Analysis of Online Shopping Behavior of Customer in Kota City.

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Online Shopping Behavior: An Empirical Study

With the increasing internet literacy, the prospect of online marketing is increasing in India. The consumers indulging in online shopping consider many factors. If companies analyse the factors affecting consumer behavior towards online shopping and the relationships between these factors and the type of online buyers, then they can devise effective marketing strategies to convert potential customers into active ones, while retaining existing online customers.

This project is a part of study, and focuses on factors which online Indian buyers keep in mind while shopping online. This research found that information, perceived usefulness, ease of use; perceived enjoyment and security/privacy are the five dominant factors which influence consumer perceptions of online purchasing.

The two perspectives that seek application of its knowledge are micro and societal perspectives.

The micro perspectives involve understanding consumer for the purpose of helping a firm or organization to achieve its objectives. The people involved in this field try to understand consumers in order to be more effective at their tasks. Whereas the societal or macro perspective applies knowledge of consumers to aggregate-level faced by mass soar society as a whole. The behavior of consumer has significant influence on the quality and level of the standard of living. Throughout the project we will see that how Kemrock Industries and Online Shopping Study consumer behavior.

How they approach in the new market, What are the problems faced by them while accepting local culture and customs, how they compete with the local competitors How they respond to the customers’ behavior towards their products and services.

I have developed a survey indicating online shopping behavior and acceptance among customers in India. The model was tested with a survey sample (n=100). Factor analysis technique was used to classify these factors which buyers keep in mind while shopping online. The survey was accomplished on 100 out line shopping experience.
Objective of the Study

It will create an awareness of e-commerce and make people interested in internet commerce. A mid-2005 survey by the Malaysian Communication and Multimedia Corporation (MCMC) indicated only 9.3 percent of internet users had purchased products or services through the internet during the preceding three months. Among those who did so, airline tickets were the most popular items (43.8%) followed by books (15.6%) and music (6.8%). A large body of research is available on the online shopping in the world. However, there is still a need for closer examination on the online shopping buying behavior in specific countries. Considering that internet shopping is still at the early stage of development in Malaysia, little is known about consumers’ attitudes towards adopting this new shopping channel and factors that influence their attitude.

Attitudinal issues are also thought to play a significant role in e-commerce adoption; that is to say, through motivation and perception, attitudes are formed which, in turn, directly influence decision making. Therefore, understanding consumer attitude toward online shopping helps marketing managers to predict the online shopping rate and evaluate the future growth of online commerce. This paper first examines the relationship between consumer factors and attitude toward online shopping, and then analyzes the factors that influence attitude toward online shopping.
Shopping Sites

PC Data Online issued top 20 web retailers on January 2001. The chart below is based on PC Data Online data.

<table>
<thead>
<tr>
<th>Rank</th>
<th>Web Site</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td><a href="http://www.amazon.com">www.amazon.com</a></td>
</tr>
<tr>
<td>2</td>
<td><a href="http://www.barnesandnoble.com">www.barnesandnoble.com</a></td>
</tr>
<tr>
<td>3</td>
<td><a href="http://www.ticketmaster.com">www.ticketmaster.com</a></td>
</tr>
<tr>
<td>4</td>
<td><a href="http://www.half.com">www.half.com</a></td>
</tr>
<tr>
<td>5</td>
<td><a href="http://www.jcpenny.com">www.jcpenny.com</a></td>
</tr>
<tr>
<td>6</td>
<td><a href="http://www.drugstore.com">www.drugstore.com</a></td>
</tr>
<tr>
<td>7</td>
<td><a href="http://www.walmart.com">www.walmart.com</a></td>
</tr>
<tr>
<td>8</td>
<td><a href="http://www.cdnow.com">www.cdnow.com</a></td>
</tr>
<tr>
<td>9</td>
<td><a href="http://www.shopintuit.com">www.shopintuit.com</a></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>10</td>
<td><strong>SEARS</strong></td>
</tr>
<tr>
<td>11</td>
<td><strong>eToys.com</strong></td>
</tr>
<tr>
<td>12</td>
<td><strong>STAPLES</strong></td>
</tr>
<tr>
<td>13</td>
<td><strong>CyberRebate</strong></td>
</tr>
<tr>
<td>14</td>
<td><strong>Spiegel</strong></td>
</tr>
<tr>
<td>15</td>
<td><strong>buy.com</strong></td>
</tr>
<tr>
<td>16</td>
<td><strong>J.CREW</strong></td>
</tr>
<tr>
<td>17</td>
<td><strong>VICTORIA'S SECRET</strong></td>
</tr>
<tr>
<td>18</td>
<td><strong>GAP</strong></td>
</tr>
<tr>
<td>19</td>
<td><strong>OLD NAVY</strong></td>
</tr>
</tbody>
</table>
Consumer Orientations

According to Wolfinbarger and Gilly (1999), consumers make online shopping for both goal-oriented and experiential reasons, but goal-oriented motives are more common among online shoppers than are experiential motives. Greenfield Online suggested that online shoppers like to use Internet shopping because of its convenience and timesaving. This report found that convenience-oriented consumers prefer to buy on the Internet and experience-oriented consumers don’t. Li et al. (1999) proposed that frequent Web buyers are higher in the convenience orientation but lower in the experiential orientations than occasional Web buyers and no differences were assumed in the recreational orientation and the economy orientation. Bellenger and Korgaonkar (1980) suggest that consumers can be categorized into two types: recreational and convenience shoppers. They proposed that the social aspect of shopping motivates the recreational shopper. Some research proposed that online shopping is not attractive to consumers who prefer to social interaction or experience. Swaminathan, Lepkowska-White, and Rao (1999) found that consumers who are oriented to convenience is more likely to use the Internet to buy goods and consumers who value social interaction is less likely to use the Internet for shopping.

Through these findings, it is assumed that consumers who want convenience are more likely to purchase on the Internet than consumers who like experiencing product. Consumers who are convenience-oriented are more likely to purchase online than those who are not. Consumers who are experience-oriented are less likely to purchase online than those who are not.
Design of Online Shopping

Why does electronic shopping exist? For customers it is not only because of the high level of convenience, but also because of the broader selection; competitive pricing and greater access to information. For organizations it increases their customer value and the building of sustainable capabilities, next to the increased profits.

Online stores are usually available 24 hours a day, and many consumers have Internet access both at work and at home. A visit to a conventional retail store requires travel and must take place during business hours.

Searching or browsing an online catalog can be faster than browsing the aisles of a physical store. Consumers with dial-up Internet connections rather than broadband have much longer load times for content-rich web sites and have a considerably slower online shopping experience.

In most cases, merchandise must be shipped to the consumer, introducing a significant delay and potentially uncertainty about whether or not the item was actually in stock at the time of purchase. Bricks and clicks stores offer the ability to buy online but pick up in a nearby store. Many stores give the consumer the delivery company's tracking number for their package when shipped, so they can check its status online and know exactly when it will arrive. For efficiency reasons, online stores generally do not ship products immediately upon receiving an order. Orders are only filled during warehouse operating hours, and there may be a delay of anywhere from a few minutes to a few days to a few weeks before in-stock items are actually packaged and shipped. Many retailers inform customers how long they can expect to wait before receiving a package, and whether or not they generally have a fulfillment backlog. A quick response time is sometimes an important factor in consumers' choice of merchant.
Literature Review

The current literature on consumer online purchasing decisions has mainly concentrated on identifying the factors, which affect the willingness of consumers to engage in Internet shopping. In the domain of consumer behavior research, there are general models of buying behavior that depict the process which consumers use in making a purchase decision. These models are very important to marketers as they have the ability to explain and predict consumers’ purchase behavior. The classic consumer purchasing decision-making theory can be characterized as a range extending from routine problem-solving behaviors, through to limited problem solving behaviors and then towards extensive problem-solving behaviors. The traditional framework for analysis of the buyer decision process is a five-step model. Given the model, the consumer progresses firstly from a state of felt deprivation (problem recognition), to the search for information on problem solutions. The information gathered provides the basis for the evaluation of alternatives. Finally, post-purchase behavior is critical in the marketing perspective, as it eventually affects consumers’ perception of satisfaction/dissatisfaction with the product/service. This classic five-stage model comprises the essence of consumer behavior under most contexts.

Nevertheless, the management of marketing issues at each stage in the virtual environment has to be resolved by individual E-marketers. 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. (Source: Jarvenpaa Journal of Electronic Commerce Research, VOL. 6, NO.2, 2005)

There are several indicators, belonging to four major categories; the value of the product, the shopping experience, the quality of service offered by the website and
the risk perceptions of Internet retail shopping. There are some nine factors associated with users' perception of online shopping. Among those factors the risk perception of users was demonstrated to be the main discriminator between people buying online and people not buying online. Other discriminating factors were; control over, and convenience of, the shopping process, affordability of products, customer service and ease of use of the shopping site.

Experts tested a model of consumer attitude towards specific web base stores, in which perceptions of the store's reputation and size were assumed to affect consumer trust of the retailer. The level of trust was positively related to the attitude toward the store, and inversely related to the perception of the risks involved in buying from that store.

Researchers concluded that the attitude and the risk perception affected the consumer's intention to buy from the store. Consumer risk perceptions and concerns regarding online shopping are mainly related to aspects involving the privacy and security of personal information, the security of online transaction systems and the uncertainty of product quality. It is found that trust is interwoven with risk. One of the consequences of trust is that it reduces the consumer's perception of risk associated with opportunistic behavior by the seller. Lack of trust is frequently reported as the reason for consumers not purchasing from Internet shops, as trust is regarded as an important factor under conditions of uncertainty and risk in traditional theories.

**Online Shopping In India**

It is a fact that a great online shopping revolution is expected in India in the coming years. There is a huge purchasing power of a youth population aged 18-40 in the urban area. If we observe the growth of Internet Subscribers from the above graph, it is getting doubled year by year. The usage of internet in India is only 4% of the total population. This is also getting increased day by day as the costs of computers are decreasing and net penetr action is increasing. The cost of internet usage is also getting
lower, with good competition among the providers. Wi-Fi & Wimax system has also started in India. This will increase the usage as it goes more on wireless internet. Indians are proving every time that they can beat the world when it comes to figures of online shopping. More and more Indians are going to online shopping and the frequency of India’s online buying is crossing the overall global averages.

![Graph showing rising connectivity](image-url)

<table>
<thead>
<tr>
<th>Year</th>
<th>Broadband Subscribers (in million)</th>
<th>Internet Subscribers (in million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>'07-Mar</td>
<td>2.28</td>
<td>9.2</td>
</tr>
<tr>
<td>'08-Mar</td>
<td>3.87</td>
<td>11.04</td>
</tr>
<tr>
<td>'09-Mar</td>
<td>6.22</td>
<td>13.6</td>
</tr>
<tr>
<td>'09-Jun</td>
<td>6.47</td>
<td>14.39</td>
</tr>
<tr>
<td>'09-Aug</td>
<td>6.81</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: DoT

![Bar graph showing percentages](image-url)
Factors That Boost Online Shopping in India

Rapid growth of cybercafés across India access to Information the increase in number of computer users reach to net services through broadband middle-class population with spending power is growing. There are about 200 million of middle-class population good spending powers. These people have very little time to spend for shopping. Many of them have started to depend on internet to satisfy their shopping desires.

Factor Influencing Online Shopping Behavior:

There are a lot of researches about online shopping. Most studies intended to investigate factors affecting consumers' purchasing behavior on the Web. Swaminathan, Lepkowska-White, and Rao (1999) refered vendor characteristics, security of transactions, content for privacy, and customer characteristics as factors influencing electronic exchange. Wolfinbarger and Gilly suggested that consumers purchase and shop online with both reasons: goal-oriented and experience-oriented. According to Miyazaki and Fernandez (2001), perceived risk affected consumer online purchasing behavior negatively. They also found that Internet experience is negatively related to the existence of concerns regarding the privacy and security of online purchase and the perceived risks of conducting online purchases. Donthu and Garcia (1999) proposed that risk aversion, innovativeness, brand consciousness, price consciousness, importance of convenience, variety-seeking propensity, impulsiveness, attitude toward advertising, attitude toward shopping, and attitude toward direct marketing would influence online shopping behavior and found that among them, age, income, importance of convenience, innovativeness, risk aversion, impulsiveness, variety-seeking propensity, attitude toward direct marketing, and attitude toward advertising were factors influencing online shopping behavior. Li, Kuo, and Russell (1999) found that "Consumers who make online purchase perceive the Web to have higher utilities in communication, distribution, and accessibility than those who do not make online purchases, and frequent online purchases perceive higher utility than occasional online purchasers" and "Consumers who make online purchases consider themselves more knowledgeable
about the Web as a channel than those who do not make online purchases, and frequent online buyers consider themselves more knowledgeable than occasional online buyers." According to Jarvenpaa, Tractinsky, and Vitale (1999), perceived size, perceived reputation, trust in store, attitude, and risk perception would be factors affecting online purchasing behavior.

Considering the prior studies, this study selected several factors below in order to explain what influences consumer online purchasing behavior.

- **Demographics** (Age, Income, Gender, and Education)

- **Perceived Risk**

- **The Reputation of Retailers**

- **Consumer Orientations** (Convenience-oriented and Experience-oriented)

- **Price**

- **Type of Access**

**Consumer choice behavior in online and traditional supermarkets: The effects of brand name, price, and other search attributes**

Are brand names more valuable online or in traditional supermarkets? Does the increasing availability of comparative price information online make consumers more price-sensitive? We address these and related questions by first conceptualizing how different store environments (online and traditional stores) can differentially affect consumer choices. We use the liquid detergent, soft margarine spread, and paper towel categories to test our hypotheses. Our hypotheses and the empirical results from our choice models indicate that: (1) Brand names become more important online in some categories but not in others depending on the extent of information available to
consumers — brand names are more valuable when information on fewer attributes is available online. (2) Sensory search attributes, particularly visual cues about the product (e.g., paper towel design), have lower impact on choices online, and factual information (i.e., non-sensory attributes, such as the fat content of margarine) have higher impact on choices online. (3) Price sensitivity is higher online, but this is due to online promotions being stronger signals of price discounts. The combined effect of price and promotion on choice is weaker online than offline.

RESEARCH METHODOLOGY

Objective

- To find out the factors affecting the online shopping behavior.
- To study the behavior of online shopping
- To study the factor important while using the Online shopping.
- To study the Satisfaction level of Online shopper.

Research design specifies the methods and procedures for conducting a particular study. A research design is the arrangement of conditions for collection and analysis of the data in a manner that aims to combine relevance to the research purpose with economy in procedure. Research design is broadly classified into three types as

- Exploratory Research Design
- Descriptive Research Design
- Causal Research Design

I have chosen the Exploratory research design.

EXPLORATORY RESEARCH DESIGN:

Exploratory research study are also termed as formative research studies. The main purpose of such study is that of formulating a problem for more precise investigation or
of developing a working hypothesis from an operational point of view. The major emphasis of such studies is of the developing of discovery of idea and insight.

SAMPLE DESIGN

A Sample Design is a definite plan for obtaining a sample from a given population. It refers to the technique to the procedure adopted in selecting items for the sampling designs are as below:

SAMPLE SIZE:

The substantial portions of the target customer that are sampled to achieve reliable result are 100.

UNIVERSE:

Online Shoppers of Kota city

SAMPLING METHOD:

• Non-probability sampling method : Convience Sampling

SAMPLE TECHNIQUE

• Percentage analysis
• Tabulation
• Graphical
• Average mean

COLLECTION OF DATA
DATA COLLECTION

The study was conducted by the means of personal interview with respondents and the information given by them were directly recorded on questionnaire. For the purpose of analyzing the data it is necessary to collect the vital information.

There are two types of data, this are-

- Primary Data
- Secondary data

COLLECTION TECHNIQUE:

Primary Data

- Questionnaire method

Secondary Data

- Books
- Journal
- Website

Scale Used

1) For finding importance of factor affecting Online shopping.

5=very important  4=important

3=Neither important nor unimportant  2=Unimportant

1=Absolutely no importance

2) For Satisfaction
5=very satisfied 4=Satisfied
3= Neither Satisfied nor dissatisfied 2=dissatisfied
1=Highly dissatisfied

LIMITATIONS OF STUDY

- People were not ready to fill in the questionnaire
- Many of the surveyed people did not reply all the questions.
- The time period given for study was very limited.
- The sample size was very small which is may not represent the entire population of Indian women.
- Many of the people did not even know the working of a computer

ANALYSIS AND INTERPRETATION

1. Last time made a purchase over the internet.

<table>
<thead>
<tr>
<th>Last week</th>
<th>9</th>
</tr>
</thead>
<tbody>
<tr>
<td>Last 15 days</td>
<td>17</td>
</tr>
<tr>
<td>last month</td>
<td>34</td>
</tr>
</tbody>
</table>
Interpretation

According to survey Last time made a purchase over the internet 9 respondent says that last week, 17 says last 15 days, 34 says last month and 40 says last year.

2. Items have you purchase on the internet.

<table>
<thead>
<tr>
<th>Item</th>
<th>Count</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Books</td>
<td>10</td>
<td>10%</td>
</tr>
<tr>
<td>Tickets</td>
<td>80</td>
<td>80%</td>
</tr>
</tbody>
</table>
### Interpretation

According to survey 80% respondent have purchased ticket while 8% preferred clothing. Other like Books 10%, Video games 25%, electronic equipment 18%, Computer & software 12% and music 20%.

3. Mode of payment

<table>
<thead>
<tr>
<th>Mode of Payment</th>
<th>Quantity</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit cards</td>
<td>27</td>
<td></td>
</tr>
<tr>
<td>Debit cards</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Online Bank transfer</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>Cash on delivery</td>
<td>55</td>
<td></td>
</tr>
</tbody>
</table>
Interpretation

According to survey 27 respondents make payment through Credit cards, 10 Debit cards, 8 Online Bank transfer and 55 payment Cash on delivery.

Factor affecting online shopping

4. Information about product and Services

<table>
<thead>
<tr>
<th>Rating</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Respondent</td>
<td>10</td>
<td>16</td>
<td>18</td>
<td>24</td>
<td>32</td>
</tr>
</tbody>
</table>
Average Score of respondent = (10*1+16*2+3*18+4*24+5*32)/100 = 352/100 = 3.52

**Interpretation**

According to all score, it can be interpreted that information about product and service is an important factor while using online shopping.

### 5. Time saving

<table>
<thead>
<tr>
<th>Rating</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Respondent</td>
<td>12</td>
<td>8</td>
<td>28</td>
<td>22</td>
<td>30</td>
</tr>
</tbody>
</table>
Average Score of respondent = 350/100 = 3.50 (same as early calculate)

**Interpretation**

According to this score, it can be interpreted that time saving can be considered an important factor while using online shopping.

6. **Convenience**
### Convenience

<table>
<thead>
<tr>
<th>Rating</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Respondent</td>
<td>8</td>
<td>17</td>
<td>16</td>
<td>26</td>
<td>33</td>
</tr>
</tbody>
</table>

Average Score of respondent = \((8*1+17*2+16*3+26*4+33*5)/100=359/100=3.59\)

### Interpretation

According to this score, it can be interpreted that convenience in online shopping is an important factor.

### 7. Security

<table>
<thead>
<tr>
<th>Rating</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
</table>
Average Score of respondent = \(\frac{24\times3+46\times4+30\times5}{10}=\frac{406}{100}=4.06\)

Interpretation
According to this score, it can be interpreted that security in online shopping is an important factor.
8. Attractive offer’s (Deals/Discount)

<table>
<thead>
<tr>
<th>Rating</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Respondent</td>
<td>10</td>
<td>38</td>
<td>37</td>
<td>10</td>
<td>5</td>
</tr>
</tbody>
</table>

Average Score of respondent = \((10*1+38*2+37*3+4*10+5*5)/100=262/100=2.62\)

**Interpretation**

According to this score, it can be interpreted that attractive offers are neither important factor nor unimportant factor for online shopping.
9. Delivery time and mode of payment

<table>
<thead>
<tr>
<th>Rating</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Respondent</td>
<td>7</td>
<td>13</td>
<td>25</td>
<td>22</td>
<td>33</td>
</tr>
</tbody>
</table>

Average Score of respondent = \( \frac{7 \times 1 + 13 \times 2 + 25 \times 3 + 22 \times 4 + 33 \times 5}{100} = \frac{361}{100} = 3.61 \)

**Interpretation**

According to this score, it can be interpreted that Delivery time and mode of payment in online shopping is an important factor.
10. Satisfaction level for your experience of online shopping

<table>
<thead>
<tr>
<th>Rating</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Respondent</td>
<td>0</td>
<td>0</td>
<td>24</td>
<td>46</td>
<td>30</td>
</tr>
</tbody>
</table>

Average Score of respondent = \( \frac{24 \times 3 + 46 \times 4 + 30 \times 5}{100} = \frac{406}{100} = 4.06 \)
**Interpretation**

According to this score, it can be interpreted that satisfaction level in online shopping is an important factor.

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**CONCLUSION**

- The most preferred product of online buying is travelling tickets and clothing remains the least preferred choice of online shoppers.

- Among the payment options, Payment on delivery through cash in the safest choice of payment, while credit card are next preferred choice, online bank transfer is least preference choice.

- Online shoppers seek for clear information about product and service, time saving, convenience, security and delivery on time are all important factor for online shopping. The offers with punch lines “Attractive offers” do not attract online shoppers.

- Most of the consumers who have experienced online shopping are very satisfied.

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**SUGGESTIONS**

- Consumers should be educated on online shopping procedures with proper steps to be following while online shopping.

- Transactions should be safe and proper security should be assured to the people making online purchases.
• Government should play a pivotal role in encouraging online shopping
• E-marketers must give a thought to secure, time saving, information about product and services factors when they design their online product strategy.
• The study highlights that convenience, accessibility, scope, attraction, reliability, experience and clarity are the important factors considered by the online shopper.
• Usage of internet includes the consumer’s purchase of product as well as the consumer intention to secure for product related information while experiencing the new technology.
• Banking should promote Debit card, Credit card facility in online shopping.