The conceptual frame work on factors affecting online shopping and E-tailing features in India

Mallidi. Ammi Reddy, Principal, Sri Sai Madhavi Degree College, Anaparthi
&
Research Scholar, Dept. of Commerce and Management Studies, Andhra University Visakhapatnam

Abstract: An attempt is made in this paper to examine the factors caused to the consumers' online shopping behaviour. Secondary source of information is base to the analysis. Market is huge arenas where every seller can find place if he provides value and be trustworthy to the customer. It has been observed that online shopping provides more satisfaction to the modern day consumers who are seeking convenience and pace. Trust, Convenience, Time, Privacy and Product Variety influences the online shopping. With the rise in urban population, with their busy schedules having very less time to visit stores in heavy traffic, shopping has become a tedious task and with the enhancement of internet 3G services in India online shopping seems an ideal way to shop requirements and big hope for online marketers, and the possibility of cash-on-delivery is much more encouraging. The most relevant factor(s) that seems to be affecting consumer buying-behavior towards online shopping when it comes to the younger generation seemed to be the trust factor. Currently, the online retail penetration in India stands at around 60 per cent, according to a report by Comscore for Assocham, Indian online users reach 90million mark.

Key words: Trust, Convenience, Time, Product Variety, Privacy

Introduction : Consumer choices and preferences and overall consumer behavior have always played an important role in shaping market trends and have thus influenced the evolution of online or offline shopping. Understanding consumer buying behavior is the starting point of strategy creation. The understanding helps in determining the channels of communication, proving consumer knowledge which can help a firm assess how well it has achieved its product positioning goals. The firm with the help of studying consumer behavior tries to see how its products are perceived, whether there is a good match or not and then to consider the positioning strategy deemed a success.

During recent years, the entire concept of shopping has been redefined in terms of both its structure and also the fundamental changes in consumer behavior on account of demographic, psychographic and socioeconomic factors. The changing pattern of consumer behavior is influencing shopping in India, especially online. As a matter of fact, personal and social factors such as needs, perceptions, attitudes, interests, opinions, activities and lifestyles mostly influence consumer behavior in a rapidly changing shopping environment. Therefore, psychographic factors influencing consumer behavior have to be understood more closely by online shopping. It is, in fact, a popular means of shopping among the Internet community (Bourlakis et al., 2008). No matter clothes, electronics, or pets, online shopping trend is becoming more popular with each passing day. Hundreds of websites and applications are being created and deployed every year

to cater this rising demand of comfortable shopping trends.

An attempt is made in this paper to examine the factors caused to consumers' online shopping behaviour. Secondary source of information is base to the analysis.

Consumer Buying-Behavior

"Consumer behavior can be described as the study of individuals, groups, or organizations and the processes they use to select, secure, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society". (Kuester, 2012; p. 110)

In 2011, the total global E-commerce sales grew to approximately961 billion USD or 690 billion Euros. An increase of 20% was recorded along with the estimation in 2013, the sales are expected to cross the 1 trillion Euro mark by 2013. Growth is higher in the Asia Pacific Region as compared to more mature markets like US, UK, Japan and Europe etc. In 2011, Asia Pacific Region witnessed groundbreaking 130% growth in sales with the highest contribution from China. Online selling is now an essential part of any economy. All over the world, there had been an obvious and increasing trust in consumers towards shopping online. (Aad, 2012)

Theoretical Framework: Through internet conveniently buy products and services online. In Internet community, online shopping is very popular (Bourlakis et al., 2008). One advantage of Internet shopping is that it provides the consumers with detailed information and multiple choices, so they can compare products and price online. The more the choice and convenience, the easier it is to find online your desired product or service (Butler & Peppard, 1998). It has been observed that online shopping provides more satisfaction to the modern day consumers who are seeking convenience and pace (Yu & Wu, 2007).

1. Trust
2. Convenience
3. Time
4. Product Variety
5. Privacy

Trust: Mayer, Davis and Schoorman, in 1995,(p. 709-734) defined trust at first as: "The concept "trust" is defined as the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party."

Time: One of the major issues people are dealing with is perceived time pressures. This is defined by Settle and Alreck (1991) as the degree to which an individual finds himself lacking time as relative to the daily tasks of living. This perceived pressure could be rising from two distinct sources, situational and personal. Most commonly cited reason is situational, and it is also very easy to be identified. People often find that they have their hands full with too much work, too many things that need to be done, and not enough time to be actually able to do them. Such people who perceive a time pressure can and do document their predicament by blaming demands associated with work pressures, family and other affiliations. (Lavin, 1993).
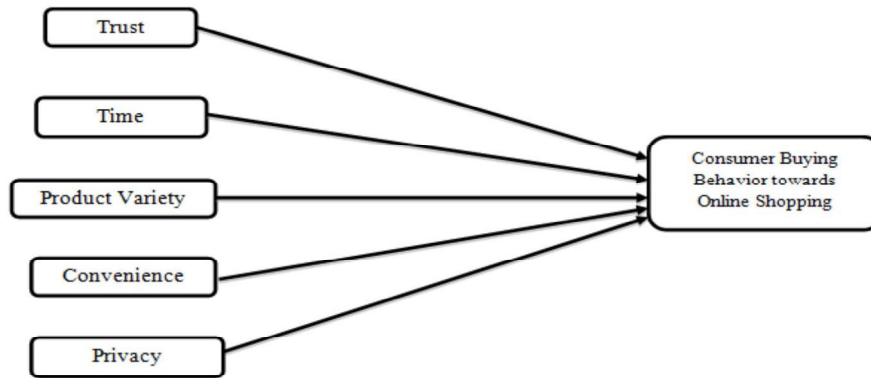
Product Variety

There is a continuous rise in online shopping in the US and there has been an increasing influence in the total amount of retail sales as well, thus calling for more extensive exploration of spending patterns per person. In order to buy more products online, the products and services that they have already purchased must first satisfy customers. To be able to understand what consumers want in a website, it is important that researchers develop and then validate metrics that can capture the feelings and attitudes of customers that shop online comprehensively. There are many researchers (Lian & Lin, 2008; Peterson et al., 1997; Bhatnager et al., 2000; Liao & Cheung, 2001) who have insisted that there could be different product types and a diverse range when they are being sold online.

Convenience: Copeland introduced the concept of convenience in 1923, and labeled good that consumer buy most frequently and those that are easily accessible in stores on immediate demand as convenience goods. Seiderset al., (2000) suggested four opportunities when it comes to retailing in order to provide customers with convenience:

a) Access: Ability of customer to reach the retailer
b) Search: Ability to identify and select products that they want
c) Possession: Ability to obtain the product of desire
d) Transaction: Ability to amend or effect transactions.

Although convenience is one of the major positive factors prompting consumers to shop online, (Ahmad, 2002; Jayawardhena et al., 2007), prior researches either treated convenience as a predictor variable that affects outcome variables like customer service for customer satisfaction (Colwell et al., 2008; Seiders et al., 2007), or as one of the facts regarding service quality online, like accuracy (Hu et al., 2009; Kim & Park, 2012; Prasad & Aryasri, 2009; Udo et al., 2010).

Privacy: According to Belanger et al., (2002), privacy in ecommerce can be defined as the willingness to share personal information over the Internet, which allows for a transaction regarding a purchase to be made. To ease people's minds about the issue of privacy, many websites have privacy policies in place (McGinity,2000). There are also certain independent companies that can verify, audit and then certify privacy policies for

online shopping, such as TRUST (Ranganathan & Ganapathy, 2002).

E-tailing features prominent in India

The e-commerce industry is undergoing exponential growth, the rise is not only concentrated in major cities and metros, but equally in Tier-II and Tier-III cities. Of the total online market electronics account for 34 per cent, apparel and accessories 30 per cent, books 15 per cent, beauty and personal care 10 per cent, and home and furnishing 6 per cent. Over 50 per cent of sales in these product categories take place in non-metro cities as observed by Internet and Mobile Association of India research. B2C e-commerce by foreign players is prohibited in India, the FDI norms of retail sector applies to ecommerce also in India, which is prohibiting entry of online giants like amazon and e-bay into B2C etailing, they just operate as auction site or market place rather than selling goods to consumers directly, they serve as host to third party sellers along with domestic player Quickr.com, which buy, sell, rent and serve as classifieds portal. Domestic players like Flipkart, Snapdeal, edigiworld, naaptol, etc and foreign players like e-bay, amazon, alibaba, etc. are having a good hold in online retail business, but still on-line shopping is not able to attract majority of Indian consumers as it has in developed nations; hardly 8.4 % of users buy online as compared to 85% in US, e-commerce accounts for only 1% of total retail business in India, a report by McKinsey&Co. Even though etailing is making a strong hold in the Indian market with features like cash-on-delivery, free and quick shipment and return of goods if consumers doesn't like;

but still there are several challenges faced as compared to the markets in china and other developed countries, i.e. reengaging with the customer, customer loyalty, trust and education which need to be seriously adopted in India. Cash-on-delivery is by far the dominant preferred payment method. Another major hurdle in etailing success is to provide secure payment gateways and logistics of delivery. The major consumer concern include safety & security. Transaction fulfillment and genuineness are still the major hurdles in achieving on-line shopping's success and popularity.

Online Shopping in India: Even though India entered late into the online segment, it is picking up with high speed. With the rise in urban population, with their busy schedules having very less time to visit stores in heavy traffic, shopping has become a tedious task and with the enhancement of internet 3G services in India online shopping seems an ideal way to shop requirements and big hope for online marketers, and the possibility of cash-on-delivery is much more encouraging. Currently, the online retail penetration in India stands at around 60 per cent, according to a report by Comscore for Assocham, Indian online users reach 90million mark. As reported by ASSOCHAM, online shopping in India is still in its infancy at approx. $12.6 billion in 2013 with global sales reaching $1.5 trillion by end 2014 according to eMarketer. Though over the past few years, it has grown by almost 35% CAGR from $3.8 billion in 2009 to an estimated $12.6 billion in 2013 and is expected to grow briskly for the foreseeable future. A study by Technopak observed the Indian e-tailing market is expected to reach $76 billion by 2021. The good news is here for online retailers, an Assocham paper for

2013 stated retail stores sales rose by 65%, whereas online trade registered a growth of 85%, a good 20% more. The growth of online retailing is manifold over the past few years and the customer penetration level is very high in the recent past.Retail ecommerce looks very more promising in the coming years increasing at 47.6%, it is possible with increase in internet connections, IAMAI reported that India crossed the 300 million user mark in 2014 and is expected to touch the half a billion mark by 2016. With these good prospects foreign etailing giants like Alibaba, Amazon, etc. are eyeing the Indian sub-continent, even domestic players like Flipkart, Snapdeal, etc. are expanding their operations; they can be better off in the market by understanding the customer requirements and fulfilling their objectives. A report by Internet and Mobile Association of India (IAMAI), published by NDTV stated E-Tailing in India grew by around 1.4 times from 2013 and comprise nearly 29 percent of the total e-commerce market. The lion share of the e-commerce pie lies with online travel at 61 per cent

Conclusion: Market is huge arenas where every seller can find place if he provides value and be trustworthy to the customer. It has been observed that online shopping provides more satisfaction to the modern day consumers who are seeking convenience and pace. Trust, Convenience, Time, Privacy and Product Variety influences the online shopping. With the rise in urban population, with their busy schedules having very less time to visit stores in heavy traffic, shopping has become a tedious task and with the enhancement of internet 3G services in India online shopping seems an ideal way to shop

requirements and big hope for online marketers, and the possibility of cash-on-delivery is much more encouraging. The most relevant factor(s) that seems to be affecting consumer buying-behavior towards online shopping when it comes to the younger generation seemed to be the trust factor.

References:

Aad Weening. (2012). B2C Global e-Commerce Overview: Interactive Media in Retail Group Asia to become world's largest e-commerce market:

Ahmad, S. (2002).Service failures and customer defection: a closer look at online shopping experiences, *Managing Service Quality, 12(*1), 19-29.

Bourlakis, M., Papagiannidis, S. and Fox, H, (2008).E-consumer behavior: Past, present and future trajectories of an evolving retail revolution, *International Journal of E-Business Research, 4*(3),64-67.

Bhatnager, A., Misra, S. and Rao, H. R., (2000). On risk, convenience, and internet shopping behavior, *Communications of the ACM, 43* (11), 98–105.

Belanger, France, Janine Hiller, and Wanda Smith (2002). Trustworthiness in electronic commerce: The role of privacy, security, and site attributes. *Journal of Strategic Information Systems,11*(2), 245-270.

Colwell, S.R., Aung, M., Kanetkar, V. and Holden, A.L. (2008).Toward a measure of service convenience: multiple-item scale development and empirical test, *Journal of Services Marketing, 22*(2), 160-169.

CRISIL Opinion (2014). "e-tail eats into retail", CRISIL Research

Dr.GagandeepNagra, Dr.R Gopal (2013). A study of Factors Affecting on Online Shopping Behavior of Consumers. International Journal

of Scientific and Research Publications, Volume 3 (6), pp.1-4.

Jyoti Arora (2013). Prospect of E-Retailing In India. IOSR Journal of Computer Engineering, Volume 10 (3), 11-15

Jayawardhena, C., Wright, L.T. and Dennis, C. (2007). Consumers online: intentions, orientations and segmentation, *International Journal of Retail & Distribution Management, 35*(6), 515-526.

Kuester. (2012). Strategic Marketing & Marketing in Specific Industry Contexts, *University of Mannheim,*110.

Kim, B.C. and Park, Y.W. (2012). Security versus convenience? An experimental study of user misperceptions of wireless internet service quality, *Decision Support Systems,* 53(1), 1-11.

Lavin, M. (1993). Wive's employment, time pressure, and mail/phone order shopping - An exploratory study, *Journal of Direct Marketing 7*(1), 42.

Lian, J. and Lin, T., (2008), Effects of consumer characteristics on their acceptance of online shopping: Comparisons among different product types, *Computers in Human Behavior, 24*(1), 48 – 65.

Mayer, R. C., Davis, J. H. & Schoorman, F. D. (1995).An Integralive Model of Organizational Trust. *Academy of Management Review,20*(3), 709-734.

McGinity, M. (2000). Surfing your turf. *Communications of the ACM. 43*(4), 19-21.

Liao, Z. and Cheung, M. T., (2001), Internet-based e-shopping and consumer attitudes: An empirical study, *Information and Management, 38* (5), 299–306.

Prasad, C. and Aryasri, A., (2009), Determinants of shopper behavior in e-tailing: An empirical analysis, *Paradigm, 13*(1), 73-83. Ranganathan, C., S. Ganapathy (2002). Key dimensions of business to consumer web sites. *Information and Management39*(6), 457-465.

Report (2014, Dec.17). Economic times. [23]. 5 things you didn't know about India's e-commerce industry (2014, Nov.12). Business Standard

Settle, R. B. and P. L. Alreck (1991). F-A-S-T: A Standardized Measure of Time Traits. Special Conference on Time and Consumer Behavior, *Val-Morin,* QC, Canada.

Seiders, K., Voss, G.B., Godfrey, A.L. and Grewal, D. (2007), SERVCON: development and\ validation of a multidimensional service convenience scale, *Journal of the Academy Marketing Science,35*(1), 144-156.

Udo, G.J., Bagchi, K.K. and Kirs, P.J. (2010), An assessment of customers' eservice quality perception, satisfaction and intention, *International Journal of Information Management,* 30(6), 481-492.

Yu, T. and Wu, G, (2007), Determinants of internet shopping behavior: An application of reasoned behavior theory, *International Journal of Management, 24*(4), 744-762, 823.