



FACTORS AFFECTING OF ONLINE SHOPPING BEHAVIOR OF CUSTOMERS: A PANORAMIC VIEW

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Abstract

The aim of this research paper is to examine behavior of different types of online buyers towards online shopping websites. The population of this study consists of online shoppers in Jaipur District. Respondents were selected from different gender, age groups, occupations having internet shopping experience. In this paper we try to see the significant change that have been foreseen in the field of e-shopping and the customers' preference towards e-shopping by designing a closed ended questionnaire to collect the data. Snowball sampling was used to collect data from sampled respondents. Statistical techniques such as mean, standard deviation, reliability test and regression are used in this study.

Keywords: Online buyer behavior, Perception, Shopping frequency, perceived risk.



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Introduction

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 business to consumer (B2C) e-commerce cycle activity, consumers use Internet for many reasons and purposes such as: Searching for product features, prices or reviews, selecting products and services through Internet, placing the order, making payments, or any other means which is then

followed by delivery of the required products through Internet, or other means and last is sales service through Internet or other mean. Over the past few decades, the Internet has developed into a vast global market place for the exchange of goods and services. In many developed countries, the Internet has been adopted as an important medium, offering a wide assortment of products with 24 hour availability and wide area coverage. In some other countries, such as Iran, however business-to-consumer electronic commerce has been much below than anticipated proportion of total retail business due to its certain limitations. Also, E-commerce has become an irreplaceable marketing channel in business transactions. Online stores and services are important sales channels in B2C transactions. Studying online shopping behavior of consumers has been one of the most important research agendas in e-commerce during the past decade. The research of online consumer behavior has been conducted in multiple disciplines including information systems, marketing, management science, psychology and social psychology, etc. An online shop evokes the physical analogy of buying products or services at a bricks-and-mortar retailer or shopping center; the process is called business-to-consumer (B2C) online shopping. The largest of these online retailing corporations are Flipkart, Snap deal, Amazon.com, eBay etc.

Review of literature

Javadi et al (2012) used conceptual model in order to assess the effects of variables on each other by using regression analysis. Results of hypotheses testing indicated that financial risk and non-delivery risk has negative effect on attitude toward online shopping behavior. That is, e-retailers should make their website safer and assure customers for delivery of their products. Retail companies should start taking measures to eliminate risk factor and build trust in this form of retail.

Pookulangara et al (2011) in their exploratory study examined channel switching behavior in bricks-and-mortar stores, catalogs, and the internet. They have used a sample of 547 respondents for data analysis. Factor analysis and regression test were used for data analysis. They found that attitude towards channel-switching was significantly influenced by hedonic and utilitarian beliefs in stores and catalogs.

Sharma and Mittal (2009) in their study "Prospects of e-commerce in India", mentions that India is showing tremendous growth in the e-commerce. Undoubtedly, with the population of millions

of people, online shopping shows unlimited potential in India. Todaye-commerce is a common word in Indian society and it has become an integral part of our daily life.

Van Riel et al (2001), online shopping is a complex process that can be divided into various sub-processes such as navigation, searching for information, online transactions, or customer interactions. Customers are unlikely to evaluate each sub-process in detail during a single visit to an online store, but rather will perceive the service as an overall process and outcome.

Need of the study

With the growth of the e-commerce companies, the competitive advantage in quality of services in terms of certain measurable terms has become a distinctive factor. Thus, it is very important for companies to get useful feedback of their actual performance and to trace-out the area of improvement in terms of quality service.

Objectives

In the light of above review of literature and the issues raised the following are the objectives of the present study:

- To analyze the perception of customer towards e-commerce companies.
- To study the various risk factors i.e. financial risk, product risk, convenience risk, return policy.
- To evaluate the factors influencing preference and expectations of the customers.

Hypotheses

Ho₁: There is no significant relationship between online shopping behavior and perceived risk factors-1(financial risk, product risk).

Ho₂: There is no significant relationship between online shopping behavior and perceived risk factors-2(Convenience risk, return policy).

Research Methodology

The purpose of the study is analyzing factors affecting online shopping of consumers. This goal has been followed by examining the effect of perceived risk (financial risk, product risk, convenience risk and return policy).

a. **Collection of data:** The study based on both primary and secondary data. The primary data collected through a structured questionnaire and by holding interview with various

categories of convenience sample respondents. The secondary data collected from the published records of online companies, journals, books etc.

b. **Tools of analysis:** The collected data recorded, analyzed and interpreted in the significant manner with the help of SPSS 21.0. The statistical tools used for the study included Reliability test, KMO test and Regression etc.

c. **Sample size:** For the purpose of study Jaipur districts selected in the state of Rajasthan. A total of 100 respondents were covered by the study but only 90 respondents have attempted all the statements and hence, the analysis was confined to these respondents only. Due care have been taken to include varying demographic profile to make the sample a truly representative one. The questionnaire consists of two sections. The first part consists of seven questions about demographic information of the respondents in table-1. Second part consists of twenty two statements, to study the behavior of the samples i.e. perceived risk factor (financial risk, product risk, convenience risk and return policy). (Refer appendix A).

Independent variables

Dependent variables

- Financial risk
 - Product risk
 - Convenience risk
 - Return policy norms
- Shopping behavior

For analyzing each statement, the opinion of the online customers have been elicited on Likert five point scales ranging from Strongly Agree-5, Agree-4, No Opinion-3, Disagree-2, and Strongly Disagree-1.

Period of study: The data was collected during the month of Jan 2015 to March 2015.

7. Data Analysis and Interpretation

Table 1: Demographic Description

Factors	Classification	Frequency	Percent
Gender	Male	62	68.8
	Female	28	31.2
Age	Under 20	11	12.0
	20-30	22	24.1
	30-40	37	40.7
	Above 40	20	22.2
Education	Below graduate	03	03.2
	Graduate	26	28.6
	Post-graduate	36	39.6

	Professional	24	26.4
	Others	01	02.2
Marital Status	Married	69	75.8
	Unmarried	21	24.2
Occupation	Service	25	27.5
	Business	21	23.0
	Self Employed	15	16.5
	Professional	28	30.8
Income	Others	01	02.2
	Less than 20000	17	18.7
	20000-40000	29	31.9
	40000-60000	32	35.1
	60000-100000	11	12.0
Shopping frequency	More than 100000	01	02.3
	Less than 5	58	63.7
	5-10	21	23.0
	More than 10	11	13.3
	Total	90	100

Table-1 shows 90 samples chosen for the study out of them 62 respondents were males and 28 respondents were females, 11 respondents belonged to the age group of under20, 22 respondents were 20-30 years of age, 37 respondents were in between 30-40 years, and 20 respondents were above 40 years. On the basis of educational background the respondents were found to be below graduate, graduate, PG, Professional, others and correspondent respondents were 03, 26, 36, 24, 02 respectively. 69 respondents were married whereas 21 were unmarried. Occupation was divided as service, business, self-employed, professional and others with number of respondents 25, 21, 15, 28, 02 respectively. Household income were <20000, 20001-40000, 40001-60000, 60001-100000, >100000 with correspondent respondents of 17, 29, 32, 11, 01. 58 respondents orderless than 05 times in a month; 21respondents order 5-10, 11 orders more than10 times.

Table 2 (A)

Table 2 (B)

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	No. of Items
0.712	0.713	22

Table 5

		Coefficients^a				
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.469	.254		-1.850	.068
	Product risk	.189	.044	.199	4.324	.000
	Financial risk	.992	.054	.846	18.368	.000

a. Dependent Variable: Shopping Behavior

In the above tables the result of multiple regression shows value of R and R² are 0.907 and 0.823 which is quite momentous whereas association between dependent variable (shopping behavior) and Independent perceived risk factors (financial risk, product risk) are pretty significant as the beta- 0.992 and 0.189 and p-value is less than 0.05 level. Thus we reject the null hypothesis and predict that the customers have more influenced by these two factors risk.

Table 6

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.566 ^a	.320	.304	.85210

a. Predictors: (Constant), Return policy, Convenience risk

Table 7

ANOVA^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	29.731	2	14.866	20.474	.000 ^b
	Residual	63.169	87	.726		
	Total	92.900	89			

a. Dependent Variable: Shopping Behavior

b. Predictors: (Constant), Return policy, Convenience risk

Table 8

		Coefficients^a				
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.503	.448		3.357	.001
	Convenience risk	.511	.109	.435	4.708	.000

Return policy	.241	.086	.258	2.794	.005
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a. Dependent Variable: Shopping Behavior

In the above tables the result of multiple regression shows value of R and R² are 0.566 and 0.320 which is moderately relevant whereas association between dependent variable (shopping behavior) and Independent perceived risk factors (convenience risk, return policy risk) are quite significant as the beta- 0.511 and 0.241 and p-value is less than 0.05 level. From the analyses, we found that the customers are very much concerned about convenience, terms and conditions of return policy of goods because they have no alternative to examine the physical presence of goods which they order so we again reject the null hypothesis and conclude that the customers are utmost influenced by these two factors risk.

Limitations and future direction

The survey was conducted among a group of respondents from a small district of India; the results should be interpreted with caution, particularly with respect to the generalization of research findings of Indian consumers as a whole. Next, the sample size itself is relatively small. To accurately evaluate Indian consumers' perceptions of online shopping, a larger sample size is desirable. Future research needs to focus on a larger cross section of Internet users and more diversified random samples to verify the findings of the current study. Moreover, to further studies clarity of the factors influence on online shopping, Technology Acceptance Model (TAM) or behavioral model could be used.

Conclusion

The sharp increases of Internet usage as well as the systematic progress of Information Technology have transformed the way goods are bought and sold, resulting to the exponential growth in the number of online shoppers. However, a lot of differences regarding online purchases have been revealed due to the various consumers' characteristics and the types of provided products and services. Therefore, understanding who are the ones consuming and why they choose to use or avoid the Internet as a distribution channel, is a vital issue for both e-commerce managers and consumer theorists. In this study we examined some important factors affecting online shopping behavior of the customers and can conclude that online companies should start taking measures to eliminate risk factors and build trust in this current form of retail. The result of hypothesis testing indicated that financial risk i.e. misuse of credit/debit card details, overcharged and exchange of personal information to third party; product risk i.e.

malfunctioning merchandise, quality and cost aspects, unwanted push policy of e-retailers revealed the significant apprehension. Moreover positive relationship is also established with convenience risk i.e. customer can't examine the product physically, uncertainty in case of any dispute regarding online goods or services, sometimes it not an easy to cancel/retrieve the order while browsing these websites. Another flip side of this study argues is the return policy which including no money back guarantee, return the product without any frill or strings attachment and problem of free shipment especially in case of small amount of order.

So the findings of this research offers a more comprehensive understanding of online customer behavior by identifying the compound effects of various external behavioral beliefs, attitude, intentions, perceived risks and social influence. Besides findings provides in-depth insight into what factors drive online customers most, how they work and what are their implications for customers and e-commerce companies.

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Appendix A

Questionnaire

Please tick the option that you most suitable in part A and also indicate the number that best indicates the degree to which you agree or disagree with each of the following statements. 1 means "Strongly Disagree" and 5 being "Strongly Agree".

A. Demographic information

1. Gender	Male	Female			
2. Age	under 20	20-30	30-40	above 40	
3. Education	below graduate	graduate	post graduate	Professional	others
4. Marital Status	Married	Unmarried			
5. Occupation	Service Business	Self Employed	Professional	Others	
6. Income	Less than 20000	20000-40000	40000-60000	60000-100000	More than 100000
7. Online shopping	Less than 5	5-10	More than 10		

B. Online behavior

1. I shop online as I do not have to leave home for shopping
2. I shop online as I can shop whenever I want
3. I shop online as I can save myself from market crowd
4. I shop online as I get broader selection of products online
5. Online shopping gives facility of easy price comparison
6. I shop online as I get user/expert reviews on the product
7. Online shopping makes my shopping easy
8. Online shopping gives me better control on my expenses
9. I find online shopping compatible with my life-style
10. Online shopping procedure is cumbersome and frustrating

C. Perceived risk factors

Financial risk

1. I feel that my credit-card details may be compromised and misused if I shop online.
2. I might get overcharged if I shop online as the retailer has my credit-card info.

3. I feel that my personal information given for transaction to the retailer may be compromised to 3rd party.

Product Risk

- 4. I might not get what I ordered through online shopping.
- 5. I might receive malfunctioning merchandise.
- 6. It is hard to judge the quality of merchandise over Internet.

Convenience Risk

- 7. I cannot get to examine the product when I shop online.
- 8. I feel that it will be difficult settling disputes when I shop online.
- 9. It is not easy to cancel orders when shop online.

Return Policy

- 10. I do not purchase online if there is no free return shipment service available.
 - 11. I purchase online only when I can return the product without any frills or strings attached.
 - 12. I do not purchase online if there is no money back guarantee.
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