



Factors Influencing buying decision of Online Shoppers in Pune City

Sangeeta Bhuyan

Assistant Professor, Balaji Institute of Management & Human Resource Development, Pune

Abstract: *Online shopping is a recent phenomenon in the field of E-Business and is definitely going to be the future of shopping in the world. Most of the companies are running their online portals to sell their products/services online. Though online shopping is very common outside India, its growth in Indian Market is still not in line with the global market. The potential growth of online shopping in India has been observed by companies like Morgan Stanley & ASSOCHAM (The Associated Chambers of Commerce and Industry of India.) The present research work has used Quantitative research methods to study the factors affecting consumer buying decision while online shopping. The data was collected through Questionnaires; the data was collected from Pune region of India. Simple charting and tabulation tools are used to understand the behaviour of the respondents for online shopping. The results of study reveal that online shopping in Pune is significantly affected by various factors like Product Information, Variety of products offered, Quality of products offered, Price of products, Offers & Discount offered, Advertising, Safe online payment, Speed of delivery, Cash on delivery, Convenience of shopping at home, Time saving, Website Response speed, Information of seller, Website Interface & After sales service & feedback. The results of the study could be further used by the researchers and practitioners for conducting future studies in the similar area.*

Keywords: *Online Retailing, Influencing Factors, Online Shoppers*

A) Introduction:

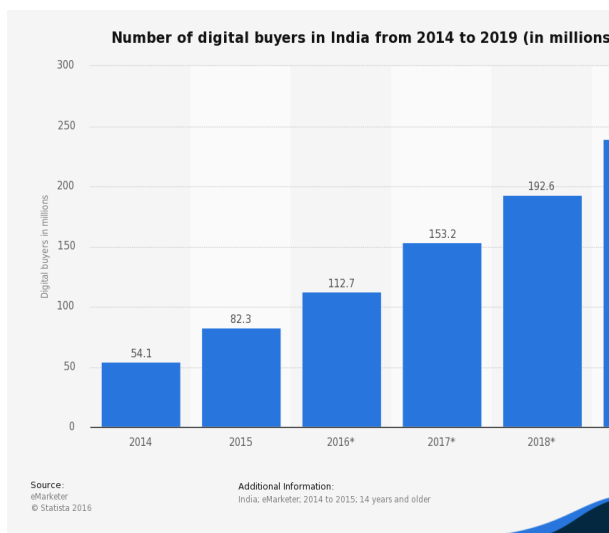
This turn towards Internet based technologies generated a new status quo in the business world. E-business was defined by IBM back in 1997, as “the transformation of key business processes through the use of Internet technologies”. According to Chaffey (2002), e-business is described as “all the electronically mediated information exchanges, both within an organization and with external stakeholders, supporting the range of business processes.”

Electronic retailing (also called e-tailing and Internet retailing) is a retail format in which the retailer and customer communicate with each other through an interactive electronic network. After an electronic dialogue between the retailer and customer, the customer can order merchandise directly through the interactive network or by telephone. Buying behaviour of consumers in India is changing. Education, age, income, economic scenario, media and technology is playing a predominant role in shaping the way people shop. Indian consumer today is more educated. The fact that a large chunk of these

customers are youth is changing the way people are shopping and this has a direct implication on various aspects of shopping such as the choice of brands. The Indian retail industry is presently one of the world's top five retail markets in terms of economic value and the industry is experiencing exponential growth, with retail development taking place not just in major cities and metros, but also in smaller towns. According to a report, rapid urbanization and lifestyle changes have increased time-starved consumers exponentially and the segment that values convenience has grown. Buying behaviour of BoP (bottom of the pyramid) consumers who have an average household income below Rs 1,00,000 a year has also changed thanks to impact of government schemes. The segment, however, still remains largely untapped, and local influencers seem to determine the purchasing habits when it comes to the BoP segment in small cities. The youth constitutes a considerable proportion of the online users, and growth in online retail has been driven by increased value consciousness, small city aspirations and growing importance of convenience. Retailers are focusing on satisfaction on key service parameters and loyalty, which can

be driven by strengthening front end operations. Though high-end segments such as apparel and consumer electronics dominate the online retail segment, new segments are increasingly gaining popularity. The growth of categories such as grocery retailing can be attributed to a mix of increasing comfort with trying new 'non-traditional' categories coupled with improved value. Urban markets, which refers to locations apart from top tier cities that are vastly untapped, are home to the majority of the Indian market and consists of a large number of heterogenous sub-groups that remain largely underserved and are characterized by increased brand consciousness. The urban segment has consumers adopting newer channels of purchase to overcome inherent purchase barriers. Online players have also stepped in to fill the demand-supply gap created by the lack of physical stores in these cities. With growing brand awareness, consumers today are bewildered with the product brands as well as e-commerce sites. Not much of literature is present to understand the impact of these various e-commerce sites on the selling of various products therefore the present study is designed to understand the factors affecting buying behaviour of the e-commerce customers.

B) Indian ecommerce market to grow fastest globally over 3 years: Morgan Stanley



India received \$6.6 billion in venture capital and private equity investment in 2015, a 50% increase from the previous year, which probably contributed to a steep growth in the gross merchandise value for ecommerce companies, Morgan Stanley said. The GMV of the country's top three ecommerce companies exceeded that of the top 10

offline retailers last year, it said. Since the Indian market has huge potential, the opportunities are making "the story compelling for global investors," it said. The key growth drivers will be greater Internet penetration, a rise in the number of online shoppers and an increase in per capita income. "We now increase our 2020 estimate (of India's ecommerce market) from \$102 billion to \$119 billion," Morgan Stanley Research said in a report. "This takes our estimate of the total Indian Internet market size from \$137 billion to \$159 billion (now including online food aggregation business)." Morgan Stanley said a global macroeconomic slowdown could affect the flow of VC/PE money into India, thereby slowing GMV growth and lowering valuations. India is adding three Internet users every second and is already the second-largest Internet market globally in terms of users, according to the report dated February 12. "We expect Internet penetration to increase from 32% in 2015 to 59% in 2020, translating to a near-doubling of the Internet user base," the US bank said. It estimates India will have almost 320 million on line shoppers by 2020 compared with 50 million in 2015. "Per capita incomes are likely to double by 2025 and this should drive higher aspirations of the Indian consumer," according to the report. The top three online retail platforms dominated the Indian ecommerce market in 2015 with a combined market share of 83%. Flipkart, including Myntra, maintained its No. 1 position with a 45% market share, followed by Snapdeal (ex-Freecharge) at 26% and Amazon India at 12%. Paytm had a 7% share. At \$13.8 billion, the GMV of the top three ecommerce companies exceeded that of the top 10 offline retailers at \$12.6 billion last year.

C) Objective of Study

- 1) To understand the online buying behaviour of consumers in Pune.
- 2) To find out the preferred website for online shopping.
- 3) To find out the reason behind not buying online.

D) Research Methodology

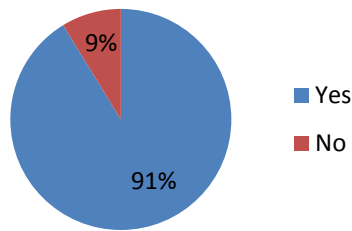
- a) Tools: structured questionnaire
- b) Sample Area: the data was collected from Pune region of India.
- c) Sampling Technique: Convenience sampling method
- d) Sample Size: 103

E) Analysis and Interpretation

S.I No	Factors		No. of Respondents
1	Gender	Male	55
		Female	48
2	Age	15 - 25	61
		26 - 35	30
		36 - 45	8
		More than 46	4

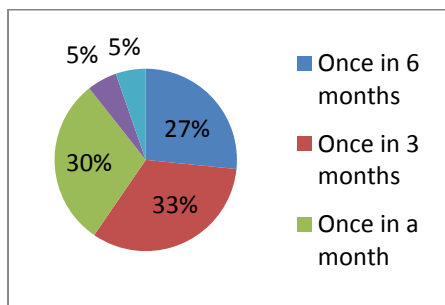
(Source: Survey)

1. Do you buy product online?



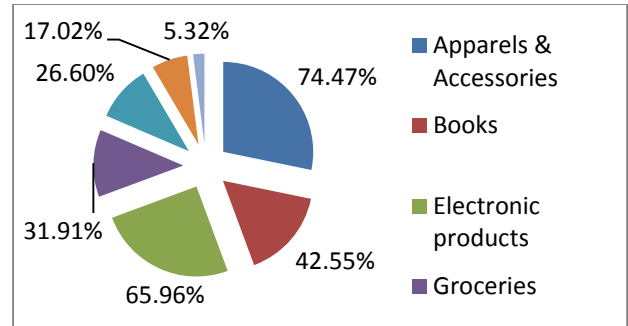
From the total responses collected (91%) respondents said YES they buy products online, while (9%) respondents said NO they don't buy products online.

2. Frequency of online product purchase?



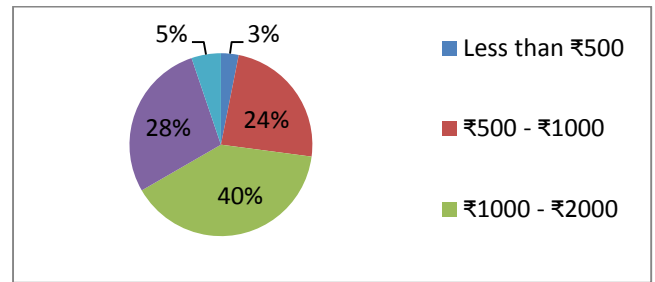
It has been depicted that majority of people do online purchase once in 3 months(33%), followed by once in a month(30%) & once in 6 months(27%), while once in fortnight & once in a week are selected by only (5%) of respondents.

3. Preference of products that are purchased online?



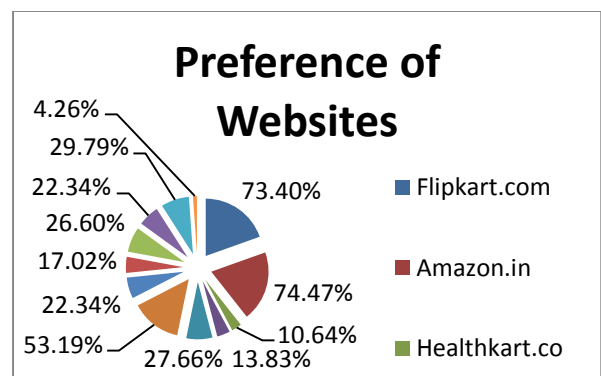
The survey has shown that majority of the people bought Apparels & Accessories(74.47%) online, followed by Electronic products(65.96%)& Books (42.55%).Pharmaceutical products are bought least (17.02%) only preferred them.

4. Average amount spent on online product purchase?



From the survey it has been clear that (40%) of sample is ready to spent 1000-2000, (28%) of sample is ready to spent 2000-5000,(28%) of sample is ready to spent 2000-5000,(24%) of sample is ready to spent 500-1000,(5%) of sample is ready to spent more than 5000, &(3%) of sample is ready to spent less than 500.

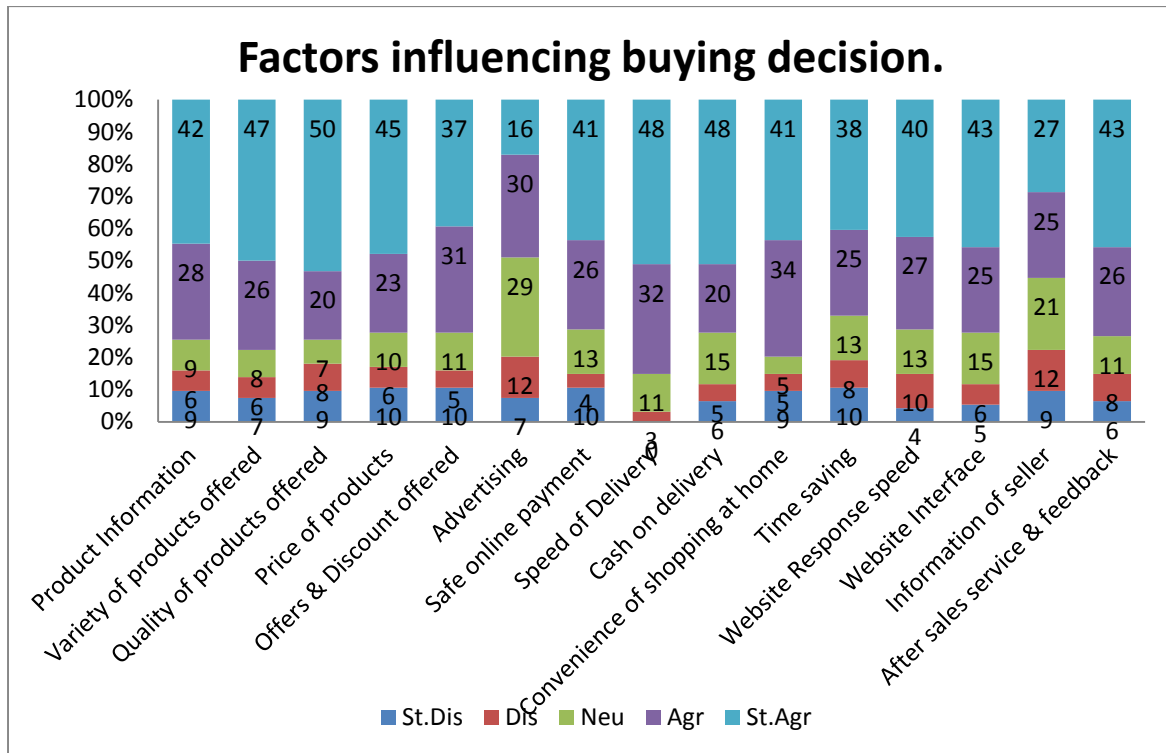
5. Preference of websites for online Shopping?



Survey shows that Amazon.in, Flipkart.com, & Myntra.com are top three preferred sites with

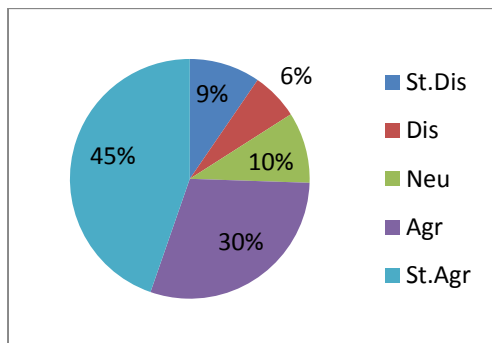
74.47%, 73.40%, 53.19% respectively. Shopclues.com, Grofers.com, & Healthkart.com are least preferred sites with 17.02%, 13.83% & 10.64% respectively.

6. Rate the factors on the basis of their influence on your online buying decision on the scale of 5



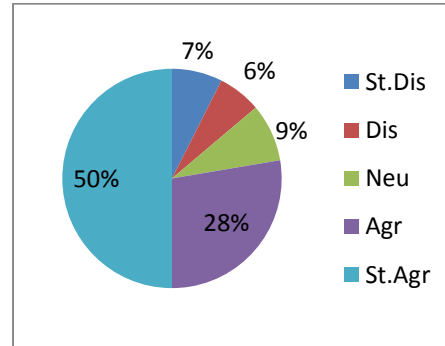
This chart represents the rating given by respondents to various Factors which influence there buying decision. Further analysis of each factor is done below.

a) Product Information



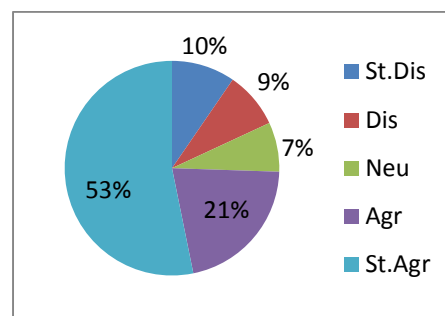
Product Information is very important factor as 45% strongly agreed to this factor and 30% agreed to it. For remaining 25% this factor is not important.

b) Variety of products offered



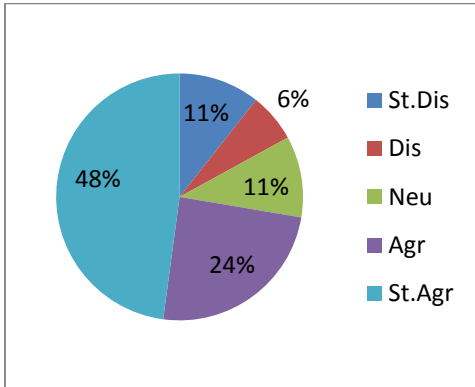
Variety of products is very important factor for 78%. For remaining 22% this factor is not important.

c) Quality of products offered



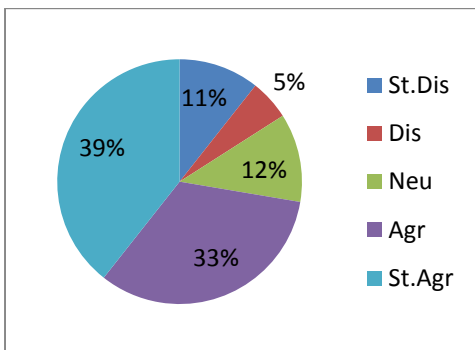
Quality of products is very important factor for 74%. For remaining 26% this factor is not important.

d) Price of products



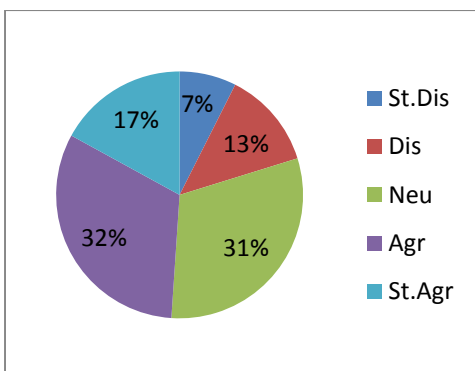
Survey shows that Price of products is very important factor for 72%. For remaining 28% this price is not so important.

e) Offers & Discount offered



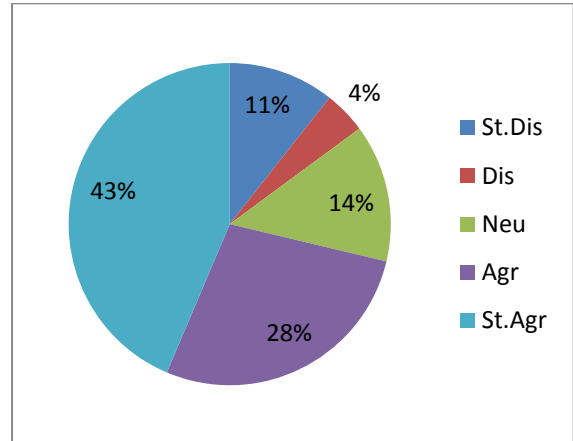
Survey shows that offers & discount is very important factor for 72%. For remaining 28% this offers & discount is not so important.

f) Advertising



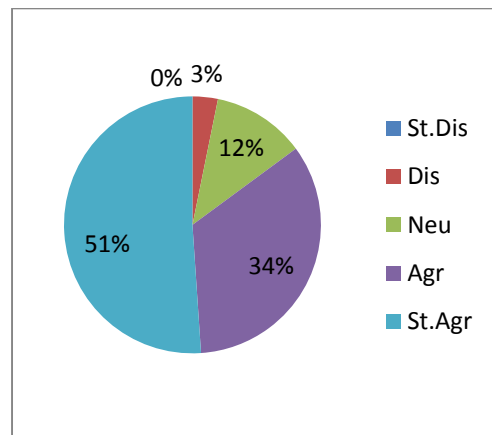
Survey shows that Advertising of products is very important factor for 63%. For remaining 37% advertising is not so important.

g) Safe online payment



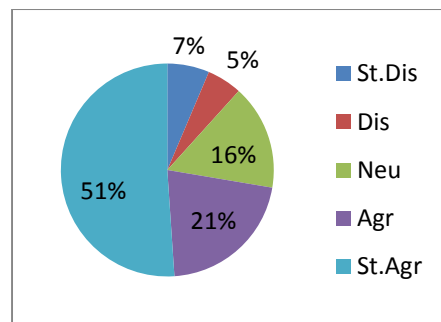
Safe online payment is very important factor for 71%. For remaining 29% safe payment is not so important that can affect the buying decision.

h) Speed of Delivery



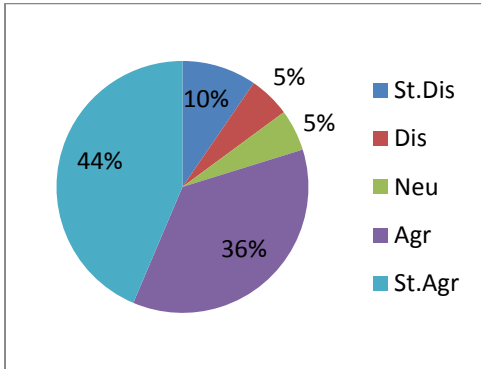
Speed of delivery is very important factor for 85%. For remaining 15% is not so important that can affect the buying behaviour.

i) Cash on delivery



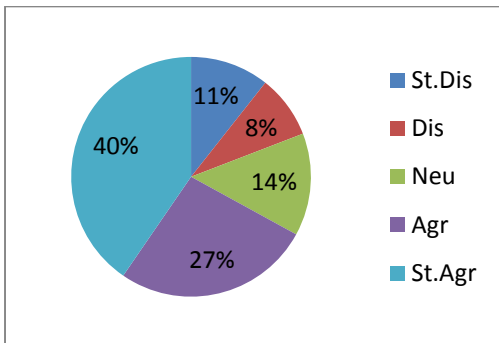
For 72% of respondents Cash on delivery is important but for 28% cash on delivery is not important they are ready for online payment.

j) Convenience of shopping at home



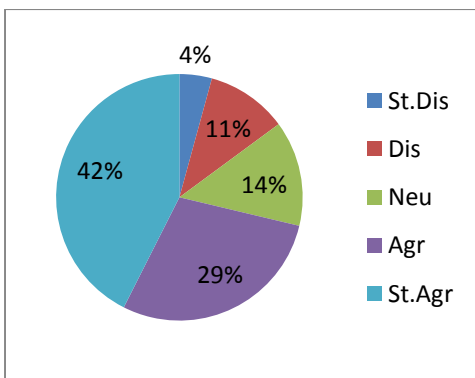
80% of respondents says that convenience of shopping is the factor which influence the online buying decision

k) Time saving



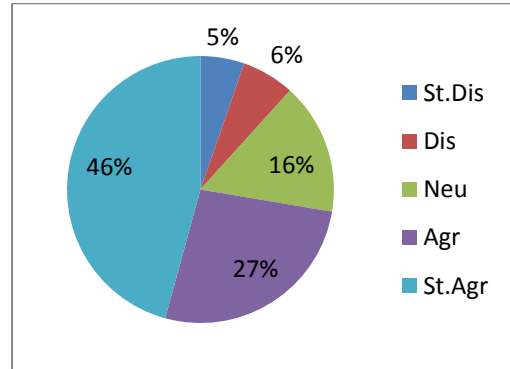
67% of respondents says that time saving is the factor which influence the online buying decision while 33% belief time is not the factor which influence their decision

l) Website Response speed



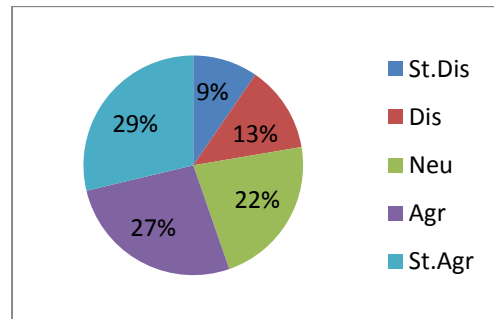
Website response speed is also very important factor as this factor influence the decision of 71% of respondents

m) Website Interface



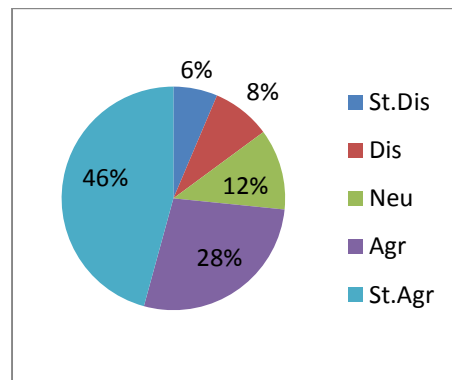
Website Interface is also very important factor as this factor influence the decision of 73% of respondents.

n) Information of seller



Information of seller is important for 56% of respondents, for 22% of respondents factor is neutral, & for 22% of respondents this factor does not affect their decision.

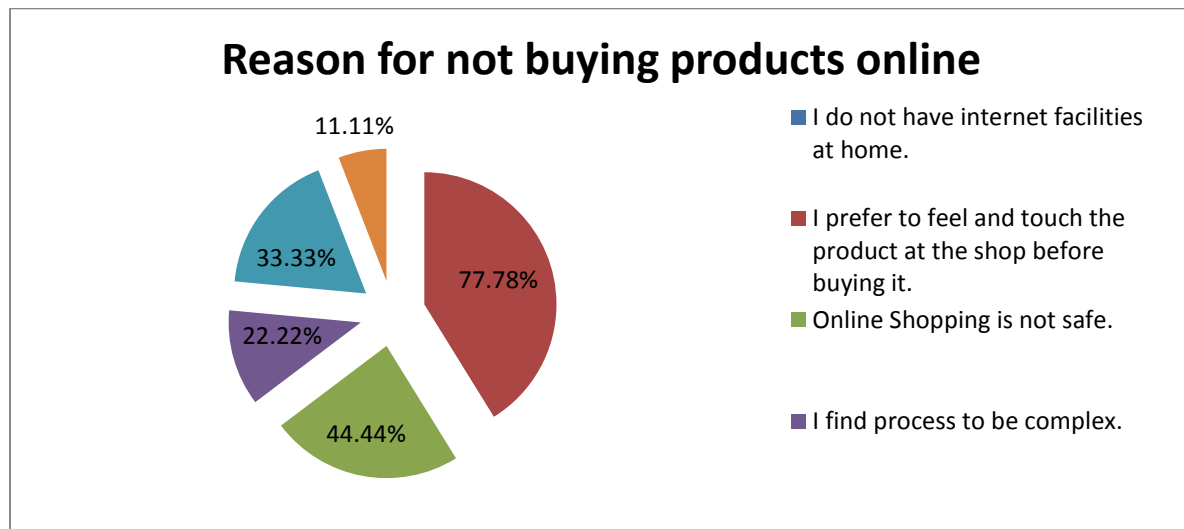
o) After sales service & feedback



After sales services & feedback is also very important factor as this factor influence the decision of 74% of respondents

7) For respondents who do not buy products online.

What is the reason for not buying products online?



77.78% prefer to feel and touch the product at the shop before buying the products.

F) Findings

- 1) The survey covered 53% of men and 47% of women.
- 2) Frequency of online product purchase, Preference of products that are purchased online, Average amount spent per online product purchase, Preference of websites for online Shopping; questions were included in questionnaire. Factors like Product Information, Variety of products offered, Quality of products offered, Price of products, Offers & Discount offered, Advertising, Safe online payment, Speed of Delivery, Cash on delivery, Convenience of shopping at home, Time saving, Website Response speed, Information of seller, Website Interface, After sales service & feedback were considered and were included in questionnaire for understanding their influence & distinguish there importance on online purchase.
- 3) The analysis of demographic characteristics shows 15-25 year old people shop more online, people of age group 26- 35 year are also using online sites for shopping but they are comparatively less.

- 4) It has been analysed that majority of people do online purchase once in 3 months(33%), followed by once in a month(30%) & once in 6 months(27%), while once in fort night & once in a week are selected by only (5%) of respondents
- 5) Top products which are preferred by online shoppers are Apparels & Accessories (74.47%), Electronic products (65.96%) & Books (42.55%); Pharmaceuticals products are preferred listed
- 6) Majority of respondents are ready spent ₹1000 - ₹5000 on online product purchase.
- 7) Survey shows that Amazon. In, Flipkart.com, & Myntra.com are top three preferred sites with 74.47%, 73.40%, 53.19% respectively.
- 8) Speed of Delivery, Convenience of shopping at home, Variety of products offered, are the factors which influence the buying decision of online shoppers of Pune as 85%, 80%, & 78% of respondents selected these factors

G) Recommendations and Suggestions

1. The e-commerce market has a great potential for youth segment. If the demographic features are considered carefully then it can be easily identified that maximum number of respondents of online shopping are lying in age group of 15 - 25 years.

Therefore the e-commerce companies in line with manufacturers and service providers should target this segment for rapid future growth of their business.

2. The buying behaviour of youth can be elaborated through findings obtained through survey. By focussing on various factors identified in this study, the corporate can make their marketing strategies in better way. It will help to convert their potential customers into active customers. By improving the after sales services, providing more secured payment options, timely delivery of the goods with better packaging can further boost the demand of various products and services through web stores.

3. The market segments like toys, flowers and house wares must be targeted by the marketers on through e-tail penetration. And the market for other products and services must be expanded through more awareness among the customers.

4. As many people (approx. 45 percent of sample) has shown fear of unsecured transactions in online payment therefore the e-stores specifically mention about the security of transactions of their e-stores which will increase the faith of customers for online shopping

5. Further the strategist can also focus on the internet penetration plan of the government to understand the future scope of size of online shopping in India.

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