is dominant factor of DEF consisting of three variables and explaining 9.621% of variance and these variables are Trust on e-telling, Price benefits and Cost saving and it has been named as **Service and Cost Factor**. The last factor is fourth dominant factor which explaining 7.876% of variance and consist of two factors namely Accurate and trustable information and Easy to use and these has been labelled as **Trust and Usage factor**.

**Table 1.7: Significant of difference among demographic profile in Determinants of E-Retailing Factors**

Profile Groups	Reputation and trust Factor	Assurance and Service Factor	Service and Cost Factor	Trust and Usage factor
Age	5.882**	7.120**	6.233**	4.211**
Gender	6.003**	6.462**	3.091*	6.969**
Income of the Respondent	8.385**	4.263**	0.491	8.329**
Amount Spent on Online Shopping	6.038**	5.947*	0.273	1.306

Table 1.7 shows there is significant of difference among/between demographic profile of the E-Retail users in Factors of Determinants of E-Retailing. Age of the E-Retail users shows significant difference in Reputation and trust Factor, Assurance and Service Factor, Service and Cost Factor and Trust and Usage factor. Similarly gender of the E-Retail users shows significant difference in Reputation and trust Factor, Assurance and Service Factor, Service and Cost Factor and Trust and Usage factor. Income of the respondent shows significant difference in Reputation and trust Factor and Trust and Usage factor. Amount Spent on Online Shopping shows significant difference in Reputation and trust Factor and Assurance and Service Factor.

**Table 1.8: Influence of Demographic profile, Amount Spent on Online Shopping and Product preferred in E-Retailing on overall Determinants of E-Retailing Factors**

	Unstandardized Coefficients		Standardized Coefficients	t	P value
	B	Std. Error	Beta		
(Constant)	10.690	3.619		8.227	0.000
Gender	1.101	1.191	0.652	4.759	0.000
Income of the Respondent	0.687	1.124	0.451	4.923	0.000
Amount Spent on Online Shopping	0.542	1.136	0.328	3.978	0.000
<b>R:0.720, R<sup>2</sup>: 0.588, Adjusted R<sup>2</sup>: 0.535 F=58.220, P value:0.000</b>					

Table 1.8. reveals the linear combination of demographic profile and amount spent on online shopping on Determinants of E-Retailing Factors (DEF (100), F (58.220, P<0.000). The Coefficient value of 0.720 which is explaining 58.8% of variance in those Linear relationship.

Gender has significant and positive influence on DEF as the  $\beta$  value of 0.652 implies that male have higher determination of using Retail shopping. Followed by income of the



respondent also have significant and positive influence on Determinants of E-Retailing Factors, the  $\beta$  value of 0.451 indicating higher income leads to higher determination of using Retail shopping. Amount spent on online shopping shows significant and positive influence on Determinants of E-Retailing Factors, the  $\beta$  value of 0.328 indicating higher spending by E-Retail users on Determinants of E- Retailing Factors

## 1.6. MAJOR FINDINGS

- Sizable number of users are between 18- to 25-year-old (74%) followed by those are in the age group of 25 to 35 years.
- Common number of users are male (62%) and remaining are females (38%).
- Maximum number of users are earning between Rs.25,000 to Rs.50,000 (44%) followed by those are earning less than Rs.10,000(32%) and remaining 24% of the users are earning between Rs.10,000 to Rs.25,000.
- Maximum number of users are purchasing Books through E-Retail channels (36%) followed by cloths (28%), Electronic Items (18%), Cosmetics (8%), Travel Tickets (6%) and only 4% of the users purchases furniture and fixtures.
- common number of users spent between Rs.1,000 to Rs.5,000 (32%) followed by less than Rs.1,000(32%), Rs.5,000 to Rs.10,000(20%) and rest 16% of the users spent more than Rs.10,000 on online shopping.
- 10 Determinants of E-Retailing Factors have been factorized into four dominant factors. The Factor 1 which is highly dominant and explaining 18.525% of variance in DEF and consist of three variables namely Perceived reputation, Trust in online shopping and Convenience and risk and it has been termed as Reputation and trust Factor. The second factor consist of two variables namely Reliability and assurance and Tailored services and it has been labeled as Assurance and Service Factor. The third factor is dominant factor of DEF consisting of three variables and explaining 9.621% of variance and these variables are Trust on e-telling, Price benefits and Cost saving and it has been named as Service and Cost Factor. The last factor is fourth dominant factor which explaining 7.876% of variance and consist of two factors namely Accurate and trustable information and Easy to use and these has been labelled as Trust and Usage factor.
- Age of the E-Retail users shows significant difference in Reputation and trust Factor, Assurance and Service Factor, Service and Cost Factor and Trust and Usage factor. Similarly gender of the E-Retail users shows significant difference in Reputation and trust Factor, Assurance and Service Factor, Service and Cost Factor and Trust and Usage factor. Income of the respondent shows significant difference in Reputation and trust Factor and Trust and Usage factor. Amount Spent on Online Shopping shows significant difference in Reputation and trust Factor and Assurance and Service Factor.

- The Coefficient value of 0.720 which is explaining 58.8% of variance in those Linear relationship. Gender has significant and positive influence on DEF as the  $\beta$  value of 0.652 implies that male have higher determination of using Retail shopping. Followed by income of the respondent also have significant and positive influence on Determinants of E-Retailing Factors, the  $\beta$  value of 0.451 indicating higher income leads to higher determination of using Retail shopping. Amount spent on online shopping shows significant and positive influence on Determinants of E-Retailing Factors, the  $\beta$  value of 0.328 indicating higher spending by E- Retail users on Determinants of E-Retailing Factors

## 1.7. SUGGESTIONS

- E-retailers should focus on the delivery model for the better services and reach the last consumers at easy and flexible time so that the E-retailing will attract the more and more customers for their products and services.
- The customer's preference will be the Electronics products and most probably the Online shopping may extend only with the supply of electronic goods with more and more affordable prices, there is need to advertise the domestic products.
- The access of internet made it avail at remote places of India but still people have insecure feel on buying products through online because of past facts of accessing wrong and also problems with delivery, retailers need to overcome with certain problems so that online shopping makes more reliable.

The study on perception towards E-Retailing in Mysore city gives positive opinion on this model, users of internet and users of Retailers' services are satisfied with services and ready to continue same. Finally conclude E-Retailing reached customers of everywhere in the world even it attracted positively towards the rural India, now the question for future study is what will be impact on retailers in rural India who is having petty and small shops depends on few of customers in their locality.

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