An Empirical Study on Factors Influencing Shoppers’ Online Buying Behavior: A Study in Dehradun and Haridwar Districts of Uttrakhand, India

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ABSTRACT

This article describes how abstract buying on the Internet is one of the most rapidly growing modes of shopping demonstrating a double-digit annual increase in sales in recent years. Reasons for such growth seem to arise from its advantages such as convenience, the ability to be seen as a leisure activity, savings of time and effort, and its 24 hours a day and 7 days a week access. Although Internet buying has shown rapid growth, it also has been hampered by the real or perceived perceptions of consumers that it lacks privacy and security while also suffering from issues in product delivery and returns and tactility. The primary purpose of the article is to explore the profile of Internet buyers and compare them to the non-buyers in terms of demographic characteristics, technology experiences, and his or her attitudes towards consumer and marketing issues. Such information will help e-tailers as they work to develop more effective and efficient online retail outlets.

KEYWORDS

Buying Behavior, Consumer Factors, Experience Goods, Marketing Factors, Search Goods, Technology Factors

1. INTRODUCTION

The Internet and its applications have been rapidly growing in India over the last decade. Recent data shows that India has 302 million Internet users. The YOY growth of Internet usage in India is at present about 32 percent. What is more enthusing about India is the acceleration of Internet growth, while it took 10 years to move from 10 million to 100 million Internet users, and 3 years from 100 to 200 million, the next milestone was achieved in just a year. And if this pace of growth continues, India will reach 500 million users by the end of 2016. Of the 302 million Internet users, about 67 percent (190 million) are urban and 33 percent (112 million) rural Internet users. The frequency of usage of Internet in India has 61 percent of daily users. About 18 percent access Internet several times a day, 10 percent users’ at least once a day and 33 percent access on all days of a week. This large base of Internet users has phenomenal influence on online retail business which has seen an unrecorded growth in past few years.

Internet represents a new era in which many of the traditional marketing conventions are broken (Chaston, 2000). Coupled with that, the digital revolution has brought about a paradigmatic shift in the manner in which consumers perform business transactions (Hsiao, 2009). As such, the online platform is nearly a perfect market for performing dealings because information is instantaneously and buyers can easily compare the offerings of a variety of sellers globally (Huang, 2000). For
businesses, the key to survival in the future depends on how well they can integrate this medium in their business models today. In order to sell anything over the Internet, firms have to take into account that who their customers are, what their spending habits are like, as well as the products and services they prefer, while shopping along electronic platforms (Dahiya, 2012). Online shopping may be considered a dynamically continuous innovation because it has had a significant effect on consumption patterns by modifying and improving the existing shopping Behavior (Molesworth & Suortti, 2001). It appears then that Internet-based shopping has reshaped consumers’ habits and has caused far-reaching vicissitudes to the distribution channel.

Online shopping may be defined as the process whereby consumers directly buy goods or services from a seller in real-time (the level of Internet responsiveness that is judged as sufficiently immediate) without the use of a traditional intermediary service (Hsiao, 2009). Generally, merchants sell products and services directly to consumers while in e-commerce or electronic retailing (e-tailing), the web channel is used to conduct business and also to sell products and services (Shelly & Vermaat, 2011). The idea is not only just about disseminating information, but also about building customer relationships and realizing company profits (Falk, Sockel, & Chen, 2005).

An online shop evokes the physical analogy of buying products or services at a brick-and-mortar retailer or in a shopping centre. Therefore, business-to-consumer (B2C) based e-commerce capacitates the consumer to purchase products and services online using Internet technologies and associated infrastructure (Pavlo, 2003). In some cases, consumers may use online shopping parallel to alternative retail channels such as retail stores, catalogues, mail order or TV shopping, often termed multi-channel shopping (Ward, 2008).

In India, online shopping has seen an unprecedented growth since 2014. The growth was driven by rapid technology adoption led by the increasing use of devices such as smart phones and tablets, and access to the internet through broadband, 3G, etc., which led to an increased online consumer base. Favoured demographics and growing Internet user base helped aid this growth. Local players such as Flipkart and Snapdeal have demonstrated huge potential and with entry of global players having specific industry exposure and know-how and deep resources like Amazon and Alibaba, the competition in online business appears substantial. The players aim to strengthen seller’s base and selection on their platforms, innovating on multiple customer touch points, and providing seamless and rapid delivery services and introducing innovative means to increase customers and increase online traffic. India’s overall retail opportunity is substantial, and coupled with a demographic dividend (young population, rising standards of living and upwardly mobile middle class) and rising internet penetration, strong growth in online shopping is expected.

2. LITERATURE REVIEW

Internet represents everything from just another distribution channel to be the organizations’ sole sales outlet (Van Tassel & Weitz, 1997). It can attract new customers, penetrate new markets, promote company brands and improve customer retention (Ernst & Young, 2001).

From the customer’s point of view, the Internet (Mehta & Sivadas, 1995) offers the potential advantages of reducing shopping time and money spent. It allows twenty-four hours a day access, provided perhaps better service, and gave the consumer a perception of control over the shopping experience (Alba, Lynch, Weitz, Janiszewski, Lutz, Sawyer, & Wood, 1997; Benjamin & Wigand, 1999; Cronin, 1996; Hoffman & Novak, 1996; Hoffman, Novak & Chatterjee, 1996; Maignan & Lukas, 1997; Poel & Leunis, 1999; Then & DeLong, 1999).

The acceptance of the Internet as a retail outlet for the consumer has been the focus of much research (Auger & Gallaugher, 1997; Cockburn & Wilson, 1996; Hoffman & Novak, 1996; Jones & Biasiotto, 1999; O’Keefe, O’Connor, & Kung, 1998; Palmer & Markus, 2000; Spiller & Lohse, 1997). Some studies have focused on the consumers’ attitudes towards Internet shopping (Cowles, Little & Kiecker, 2002; Harden, 1996; Kunz, 1997; Poel & Leunis, 1999). Poel and Leunis (1999)