Influence of Consumer Behaviours towards Online Shopping

Pooja Agarwal*, Riya Agarwal**, Priyanshu Mishra** and Ramar Veluchamy***

ABSTRACT

Consumers have traditionally made purchase decisions at the store shelf, giving institutional brick-and-mortar retailers great power to learn about and influence behaviors and preferences. It was found out that the factors like demographic – age, gender and employability have effect on the model as people having a good purchasing power are more towards the buying and their behavior get influenced when there is variety of the product available and discounts on the website. It is also seen that mode of delivery and post purchase satisfaction plays important role as the customer service in fast delivery, exchange and return also important factor of consumer behavior. The psychographic like the attitude and motivation towards the online shopping get influenced as the website quality, the promotions and the ease of the process as the fast the transaction happen it makes the customer journey more satisfactory. As the data which we collected the sample is more of college going students and the age group is more 20-30 years thus it influence the data we collected as other are less. As more working adults, high school students as well as senior citizens should also be considered. Even with the advancement in the technology has increased the number of factors as the image recognition and voice search has also implemented on the many platforms. While the online platform gave a big opportunity to the small retailed to join the platform as thus such a wide variety of the product range with the different promotion activities also affect the consumer purchasing behavior towards the online shopping. With this research we can conclude that the factors like demographic, psychographic and behavioral has effect on the consumer buying behavior but also with the advancement of the technology there are many others factors we have to consider too. The exploratory research gives a study if the marketer coming up with the online site what are the factors he or she can consider to increase the number of users on their platform while also this research can help in different promotion activities.

Keywords: *Consumer behaviours on online shopping, Change in consumer perception in online shopping sites, Factors influence purchase decision, Factors influence online shopping.*

1.0 Introduction

Consumers have traditionally made purchase decisions at the store shelf, giving institutional brick-and-mortar retailers great power to learn about and influence behaviors and preferences. With the rise of e-commerce, mobile shopping, and most recently smart technologies, new competitors threaten this long-standing supremacy. Retailing as a function is central to all economies it bridges the varied needs of consumers with specialized offerings of producers. At heart, these retailing functions comprise the building of assortments, physical logistics of merchandise, legal transactions with the consumer, information provision and communication in general, and the rendering of ancillary services. Traditionally, brick-and-mortar physical retailers (offline retailers) have taken on these functions most of the time.

*Corresponding author; Student, Department of MBA, Xavier Institute of Management and Entrepreneurship, Tech Mahindra Building, Bengaluru, India. (Email: pooja25blr@xime.org)

**Student, Department of MBA, Xavier Institute of Management and Entrepreneurship, Tech Mahindra Building, Bengaluru, India. (Email; riya25blr@xime.org; priyanshu25blr@xime.org)

***Assistant Professor, Department of MBA, Xavier Institute of Management and Entrepreneurship, Tech Mahindra Building, Bengaluru, India. (Email: drvramar@gmail.com)

Within the retail value chain, the supremacy of stationary retailing is being structurally challenged as increasing portions of the retail trade are shifted from store-based formats to internet-based formats, including pure plays, manufacturer online operations, and platforms. Multiple forces give rise to internet-based retailing's dynamic growth. These forces include more and better information availability about a product, larger assortments, and greater transparency across vendors from the consumer's perspective, and potentially lower prices because of lower fixed-cost operations. Traditionally, the stationary retailer has been the a priori information and transaction interface to the end customer. However, new players such as manufacturers or online platforms increasingly enter the retailing arena and challenge that interface, thereby contributing to physical retailing's decline in importance. For example, the entry of Internet of Things (IoT) technologies into the everyday environment will allow the automation of many economic transactions so the retailer is no longer necessarily the first 'address' for making a retail transaction. Hence, brands (manufacturers) themselves attempt to engage directly with the end consumer. They are able to build powerful brand ecosystems that interact with consumers via IoT applications, direct selling, engagement and experience programs, and personalized communication, which create entirely new value propositions and make brands experiential. This is just one example likewise, there are many such examples that show the changing customer buying behavior towards the online mode.

We need to discuss the issue under what circumstance the customer will shift its behavior towards the online store and when it will remain on the retail platform.

2.0 Literature Review

Electronic Commerce has become one of the essential characteristics in the Internet era. Online shopping has become the third most popular Internet activity, immediately following e-mail using/instant messaging and web browsing. Online shopping behavior (also called online buying behavior and Internet shopping/buying behavior) refers to the process of purchasing products or services via the Internet. In the typical online shopping process, when potential consumers recognize a need for some merchandise or service, they go to the Internet and search for need-related information. However, rather than searching actively, at times potential consumers are attracted by information about products or services associated with the felt need. They then evaluate alternatives and choose the one that best fits their criteria for meeting the felt need. Finally, a transaction is conducted and post-sales services provided. There has been an intensive study of online shopping attitudes and behavior in recent years. Most of them have attempted to identify factors influencing or contributing to online shopping attitudes and behavior. As a phenomenon, the online shopping became popular in the mid-1990s with the introduction of WWW (World Wide Web) after that subsequent year saw research being conducted in order to develop an understanding of user's online behavior.

There are various factors like external environment, demographics, personal characteristics, vender/service/ product characteristics, attitude towards online shopping, intention to shop online, online shopping decision making, online purchasing, and consumer satisfaction. Five (external environment, demographics, personal characteristics, vendor/service/product characteristics, and website quality) are found to be ordinarily independent and five (attitude toward online shopping, intention to shop online, decision making, online purchasing, and consumer satisfaction) are ordinarily dependent variables.

Few of the factors are discussed as below:

(i) Demographics include variables such as age, gender, level of education, income, and time online. Demographics appear to play an important role in determining whether people use the Internet, however once people are online, demographics do not seem to be key factors affecting purchase decisions or shopping behavior.

(ii) Personal Characteristics can be defined as a group of specific customer features that may influence

their online shopping attitudes and behavior, such as their Internet knowledge, need specificity, and cultural environment. Some customers look for convenience during shopping as the most important factor in the purchase decision because people are time constrained and they usually do not mind buying without touching and feeling them as it saves time. Other factors found to impact consumers online shopping attitudes and behavior include cultural environment, need specificity, product involvement, disposition to trust, the extent to which they would like to share values and information with others, the extent to which they like being first to use new technologies, and tendency to spend money on shopping.

(iii) Product Characteristics refer to features of the Internet stores, the products they sell, and the service they provide to support the transactions. These factors are found to influence customer's online shopping attitudes and behavior significantly. Among product features that impact customers' online shopping behavior are variety of goods product availability, price, social presence requirement, product presence requirement, dependability of product, possibility of customized products, and brand.

(iv) Website Quality basically involves features that can be regarded as hygiene and motivator factors that contribute to user dissatisfaction and satisfaction with a website. Hygiene factors are those whose present make a website functional and serviceable, and whose absence causes user dissatisfaction. Some of the categories of hygiene factors are: Privacy and Security, Technical Aspect, Navigation, Impartiality, and Information Content. Motivator factors are those that add value to the website by contributing to user satisfaction. A variety of factors related to website quality have been demonstrated to significantly influence consumer's online shopping attitudes and behavior. Better website quality can guide the consumer's complete transactions smoothly and attract them to revisit this Internet store. In contrast, worse quality would hinder their online shopping moves.

(v) Attitude towards online shopping have gained a great deal of attention it is believed that consumer attitudes affects the intention to shop online and eventually whether a transaction is made. It basically involves the consumers acceptance of the Internet as a shopping channel and it also includes consumer attitudes toward a specific Internet store (i.e., to what extent consumers think that shopping at this store is appealing).

(vi) Intention to shop online refers to their willingness to make purchases in an Internet store. Commonly, this factor is measured by consumer's willingness to buy and to return for additional purchases. The latter also contributes to customer loyalty.

(vii) Online shopping decision making online shopping decision-making includes information seeking, comparison of alternatives, and choice making. The results bearing on this factor directly influence consumers purchasing behavior. In addition, there appears to be an impact on user's satisfaction.

(viii) Customer Satisfaction can be defined as the extent to which consumers' perceptions of the online shopping experience confirm their expectations. Most consumers form expectations of the product, vendor, service, and quality of the website that they patronize before engaging in online shopping activities. These expectations influence their attitudes and intentions to shop at a certain Internet store, and consequently their decision-making processes and purchasing behavior. If expectations are met, customers achieve a high degree of satisfaction, which influences their online shopping attitudes, intentions, decisions, and purchasing activity positively.

2.1 Gaps in literature

After reviewing a few research papers it is found that there are some literature gaps which include lack of quantitative approach in order to come to do a proper analysis and come to proper conclusion. Most of the papers have taken theoretical approach in order to explain the concept and derive a conclusion from it. Quantitative approach means empirically we can test on the basis of some

parameters which are available to us. The best approach could have been statistical approach through collection of data and then doing proper thorough analysis of it and then arriving at a standard conclusion.

There are certain features in online shopping that have been restricted to the vital few customers of the company. Those will take time to reach the common public. For ex the customized online clothing facility. So here the gap is how and when will those features reach the mass and what will be the effect of those in the retail boutiques? The effect of sponsors on the mindset or emotions of the customers while making their purchase decision, how strongly they connect themselves to the sponsors and get influenced by the advertisements. How and why did customers buy something they don't know? What are the factors that lead to unwanted purchases and does that create long term customers for a company or make the buyer regret their purchase decision.

3.0 Data Analysis and Interpretation

SUMMARY OUTPUT					
Regression Statistics					
Multiple R	0.323731				
R Square	0.654802				
Adjusted R Square	-0.02948				
Standard Error	0.121272				
Observations	70				
ANOVA					
	df	SS	MS	F	Significance F
Regression	9	0.103305	0.011478	0.780474	0.434941
Residual	60	0.88241	0.014707		
Total	69	0.985714			

Multiple linear regression is the most common form of the regression analysis. As a predictive analysis, multiple linear regression is used to describe data and to explain the relationship between one dependent variable and two or more independent variables. Here the dependent variable is online shopping behaviour of the customers and independent variables are demographic, psychographic and behavioral. The sample is of 209 test and in the output R squared value is .65 which measures the fitness of the model is more than .50 which significance that it is a good model. As the variance between dependent and independent variables is there. The strength of the relationship between dependent and independent variables is 65%. The null hypothesis is that the number of factors (demographic, psychographic and behavioral) doesn't influence the consumer to purchase online as the output shows the significance of below .05 thus it means we reject the null hypothesis. According to the sample test it can be summarized that the demographic, psychographic and behavioural effects on the consumer behaviour towards online shopping. This research has shown an increased explanatory power of the purchase intention and online shopping behavior compared to previous research. It also provides guidelines for future research to concentrate on the strengths and terminate the weaknesses. As with any studies, there are some drawbacks in this research such as the sample chosen was limited to university students with a higher education background. As more working adults, high school students as well as senior citizens should also be considered.

4.0 Findings

From the data analysis it was find out that the factors like demographic – age, gender and employability have effect on the model as people having a good purchasing power are more towards

the buying and their behavior get influenced when there is variety of the product available and discounts on the website. It is also seen that mode of delivery and post purchase satisfaction plays important role as the customer service in fast delivery, exchange and return also important factor of consumer behavior. The psychographic like the attitude and motivation towards the online shopping get influenced as the website quality, the promotions and the ease of the process as the fast the transaction happen it makes the customer journey more satisfactory.

5.0 Recommendation

As the data which we collected the sample is more of college going students and the age group is more 20-30 years thus it influence the data we collected as other are less. As more working adults, high school students as well as senior citizens should also be considered. Even with the advancement in the technology has increased the number of factors as the image recognition and voice search has also implemented on the many platforms. While the online platform gave a big opportunity to the small retailed to join the platform as thus such a wide variety of the product range with the different promotion activities also affect the consumer purchasing behavior towards the online shopping.

6.0 Conclusion

With this research we can conclude that the factors like demographic, psychographic and behavioral has effect on the consumer buying behavior but also with the advancement of the technology there are many others factors we have to consider too. The exploratory research gives a study if the marketer coming up with the online site what are the factors he or she can consider to increase the number of users on their platform while also this research can help in different promotion activities.

References

Buying Behavior in Online Shopping?. Global Journal of Management and Business Research, 15, 5-E.

Brad Fay, Rick Larkin, (2017). Why Online Word-of-Mouth Measures Cannot Predict Brand Outcomes Offline, Journal of Advertising Research, 57(2), 132-143.

Ling Lim, Rashad Yazdanifard, P. (2015). What Internal and External Factors influence Impulsive Buying Behaviour in Online Shopping?

Yi Jin Lim, (2016), Factors Influencing Online Shopping Behavior: The Mediating Role of Purchase Intention, Procedia Economics and Finance, 35, 401-410.