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"An Empirical Study of Factors Influencing Online Shopping Behaviour of Customers"

Submitted by

Kajal Kiran
Assistant Professor in Commerce
JC DAV College Dasuya
Mobile No.: 9463059967
E-mail id: kajalkirankakkar@yahoo.in

ABSTRACT

Internet and Mobile revolution has brought tremendous change in shopping behaviour of consumers all around the world. As the internet penetration and literacy is increasing, the future and prospects of online shopping are also increasing in India day by day. Online shopping is just like shopping in the neighbourhood without any limitation of time i.e. 24x7. One can shop without moving out of his home/office. Moreover comparison of prices at different online stores is also possible .However; the consumers shopping online consider many factors like availability of information, time saving, convenience, security, offers, time of delivery, mode of payment etc. The present study uses likert scale to evaluate the various factors affecting online shopping behaviour of customers in Punjab. For this purpose , the data from 100 respondents was collected in the form of questionnaires. The study was conducted in 5 cities of Punjab i.e. Jalandhar, Kapurthala, Ludhiana, Ferozepur, Ropar. If companies analyze these factors, then they can devise effective marketing strategies to lure more and more customers in Punjab to go for online shopping.

Keywords: *Online shopping, marketing strategies, shopping behaviour.*

INTRODUCTION

The field of business is subject to high degree of dynamism. Technological advancements put new challenges for business and result in more competition. The time is to become more innovative to capture maximum customers. It is essential for the companies to ensure their presence in every nook and corner by using latest technology. Realizing the needs and

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aspirations of consumers, the concept of online shopping has been evolved. The vast usage of internet has changed the buying patterns of people. The use of internet has changed the way goods are purchased and sold, resulting in tremendous growth in the number of online shoppers.

Moreover, the concept of 'DIC' i.e. Double Income Couples is becoming very prominent in India. No doubt it has resulted in increase in family income but at the same time we can't neglect the long working hours and increased distances to travel. After the hectic day at office, they don't feel like going out for buying day to day things. As the section of DIC is growing in India, the companies are searching ways to grab this section to the maximum and to provide them convenient type of shopping which can be done at any time around the clock and from any place. The best solution to provide them an easy way of shopping is online shopping.Online shopping is gaining momentum now a days, not only because of level of convenience, but also because of broader selection; competitive pricing and greater access to information. A visit to convenient store requires travel and must take place between business hours but there is no restriction of this kind in case of online shopping. Online stores are available 24 hours a day and many consumers have internet access both at work and at home.There has been transformation in payment as well as delivery mode .From advance payment, it is moved to cash on delivery and from fixed delivery time it is moved to convenient delivery timing as per customer's choice. In online shopping stores, the products are displayed with the price and detailed description about the features of the product so that the potential customers can see and make an analysis on various parameters like price of the product its various features and availability at the time of shopping. On contrary they can compare them with similar type of offerings by other online shopping outlets and can get the best out of it. Through online shopping, business houses have become able to reach out more customers at relatively less cost. Moreover they are now able to reach out to customers living in remote areas. In other words, online shopping is a stepping stone to the concept of global village.

ONLINE SHOPPING IN INDIA

Online shopping is a common phenomenon outside India. India which is a large and strategic consumer market is not at par with global market in terms of online shopping. But as technological enhancements are taking place in India and as the internet users are increasing in India, a great online shopping revolution is expected in India in coming years. There is a huge purchasing power of youth population aged 18-45 in the urban area. The growth of internet subscribers is also getting doubled year by year. The usage of internet in India is getting increased with decrease in cost of computers and Mobiles. Even the cost of internet usage is also getting lower due to stiff competition among providers. By using internet, consumer find that they no longer have to accept fixed prices for the products and services and through the click of a few buttons, the lowest priced highest quality product can be found.

LITERATURE REVIEW

Wolfinbarger and Gilly (1999) find out that consumers make online shopping for both goal-oriented and experiential reasons, but goal-oriented motives are more common among online

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shoppers than are experiential motives. **Benedict (et. al 2001)** in his study on perception towards online shopping reveals that the attitude towards online shopping and intention to shop online are not only affected by ease of use, utility and pleasure, but also by exogenous factors like consumer personality, situational factors, product features, previous online shopping experiences and faith in online shopping. **Dabholkar and Bagozzi et al, (2002) O'Cass and Fenech, (2002); Childers et al., (2001);Davis, (1993)** reveal that if more attractive online stores are to be developed,then the factors affecting consumers to shop online must be duly addressed. **Burke et al., (2002)** find that exogenous factors like consumer traits situational factors, product characteristics, previous online shopping experiences and trust in online shopping influence on line shopping behaviour of customers.**Vijay, Sai. T. & Balaji, M. S. (May 2009**), reveal that Consumers, all over the world, are increasingly shifting from the crowded stores to the one-click online shopping format. Still, despite convenience offered, online shopping is yet to become the most preferred form of shopping in India. The study, conducted by Internet and Mobile Association of India **(IAMAI, 2006)** clearly indicates the dominance of P2P reference i.e people-to-people reference in online shopping space, with 31% respondents finding such sites through word of mouth. As much as 55% visitors to e-commerce sites have adopted internet as a shopping medium, out of which 25% of regular shoppers are in the 18-25 age group, whereas 46% are in the 26-35 age group and 18% are in the 35-45 age group. **Bellman et al.(2010)** examine the average major purchase experience and bring out that it is inclusive of shoppers having a short decision cycle based on a critical need for replacing an item. The study majorly finds out that for nearly 80% website visitor , there is not any intention to buy online. Their main motive is to just compare the price, products, brands and getting the information. **Nagra and Gopal (2013)** find out that online shopping in India is significantly affected by various factors like age,gender,marital status,family size and income. **Kothari and Maindargi (2016)** conduct a study in Solapur City to analyse the Indian customers attitude towards online shopping. The study brings out that price discounts,time saving,variety of products etc. are the motivating factors for online shopping of **Mittal and Kukreti (2018)** apply factor analysis to determine the prominent factors influencing buying behaviour of online users and conclude that customer benefit, fast,economic and secured purchase, trend with technology and easy availability are the major factors influencing online shopping.

OBJECTIVE OF THE STUDY

1) To discuss the factors that influence online shopping through empirical study.
2) To discuss managerial implications so that online shopping can become a great success.

RESEARCH METHODLOGY

DATA USED

Both primary and secondary data has been used. Primary data was collected with the help of a questionnaire. For secondary data, Research papers, journals, Magazines and related websites were considered.

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SAMPLE DESIGN

The sample size is 100 respondents. Questionnaire was pilot tested on a sample of 10 to ensure the validity of the survey instrument. Data is collected from various cities of Punjab like Jalandhar, Kapurthala, Ludhiana, Ferozepur, Ropar.

SAMPLING METHOD

Non-probability sampling method i.e. convenience sampling method has been used to collect information for primary data.

STATISTICAL TOOLS

- Percentage analysis
- Tabulation
- Graphical
- Average mean

TIME PERIOD OF THE STUDY

The time period of the study is March 2019 to April 2019.

SCALE USED

1) To find the Importance of factor affecting Online Shopping.

5= very important 4= important
3= neither important nor unimportant 2= unimportant
1= absolutely not important

2) For satisfaction

5= very satisfied 4= satisfied
3= neither satisfied nor dissatisfied 2= dissatisfied
1= highly dissatisfied

DATA ANALYSIS AND INTERPRETATION

After obtaining the questionnaire duly filled, the data has been analyzed and following results have been obtained:

Table – I: Profile of Online Buyers

Basic Factors	Categorization	No. of Respondents	% of Respondents
Age	Below 25 years	20	20%

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	26-35 years	54	54%
	36-45 years	9	9%
	Above 45 years	17	17%
Profession	Employee	46	46%
	Business	11	11%
	Student	12	12%
	Professional	12	12%
	Housewife	12	12%
	Any other	7	7%
Monthly Family Income (in ₹)	Below 20,000	3	3%
	20,001- 30,000	17	17%
	30,001- 50,000	33	33%
	More than 50,000	47	47%

Source: primary data collected through questionnaire

Table – II: Making Online Shopping

Particulars	**No. of Respondents**	**Percentage of Respondents**
Having knowledge about Online Shopping and shopping online	100	100%
Not having knowledge about Online Shopping	****	****

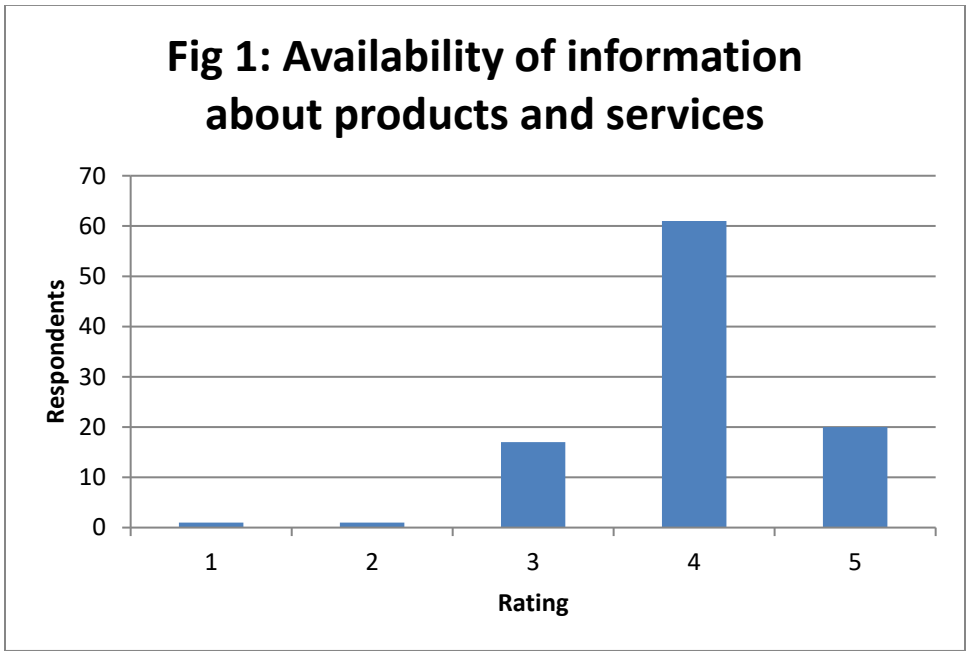
Source: primary data collected through questionnaire

FACTORS AFFECTING ONLINE SHOPPING

I) Availability of information about Products and Services

Rating	1	2	3	4	5
Respondent	1	1	17	61	20

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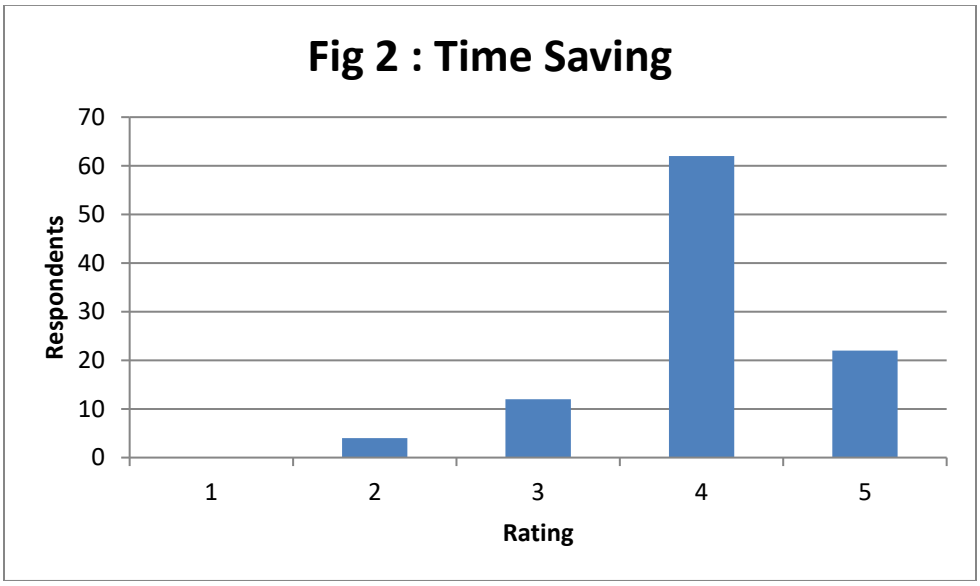
***Average Score of Respondent* = (1*1+ 1*2+17*3+61*4+20*5) / 100 =398/100=3.98**

***Interpretation*:** From the average score calculated, it can be interpreted that online shoppers consider availability of information about products and services such as size,price,colour, stock availability,delivery time ,shipping charges, brand etc. as an important factor while shopping online.

II) Time Saving

Rating	1	2	3	4	5
Respondent	0	4	12	62	22

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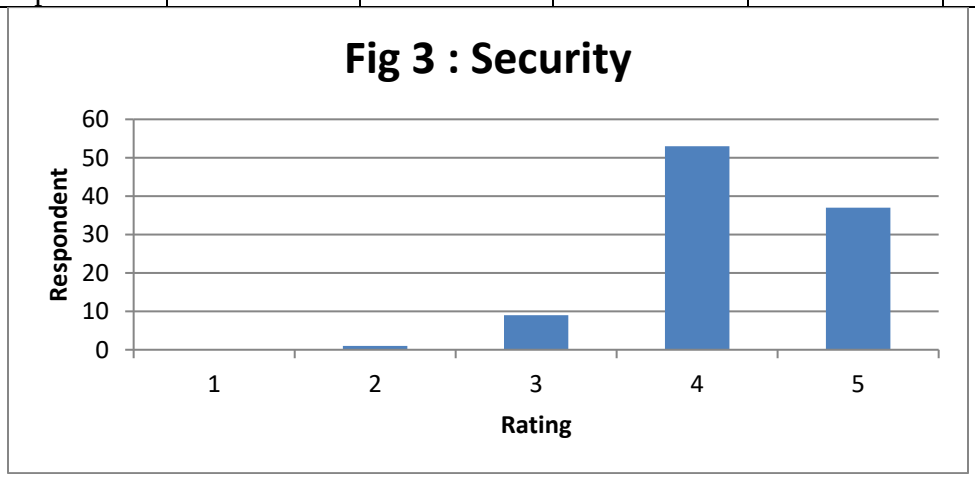


Average Score of Respondent **= (0*1+4*2 +12*3 +62*4 +22*5) /100 =402/100 =4.02**

Interpretation**:** According to the average score calculated depicts that time saving is an important factor influencing online shopping behavior.One can shop at any time and from any place without going to brick and mortar shops.

III) ***Security*****:**

Rating	1	2	3	4	5
Respondent	0	1	9	53	37



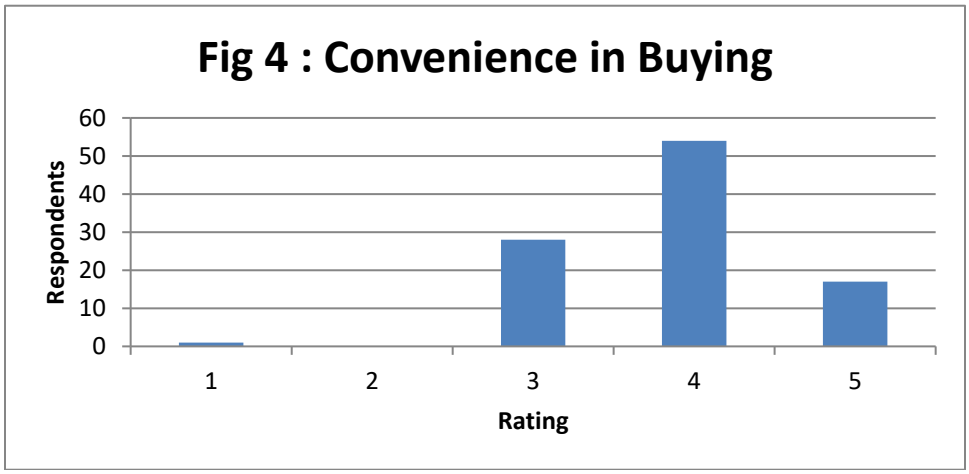
Average Score of Respondent **=(0*1+1*2+9*3+53*4+37*5)/100=426/100=4.26**

Interpretation: The average score calculated brings out that people want security in terms of privacy of their credit card number,debit card mumber,bank account details, password etc. while doing online shopping .

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IV) ***Convenience in Buying*** **:**

Rating	1	2	3	4	5
Respondent	1	0	28	54	17



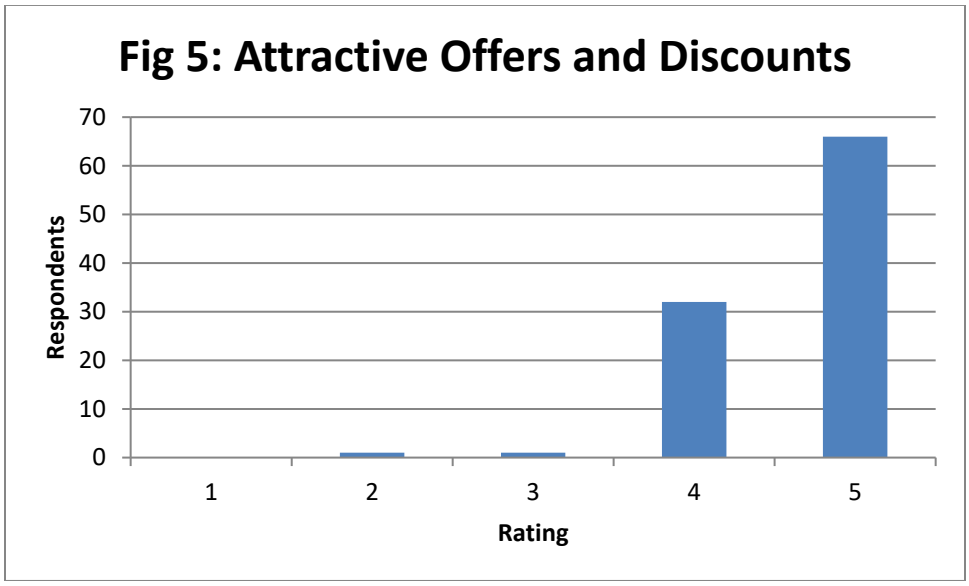
Average Score of Respondent **=(1*1+0*2+28*3+54*4+17*5)/100=386/100=3.86**

Interpretation**:** The calculated average score depicts that people prefer online shopping because it is a convenient way of shopping. Comparison of products,their features, prices,rating by customers can be easily made even from home .

V) ***Attractive Offers and Discounts*** **:**

Rating	1	2	3	4	5
Respondents	0	1	1	32	66

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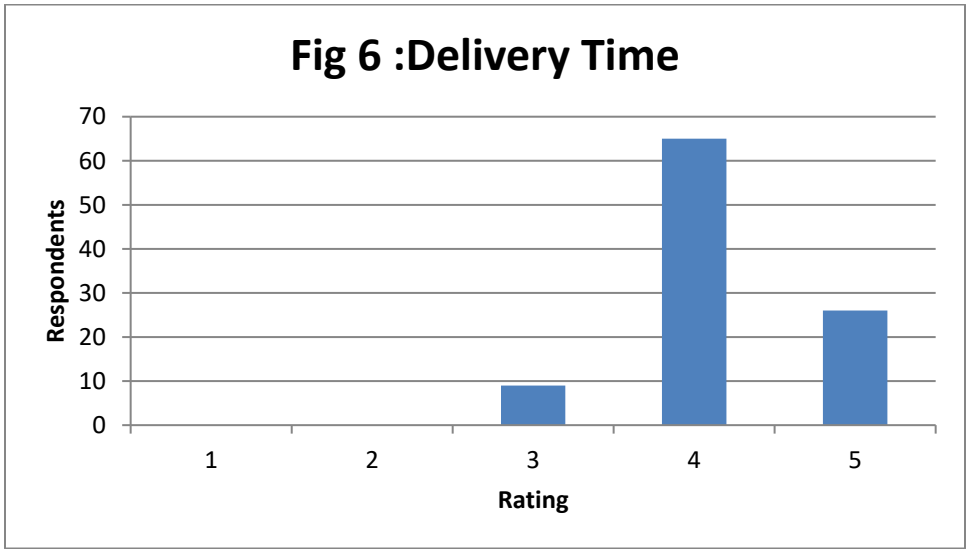


Average score of respondents **= (0*1+1*2+1*3+32*4+66*5)/100=463/100=4.63**

Interpretation**:** The above calculated score is an indicator that offers and discounts in online shopping is also an important factor in luring customers. The festive offers, special schemes attract more orders from customers.

VI) ***Delivery Time*** **:**

Rating	1	2	3	4	5
Respondents	0	0	9	65	26



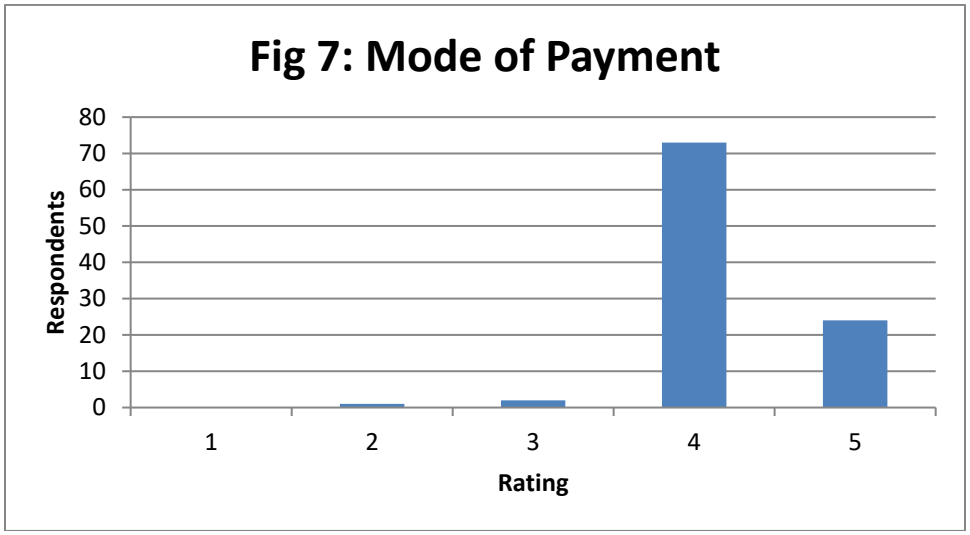
Average score of respondent **= (0*1+0*2+9*3+65*4+26*5)/100=417/100=4.17**

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***Interpretation*:** The score calculated above shows that online shoppers consider delivery time as an important factor which can influence their decision to go for online shopping. The requirement met on time motivates them to go for further online shopping.

VII) ***Mode of Payment*** :

Rating	1	2	3	4	5
Respondents	0	1	2	73	24



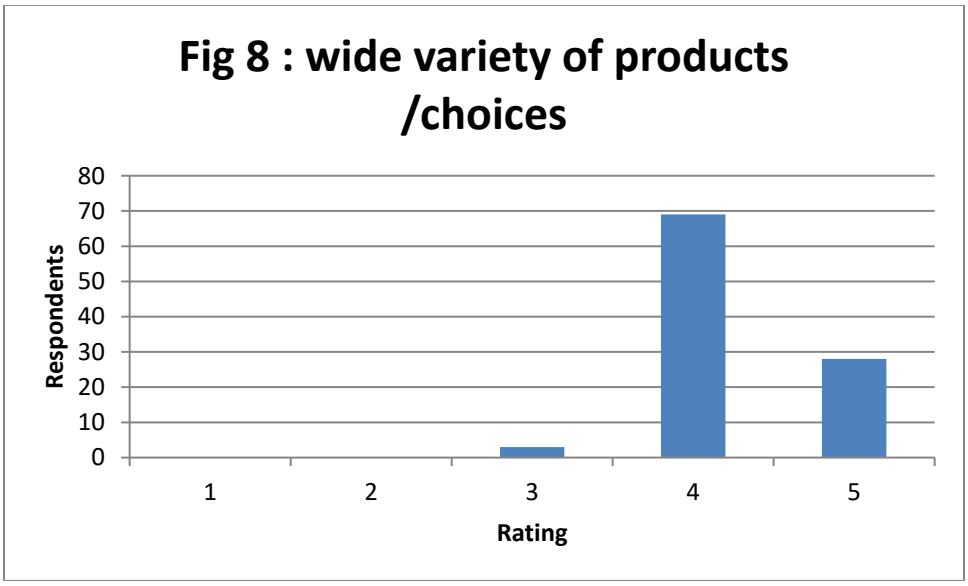
***Average Score of Respondents*=(0*1+1*2+2*3+73*4+24*5)/100=420/100=4.20**

***Interpretation*:** From the above calculated score it can be interpreted that mode of payment is an important factor considered by online shoppers and most of the online shoppers have given their priority to search and buy online but pay cash on delivery.

VIII) *Wide variety of products / Choices* :

Rating	1	2	3	4	5
Respondents	0	0	3	69	28

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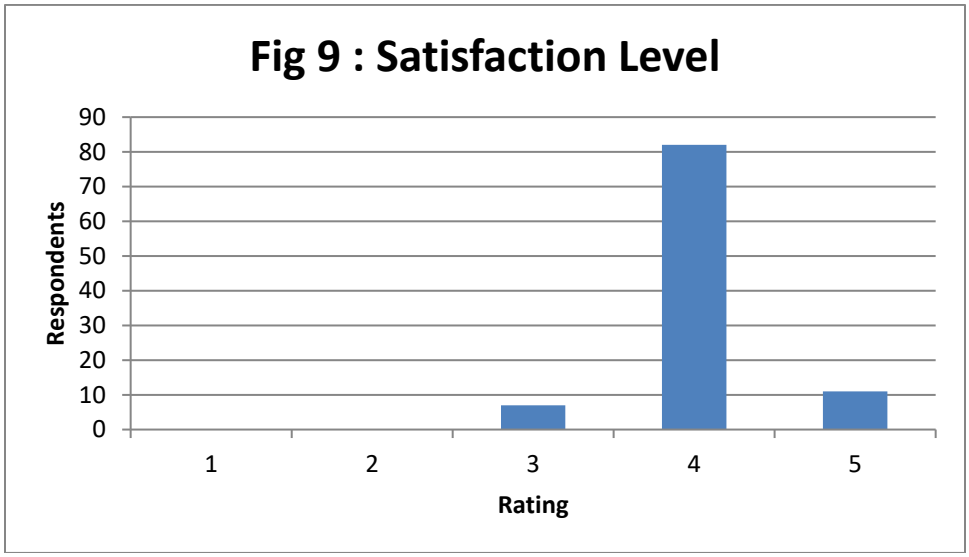


Average Score of Respondents **=(0*1+0*2+3*3+69*4+28*5)/100=416/100=4.16**

Interpretation**:** The score calculated indicates that wide variety of products and wide choices is one of the important factor which online shoppers consider while shopping online.

IX) ***Satisfaction Level for your experience of online shopping*****:**

Rating	1	2	3	4	5
Respondents	0	0	7	82	11



Average Score of Respondent **= (0*1+0*2+7*3+82*4+11*5)/100=404/100=4.04**

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***Interpretation*:** It can be concluded from the above score that satisfaction level of one's experience of online shopping is an important factor to influence one's decision to make further online shopping.

MANAGERIAL IMPLICATIONS

A number of factors influence shoppers to go for online shopping, so there is a need on the part of business firms to adopt some of the below mentioned measures to attract more and more customers for online shopping.

1) E-Commerce Awareness

The doubts relating to security aspects of E-Commerce put challenges to online shopping. So, the way out is to strengthen the transaction security to build up confidence in shoppers for online payment. Moreover an awareness drive of benefits of anywhere/anytime shopping (online shopping) is required to make it more successful.

2) Payment Options

Business houses should offer more payment options like cash on delivery, money transfer and end to end payment etc as in India only a small section of people have credit cards.

3) Security Measurer Awareness

Customer willingness to buy and patronize online stores are affected by information and security for payment through credit card transactions (Whysall, 2000).They also concern about transaction security and data safety when purchase online (Constantinides, 2004).Getting approved certificate from an organization such as e trust is one of the ways to make a website more trustable (Korgaonkar and Karson, 2007).

4) Competitive Pricing

Customers will opt for online shopping only when prices offered for online shopping are made more competitive as compared to prices offered on shops. Offering customers more flexible prices and promotions or offering a one stop shopping service are some examples that online stores can use to make the business succeed(Yu and Wu,2007).

5) More Sale Promotion Schemes and Services

Online sellers have to offer a number of services to boost the confidence level of customers which can include software downloading, E-form enquiry, order status tracking, customer content and feedback etc.

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6) ***Create User Friendly Website***

Online stores can change a shopper into a buyer if the stores provide variety and useful information of the product, good customer service and easy to access website (Laudon and traver, 2009) .If online stores want to convert visitor into a buyer, they should improve their websites by offering customer a comfortable, logical, interesting and hassle free fast website with functional design as smooth as possible (Brockhuizen and Huizingh, 2009).

7) ***Additional Options***

Since the customers do not have the privilege to touch or try the product, so online stores should offer them some additional options. For instance, a money back guarantee is one of the means to reduce customer's concern (Comegyes, 2009).

LIMITATIONS OF THE STUDY

- People were reluctant to fill the questionnaire.
- The time period for the study was very limited.
- The sample size was very small to represent entire population.

CONCLUSION

The study shows that with increase in number of internet users, the prospects of online shopping are also increasing in India. But business houses in India are not still able to grab large mass of online shoppers as in other countries. The present study shows that a number of factors affect consumer 'decision to go for online shopping which include availability of information, time saving, security, convenience, offers, delivery time, mode of payment, variety of products and the most important satisfaction which they experience after making online shopping. Consumers consider all these factors as important factors which can influence their decision. The business houses must make marketing strategies after considering all these factors. It will boost online sales and can prove to be beneficial to business houses as well as consumers.

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