

# ONLINE SHOPPING – FACTORS INFLUENCING CONSUMER’S PURCHASE BEHAVIOUR

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## ABSTRACT:

Internet is the rapid growing media during the past decade. It gave consumers novel experience regarding gathering information, comparing products or prices and the possibility of purchasing on the internet. There are billions of people online any time and they all are a potential consumer in the online market. Since there are so many providers, the most important thing for organizations is to understand what are consumer wants and needs in this competitive business environment. Consumer purchase behaviour on the internet is an important factor for retail marketers. To predict consumer behaviour on the internet, marketers need to understand why, where and how consumers behave online.

The present paper has attempted to understand research gap of various factors influencing consumer behaviour in an online purchase. This research is aimed to highlight that Consumer buying behaviour in online are influenced by different factors such as culture, social class, references group relation, family, salary level and salary independency, age, gender, website design and layout, customer service, security and reliability. In this research, the independent variables such as website design and layout, customer service, security and reliability are being discussed to determine their correlation with consumer purchase behaviour online.

**Keywords :** Consumer purchase behaviour, Security and Reliability, Competitive business environment

## INTRODUCTION:

Internet is the rapid growing media during the past decade. It gave consumers novel experience regarding gathering information, comparing products or prices and the possibility of purchasing on the internet. There are billions of people online any time and they all are a potential consumer in the online market. Since there are so many providers, the most important thing for organizations is to understand what are consumer wants and needs in this competitive business environment. Consumer purchase behaviour on the internet is an important factor for retail marketers. To predict consumer behaviour on the internet, marketers need to understand why, where and how consumers behave online.

Virtual shopping is made possible, because of internet. It has provided new channel for online marketing of products. Vesterby and Chabert (2001) say that internet has paved the way for companies in providing better information about their products and services with ease. They provide a platform for the companies to showcase their products and compare with competing products. 24/7 with lower costs. Smith and Rupp (2003) say that consumers today have more options to choose from different suppliers and range of products. Hollenson (2004) say that no matter how consumer buys a product, the seller should understand the purchasing decision of consumer.

According to ASSOCHAM (2013-2023) report the growth in India market is going to grow in leaps and bounds and is expected to reach \$56 billion by 2023 and may control 6.5% of total retail market. Overall retail market in India was worth Rs25,286 billion in 2012-2013, out of which organized retailing contribution is to the extent of Rs1767 billion. During this period the worth of online shopping is Rs139 billion, which is 7.9% of the organized retail. The driving force behind the growth of online shopping is the younger generation of age from 18-40 yrs. The present study tries to capture perceptions of these consumers buying behaviour which are been affected by various factors towards online shopping.

## NEED FOR THE STUDY:

To identify and understand the various factors influencing consumer’s purchase behaviour in an online shopping.

## SCOPE OF THE STUDY:

The research was conducted on consumer’s belonging to various industries. The respondents of the questionnaire were mainly the youth in the age group 18-40 and who were internet savvy.

## OBJECTIVES:

- To study the impact of Consumer purchase behaviour in online shopping
- To understand the various factors that Consumer consider, when buying any product virtually/Online.

## LIMITATIONS:

- The questions in the questionnaire are close-ended questions which limits the ability of the report to provide unique insights.
- Limited sample size was an obstacle in this study.
- The study findings cannot be generalized as the characteristics, culture and buying behaviour could be different from customer to customer.

**LITERATURE REVIEW:**

The study on consumer perception towards online shopping has been undertaken by many prominent researchers Sherrill and Chen (2005) has identified different aspects to understand the perception and of online buyers. They found the various factors that are important for the success of a website. They include Website design, reliability, security and commitment

Customer's desires and demands for products are hard to predict hence it is very crucial for all online retailers to identify and know about their online consumers (Hasslinger, 2007, p. 18).

Behaviour of consumer online depends on various factors like Website visibility, online shops credibility, Reliability, payment security, privacy, website interface and convenient time and comfort zone of consumer, (Na Wang 1, 2008, p. 4).

Consumers doing online shopping are always finding new products, new attractiveness and the most important being price compatible with their budget. Online consumers don't have limits to online shopping. They use internet to save time, money and for comparison of prices of goods and services, news visit social networks and search information and so on. Online consumer behavior is much effected with recession (Rodriguez, 2009, p. 3).

An online website should understand the customers' purchasing behavior in order to build and maintain the good relationship with customers (Kim & Hong, 2010).

Katawetawarak (2011) postulated that with the invention of new technologies and ever increasing uptake of internet use, this form of shopping which is online is greatly gaining traction among the citizens.

Kuester(2012) defines that consumer behavior as the study of individuals, or organizations who use procedures to choose, secure, and dispose goods, services, or ideas to satisfy desires and impact of these procedures on consumers and community in general.

Consumers doing onlineshopping fear the opportunity to physically examine the product which is an important factor in purchase decision. Hence, consumer behavioral pattern in online shopping can be totally different from traditional environment. (Sajjad, May 2012)

According to Ndegwa (2013), consumers who find online shopping helpful, satisfying and easy to use are inclined towards shopping online. Today, many technologies are being used to support business processes.

Different authors have identified different aspects to understand the perception and behaviour of online buyers. As the behaviors keep changing with time, a study has been undertaken to understand the perception and delineate factors that contribute to the success of an online shopping

**RESEARCH METHODOLOGY:**

**DATA COLLECTION:** The research methodology used to analyze the data in Descriptive research methodology. The data used for the study is both primary as well as secondary. Primary data was collected by using survey method to capture consumer's perception about online shopping.

**SAMPLE SIZE:**110

**SAMPLE TECHNIQUE USED:** Simple Random Sampling.

**QUESTIONNAIRE DESIGN:** The survey questionnaire is separated into two different sections. Section A includes the demographics of Consumer's. In Section B, all variables are measured using interval scale. Thefour independent and dependent variables are designed into a form of five-point Likert scale. Five-point Likert scale is recommended for most survey settings as it gives sufficient discrimination and easily understood by survey respondents (Brace, 2004). The scale is set with responses vary from "Strongly Disagree" to "Disagree", with "Neutral" as middle option then followed by "Agree" and "Strongly Agree".

- Respondents are asked to fill in their demographic information in Section A. In Section B, the perceptions of respondents towards the impact of Consumer purchase behaviour in online shopping are identified. Correlation is performed on the data acquired.

**DATA ANALYSIS:**

It is performed on the data obtained from the Customers belonging to different industries, here the dependent variable is taken as consumer's buying behaviour and independent variables are Website design and layout, Customer Service, Security and Reliability. The dependent and independent variables are defined in the following table i.e., Table 1.

Table 1.

Independent variables	Website Design and Layout	I purchase from websites which have a wide choice of products.
		I buy from website which gives complete and accurate information.
		I buy from website which is easy to navigate
		I buy from website which puts up competitive products.
		I buy from website which saves my time in searching for the products.
		I buy from websites which has well-formatted content that is easy to scan.
		I buy from websites which has fast-load times.
		I buy from websites which has good error-handling mechanisms.
	Customer Service	The facility of order-tracking through website is important.
		The Online Retailer should provide prompt customer service.
		Help-Lines or Call Centre's help should be provided by the online retailers.
		Different Payment methods like (Net Banking, Credit/Debit Cards, E-wallet, Vouchers, Promotional Codes, Gift Cards etc..) should be provided.
	Security	I purchase online if there is secured payment options..
		I purchase from website that protect my privacy.
		I buy from website which gives me 100% purchase protection.
	Reliability	I purchase products from website which are reliable (Original).
I buy from website those goods which have return on good policy.		
I buy from website that maintain safe and secured packing.		
I buy from websites which includes COD(cash on delivery)		
Dependent Variable	Consumer Purchase Behaviour	Are these factors (Website Design and Layout, Customer Service, Security and Reliability) helping me to do Online Purchase?

**RESULTS AND ANALYSIS:****TOOLS USED:**

To understand the relationship between the dependent and independent variables, analysis of data has been performed in MS Excel using Data Analysis.

**CORRELATION ANALYSIS:**

Testing of Hypothesis for significant relationship between the dependent and independent variables.

Null Hypothesis  $H_0$ : There is a significant relationship between the dependent and independent variables

Alternative hypothesis  $H_1$ : There is no significant relationship between dependent and independent variables.

In Correlation, if the correlation coefficient is  $<0.3$  it represents a weak relationship between the variables,  $0.3 - 0.7$  represents a moderate relationship while the strong relationship between the variables is represented with the values  $>0.7$ .

The results obtained from the below (Table 2) are as follows,

	<i>Website design and layout</i>	<i>customer service</i>	<i>security</i>	<i>reliability</i>	<i>consumer purchase behaviour</i>
Website design and layout	1				
customer service	0.876775818	1			
security	0.86322042	0.904627722	1		
reliability	0.800754484	0.87947389	0.877865	1	
consumer purchase behaviour	0.638825763	0.590685195	0.540262	0.615239708	1

Null hypothesis  $H_0$  is accepted and Alternate Hypothesis  $H_1$  is rejected i.e., there is a significant relationship between all the independent variables (Website design and layout, Customer Service, Security and Reliability) and the dependent variable Consumer Purchase Behaviour.

And also, there is a significant relationship between the individual independent variables with the dependent variable Consumer Purchase Behaviour.

**FINDINGS:**

1. There is a moderate relationship between the Consumer Service (0.590685195), Security (0.540262) and Consumer Purchase Behaviour which implies that these two factors (Consumer Service and Security) are positively related to dependent variable (Consumer Purchase Behaviour). i.e., change in one variable will affect the other in the same direction.
2. There is somewhat a Strong relationship between Website design and layout (0.638825763), Reliability (0.615239708) and buying behavior of consumer compared to rest of the factors. That means, the design and layout of website and its reliability affects the choice of Consumers purchase and therefore affects Consumer Purchase Behaviour.

**CONCLUSION:**

Virtual shopping has changed the way consumers are shopping these days for goods and services. With internet savvy people increasing day by day the consumers are using internet to compare and buy products. With changing times the requirements of the consumer shopping online are also changing. The research investigates on various factors influencing consumers behaviour in online shopping. It has been found that the two factors (Website design and layout and Reliability) effect the buying behavior of consumer.

In a nutshell, the results obtained of this study may be useful to improve and understand the mindsets and perceptions of customers by strengthening these two factors Website design & layout and Reliability that proved that they have positive and significant relationships with buying behavior of consumer. With online retailing making its presence in India, it is necessary that the retailer adopts this model to understand buying behaviors and to design these strategies in attracting and retaining consumers.

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