



A Review of Factors Affecting Consumer Behavior towards Online Shopping

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ABSTRACT

Online shopping is a form of electronic commerce which allows consumers to directly buy goods or services from a seller over the Internet using a web browser. Online shopping provides a good example of business revolution. E-commerce has made life simple and innovative of individual and groups. Consumer behavior on online shopping is different from physical market where he/she has access to see the products online shopping sites are fast replacing traditional or physical shops. Over the years the trust of the customers for online shopping sites has increased considerably. The increase in the number of these sites on one hand has led to a fierce competition which means better and cheaper products for customers. However, at the same time customers have their privacy concerns when it comes to shopping online. Internet is changing the way consumers shop and buy goods and services and has rapidly evolved into a global phenomenon. The technology oriented factors like guaranteed quality, cash on delivery discounts and promotions are the major specific factors influencing customer's attitudes toward online shopping. This research paper attempts to analyze the consumer behavior towards online shopping and the various factors influencing trend of online shopping.

Keywords-- Online shopping, Consumer behavior, Physical market, Internet

I. INTRODUCTION

Online shopping has been emerged with fresh idea and has created endless opportunities for all. India has ranked in online shopping after Japan and America. Internet is the rapid growing media during the past decade and online shopping is the fastest growing e-commerce area. Online stores are usually available 24 hours a day and many consumers have internet access both at work and at

home. 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 internet with the aim of cutting marketing costs thereby reducing the price of their products and services to stay ahead in highly competitive markets. Companies also use internet to convey, communicate and disseminate information to sell the product, to take feedback and to conduct surveys with customers. Customers use the internet not only to buy the product online but also to compare prices, product features and after sale service facilities they will receive if they purchase the product from a particular store. In addition to the tremendous potential of the e-commerce market the internet provides unique opportunity for companies to more efficiently reach existing and potential customers.

II. ONLINE SHOPPING AND E-COMMERCE IN INDIA

E-Commerce is relatively a novel concept. It is at present heavily leaning on an internet and mobile phone revolution to fundamentally alter the way businesses reach their customers. The growth is expected to be led by increased consumer-led purchase in durables and electronics, apparels and accessories, besides, traditional products such as books and audio visuals. The birth and growth of internet has been the biggest event of the century. E-Commerce in India has come a long way from a weak beginning in 1999-2000 to a period where one can sell and find all sorts of stuff online. Most corporations are using internet to represent their product range and services so that it is accessible to the global market and to reach out to a larger range of customers. Computers and internet have completely changed the way one handles day-to-day transactions through online shopping. The internet has

brought about sweeping changes in the purchasing habits of the people. In the comfort of one's home, office or cyber cafe or anywhere across the globe one can log on and buy just about anything from apparel, books, music and diamond jewelry to digital cameras, mobile phones, video games, movie tickets, rail and air tickets. Ease, simplicity, convenience and security are the key factors turning the users to purchase online. An increasing internet and mobile penetration, growing acceptability of online payments and favorable demographics has provided the e-commerce sector unique opportunity to connect with customers. There would be over five to seven fold increase in revenue generated through e-commerce as compared to previous years with all branded products available at a cheaper rate and delivered at the doorstep.

In India the online retail industry has shown a steady and rapid growth over the years. The Indian online retail market is predicted to grow over 4 fold to touch 14.5 billion in 2018 on account of the rapid expansion of e-commerce in the country. According, to statista.com the total number of online buyers globally in 2014 was 1.12 billion while the number has increased to 1.32 billion people in 2016. In 2015, India had 408.4 million internet users. This number is projected to grow to 635.8 million in 2021. Despite, untapped potential India is already the second largest online market worldwide. India is one of the fastest growing e-commerce markets worldwide with millions of new internet users taking advantage of cheap mobile connections to send mobile messages, watch online videos, use mobile services and of course to shop. As of 2016, 26 per cent of local population was using internet, almost ten times the audience size from a decade prior. According, to recent market research mobile phone internet user penetration in India is projected to reach 37.36 per cent of the population in 2021 representing a huge potential in digital and mobile buyer audience. Total internet audiences in India are estimated to surpass 635 million in 2021. In, India men accounted for almost two thirds of online shopping customers. Despite, the gender imbalance in online presence and digital spending female online shoppers are estimated to account for 42 per cent of all Indian e-retail spending in 2020 as compared to only 20 percent of total retail e-commerce expenditure in 2015 [1].

III. CONSUMER BEHAVIOR TOWARDS ONLINE SHOPPING

India is the second largest consumer market in the world. The Indian consumer profile has been changed in education, income, age, gender, occupation, and reference groups. There is a shift in consumer brand preferences for daily need products to high end technologies with the explosion of technology.

Consumer's willingness and preferences for adopting internet as his or her shopping medium is positively related to income, household size and innovativeness. Consumers all over the world are increasing shifting from crowded stores to the one click online shopping format. However, in spite of the convenience offered online shopping is far from being the most preferred form of shopping in India. A survey among 150 internet users including both users and non-users of online shopping revealed that convenience and saving of time drive Indian consumers to shop online while security and privacy concerns dissuade them from doing so. Consumer's positive attitude and willingness to search for pre-purchase information lead to a strong likelihood that they will buy online. Online shoppers are required to have computer skills to use internet for shopping. Those who are not comfortable using computer will likely do their shopping at the physical market as it will be faster shopping there than at the internet store. Home catalog is another traditional selling channel where people can shop at home because of the varieties of the products offered in the catalog. They can order through phone or by e-mail. It is convenient except that they cannot touch and feel products before purchasing [2].

Consumer behavior consists of all human behavior that goes in making decisions. An understanding of the consumer behavior enables a marketer to take marketing decisions which are compatible with its consumer needs. There are four major classes of consumer behavior determinants and expectations namely cultural, socioeconomic, personal and psychological. The socioeconomic determinants of consumer behavior consist of age, marital status, occupation, education, income, and family size. Realizing the importance of passenger, car industry in the present economic situation research has analyzed the perceptions and behaviors of consumers related to the product. It is said that yesterday's luxuries are today's necessities. Hence, in the digital world car is no longer a luxury. There are certain attributes of the product which are identified to influence the purchase decision of consumers and their satisfaction [3]. The impact of brand on consumer behavior is more significant among the female group than that of the male group. Brand name, brand loyalty and symbolic meaning are the reasons behind the difference as opined by the consumer's selection of products and shopping experience is more predominant among the female group than that of the male group. It has also been found that lesser the monthly income of the family the greater the impact of brand on consumer behavior [4]. There is significant relationship between a gender and insistence on a specific brand by consumers for consumer durables at every purchase while there is no significant relationship between a gender and place of purchasing the product [5].

Online shopping is gaining popularity among people specially the younger generation ,but in today's

scenario to become equally popular among all age groups e-marketing will have to cover a longer distance. Mode of payment is dependent upon income of the consumers. People from different age groups are doing online shopping regularly. The attitude of consumers is changing with the time. In a country like India, consumers are finding online shopping comfortable because of many variables like cash on delivery, customization, or personalization of the websites, and home delivery [6].

A case study of Flipkart.com user's in Luck now city stated that future of e-retailers in India looking bright. E-retailers give consumers the best way to save money and time through purchasing online within the range of budget. Flipkart.com is offering some of the best prices and completely hassle free shopping experience. The whole concept of online shopping has altered in consumer's purchasing or buying behavior and the success of e-retailers in India depends upon its popularity, its branding image and its unique policies [7]. Higher income groups and educated people are purchasing more via e-retailing websites; people have hesitations in doing online shopping due to security concerns. At the same time people are resistant to change because of technological complexity in making online purchase. Companies involved in online retailing should focus on building trustworthy relationship between producers and customers [8].

IV. MOBILE PHONES AND ONLINE SHOPPING

The mobile phone sector in India has become popular nowadays. People's obsession about smart phones has been increasing rapidly. With the increase in mobile, especially Smartphone penetration and a complimentary rise in the mobile internet penetration online shopping has become easier. Mobile phones have become as common as televisions. Phenomenal adoption of mobiles across the globe has increased due to rise in digital mobility and connectivity. The market size of mobiles has exponentially increased globally. Mobile phone services have recognized the world over as an important tool for socio-economic development of a nation. India is currently the world's second largest telecommunications market and has registered exceptional growth in the past few years. The reasons for growth of telecom sector in India are reform measures by the government of India, active participation of the private sector and wireless technology. With the intense competition, operators need to work closely with mobile handset makers and software developers to match their handset portfolios according to consumer's desires and needs. India is one of the fastest growing e-commerce markets worldwide with millions of new internet users taking advantage of cheap mobile connections. According to recent market research mobile phone internet penetration in India may reach 37.36 per cent in 2021 from

26 per cent in 2016, representing a huge potential in digital and mobile buyer audience.

Internet has become a new mediator between companies and their customers and a new tool for business. Today internet is a public, cooperative, and self sustaining facility accessible to hundreds of millions of individuals worldwide. Nowadays, internet is accepted as significant effective communication channel challenging the traditional ones [9].

India has become one of the fastest growing economies throughout the world. Indian economy will be placed at the fourth position by the year 2050. The mobile phone market is one of the vast areas to study the technological revolution. There is a significant impact of consumer behavior on the strategic decisions made by the mobile sector companies. In technology driven businesses, understanding the voice of consumers and their buying patterns has emerged a tough challenge for the mobile companies. India being a developing market and being a nation of diverse cultures and traditions, it becomes mandatory for mobile companies to have a deep understanding of buying behavior of consumer and buying patterns of mobile phones by Indian consumers. With the advent of globalization and the sequel changes in the country many mobile companies have started making a foray into Indian mobile market due to its sky-scraping potential. As a result of tremendous growth in mobile sector, mobile penetration in the mobile market has overshadowed all other means of communication [10].

V. FACTORS INFLUENCING CONSUMER BEHAVIOR TOWARDS ONLINE SHOPPING

The ease and convenience provided by the online stores for 24x7 has made shopping easy for the consumers. Consumers get affected by various factors such as with online shopping consumer can shop anywhere, anything and anytime with easy and safe payment option. Consumers can do comparison shopping between products as well as online stores by saving time and money. Availability of online information about product services, facility of making comparison with other products while shopping online, delivery time taken by the agency, content and quality of online shopping website and other security measures taken by agency to make customers identity safe and ensure a smooth transaction are other various important factors having impact on consumer attitude towards online shopping [11].

Consumer behavior is a decision making process as well as mental and physical activity in which an individual engages in evaluating, acquiring, using or disposing of goods and services. Consumer behavior deals with the study of behavior that consumers display in searching for purchasing, using, evaluating and disposing

of products and services that they expect will satisfy their needs [12]. Consumer plays a very crucial role as they are the ones who finally buy goods and services of the firm and the firm always make influential efforts to attract them towards its goods and services to earn revenue and enhance profitability. Consumer behavior is interdisciplinary approach based on concepts and theories about people that have been developed by behavioral scientists, philosophers and researchers in diverse disciplines of psychology, sociology, social psychology, cultural anthropology and economics. The study of consumer behavior also helps management to understand consumer needs to recognize the potential of consumer in lieu of new technology and to articulate new things in term of the consumers needs so that products will be universally accepted in the market well. Consumer buying behavior is influenced by two major factors, individual and environmental. The major categories of individual factors affecting consumer behavior are demographics, consumer knowledge, perception, learning, motivation, personality, beliefs, attitudes, and life styles. The second category of factors is environmental factors. Environmental factors represent those items outside of the individual that affect individual consumer's decision making process. These factors include culture, social class, reference group, family, and household. The above mentioned factors are the major determinants behind the decision of consumers to chose a given good or service [13]. Consumers of different products coming from different age-groups, different social cultural backgrounds and from different geographical locations behave differently while making selection. Whenever a consumer buys anything from the market, final decision is affected by cultural, social, personal and psychological factors.

Cultural Factors

Consumer behavior is deeply influenced by cultural factors such as regional culture and Social class. Culture is the part of every society and influence of culture on buying behavior of customer varies from region to region. Each culture contains different aspects such as religions, nationalities, geographic regions, racial groups etc. Marketers can use these groups by segmenting the market into various small portions. Culture can be considered as lifestyle which is then passed on from one generation to other generation. Culture is not static. It is continually evolving, synthesizing, old ideas with new ones. People from different social classes tend to have different desires and consumption patterns. Disparities result from the differences in their purchasing power. According to some researchers behavior and buying habits would also be a way of identification and belonging to its social class. In this way marketing activities could be tailored according to different social classes.

Social Factors

Social factors impact the buying behavior of consumers. The important social factors are: Reference

groups, family, Role and status. Reference groups have potential in forming a person attitude or behavior. The impact of reference groups varies across products and brands. A reference group is an actual or imaginary individual or group conceived of having significant relevance upon individual evaluation, aspiration or behavior. Reference group influences consumers in two ways: informational utility and value expression [14]. Buyer behavior is strongly influenced by the members of a family. Therefore marketers are trying to find the roles and influence of the husband, wife and children. If the buying decision of a particular product is influenced by wife then the marketers will try to target the women in their advertisement. Each person possesses different roles and status in the society depending upon the groups, clubs, family or organization to which he belongs. For example a woman is working in an organization as a finance manager. At the same time, she is playing two roles simultaneously: role of a finance manager as well as role of a mother.

Personal Factors

Personal factors can also affect the consumer behavior. Some of the important personal factors that influence the buying behavior are: lifestyle, economic situation, occupation, age and family life cycle, personality and self concept. Age and life-cycle have potential impact on the consumer buying behavior. It is obvious that the consumer's taste and preferences about goods and services changes with the passage of time. Family life-cycle consists of different stages such as young singles, married couples, and unmarried couples which help marketers to develop appropriate products for each stage. The occupation of a person also has a significant impact on the buying behavior of consumer. For example a marketing manager of an organization will try to purchase business suits whereas a low level worker in the same organization will purchase cheaper clothes only. Consumer's economic situation has great influence on his buying behavior. If the income of a customer is high then choice of more expensive products will be there and a person with low income will purchase inexpensive products. Lifestyle of customers is another important factor affecting the consumer buying behavior. Lifestyle refers to the way a person lives in a society and purchases the things according to his surroundings. Personality changes from person to person, time to time and place to place. It has a great influence on the buying behavior of customers. Personality is the totality of characteristics of a man.

Psychological Factors

There are four important psychological factors affecting the consumer buying behavior. These are motivation, perception, beliefs and attitudes. The level of motivation affects the buying behavior of customers. Every person has different needs such as physiological needs, biological needs, and social needs. Selecting, organizing and interpreting information in a way to

produce meaningful experience of the world is called perception. There are three different perceptual processes which are selective attention, selective distortion and selective retention. Customer possesses specific beliefs and attitudes toward various products. Since such beliefs and attitudes make up brand image and affect consumer buying behavior therefore marketers are interested in them. All these factors combine to perform a comprehensive model of consumer behavior that reflects consumer decision making process. The major factors and the process of decision-making shape the behavior and preferences of consumer behavior [15].

VI. CONCLUSION

The previous few years have seen an unprecedented growth in the number of online business players. This ever increasing competition has called for adoption of new marketing strategies, new media and out of box thinking to influence the customer to visit the site and make purchases. The country's growing Internet-habituated consumer base, which will comprise about 180 million broadband users by 2020 along with a burgeoning class of mobile Internet users, will drive the online shopping story.

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