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## CONSUMER BEHAVIOUR WITH RESPECT TO ONLINE CUSTOMERS

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### ***Abstract***

*Marketing is one of the driving forces for our economy of the country and the world. Like every other field the field of marketing is also undergoing rapid changes with the advent of the competition and the technology. One such emerging trend now in the field of marketing is Online Marketing which has a prominent share in driving the consumers and the economy to the new heights. Day by Day more customers are getting attracted to online shopping and many companies are emerging in the business scenario based on online marketing. The companies which can ultimately remain in the close confidence and win the customers hearts, tastes and preferences are only going to remain in the competition for very long time. In this scenario this conceptual paper ultimately tries to study the consumer behavior of the customers who are well versed in online shopping with all the related aspects.*

**Key Words:** Online, Websites, Click, emerging, scenario



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**Objectives:** This paper's main objectives are to discuss about

- 1) Online Marketing in India and
- 2) Challenges of Online Marketing

3) Consumer Behavior of Online marketing consumers.

**Literature Study:** This paper consists of the data collected from the primary and secondary sources. Primary sources of data include the views and perceptions on Online Marketing by senior faculty members and customers, students and some of the shops which sell their products through online shopping etc. and the secondary sources of data include my understanding of the various articles, information from news papers, magazines etc.

**Introduction:** The ecommerce sector has seen unprecedented growth in 2014. The growth was driven by rapid technology adoption led by the increasing use of devices such as smartphones and tablets, and access to the internet through broadband, 3G, etc, which led to an increased online consumer base. Furthermore, favoured demographics and a growing internet user base helped aid this growth. In terms of highlights, the growth shown by homegrown players such as Flipkart and Snapdeal and the huge investor interest around these companies displayed the immense potential of the market. With the entry of eCommerce behemoths such as Amazon and Alibaba, the competition is expected to further intensify. Both these international players come with deep pockets and the patience to drive the Indian ecommerce market. Also, their strong domain

Knowledge and best practices from their international experience give them an additional edge. Additionally, these companies have been part of markets where they have seen the eCommerce market evolve and are aware of the challenges and strategies to address issues thereof. Indian companies realise this, and are therefore aiming to continue their focus on expanding sellers and selection on their platforms, innovating on multiple customer touch points, and providing seamless and rapid delivery services in order to compete with the international entities. Competition is expected to continue, with these eCommerce companies experimenting with different ways to attract customers and increase online traffic. The Indian government's ambitious Digital India project and the modernisation of India Post will also affect the eCommerce sector. The Digital India project aims to offer a one-stop shop for government services that will have the mobile phone as the backbone of its delivery mechanism. The programme will give a strong boost to the eCommerce market as bringing the internet and broadband to remote corners of the country will give rise to an increase in trade and efficient

warehousing and will also present a potentially huge market for goods to be sold. For India Post, the government is keen to develop its distribution channel and other eCommerce related services as a major revenue model going ahead, especially when India Post transacted business worth 280 crore INR in the cash-on-delivery (CoD) segment for firms such as Flipkart, Snapdeal and Amazon. Both these projects will have significant impact on increasing the reach of eCommerce players to generally non-serviceable areas, thereby boosting growth. 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 eCommerce is expected. From an investment perspective, the market is a primarily minority stake market, with maximum traction in early-stage deals. Such early stage funding will help companies develop a strong foundation to start from. With such strong market prospects and an equally upbeat investor community, we look forward to many more eCommerce companies from India entering the coveted billion-dollar club.

### **India's growth potential**

Since the eCommerce industry is fast rising, changes can be seen over a year. The sector in India has grown by 34% (CAGR) since 2009 to touch 16.4 billion USD in 2014. The sector is expected to be in the range of 22 billion USD in 2015. Currently, eTravel comprises 70% of the total eCommerce market. eTailing, which comprises of online retail and online marketplaces, has become the fastest-growing segment in the larger market having grown at a CAGR of around 56% over 2009-2014. The size of the eTail market is pegged at 6 billion USD in 2015. Books, apparel and accessories and electronics are the largest selling products through eTailing, constituting around 80% of product distribution. The increasing use of smartphones, tablets and internet broadband and 3G has led to developing a strong consumer base likely to increase further. This, combined with a larger number of homegrown eTail companies with their innovative business models has led to a robust eTail market in India rearing to expand at high speed.

### **Challenges for Online Marketing:**

**Product and market strategy:** e commerce companies have to address issues pertaining to rapidly evolving customer segments and product portfolios; access information on market intelligence on growth, size and share; manage multiple customer engagement platforms; focus

on expansion into new geographies, brands and products; and simultaneously tackle a hypercompetitive pricing environment.

**Customer and digital experience:** Companies have to provide a rich, fresh and simple customer experience, not geared towards discovery; manage inconsistent brand experience across platforms; manage proliferation of technologies; and handle time-to-market pressure for new applications. In the recent past, social media has become more influential than paid marketing.

**Organisation scaling:** eCommerce companies will have to make sure organisation design keeps pace with the rapidly evolving business strategy, along with fluid governance, strong leadership and management development. From a growth perspective, identifying acquisition opportunities, fund raising and IPO readiness becomes necessary. From a technology perspective, it is important to transform IT as an innovation hub and address the lack of synergy between business, technology and operations functions of the enterprise.

**Tax and regulatory structuring:** Companies will need to address issues around sub-optimal warehouse tax planning; imbalance between FDI norms vis-à-vis adequate entity controls; inefficient holding, IPR or entity structures; and international tax inefficiencies. Future challenges include the new Companies Act, policy on related-party transaction pricing, and the uncertainty around GST roadmap.

**Risk, fraud and cyber security:** From a risk perspective, eCommerce companies could face issues around brand risk, insider threats and website uptime. Issues around employee-vendor nexus, bribery and corruption make companies vulnerable to fines. Cyber security also raises some concerns around website exploitation by external entities.

**Compliance framework:** eCommerce companies have to comply with several laws, many of which are still evolving. Potential issues around cyber law compliance, inefficient anti-corruption framework, legal exposure in agreements or arrangements, indirect and direct tax compliance framework and FEMA contraventions and regularisation could pose problems. Also, uncertainty around VAT implications in different states due to peculiar business models could cause issues.

**Consumer Behavior of Online marketing consumers:** here are many different online shopper personality types, or behavioral characteristics of shoppers. Each has certain traits, and skillful marketing professionals stress the importance of learning each type in order to design a shopping

services that are attractive to members of each type or customer segment. Because of the large number of online retailers, online shoppers need to be wooed with an online shopping experience that is tailored to their specific online shopping personality type, so they do not look elsewhere for their purchases. The following is a list of some of the most common Online Shopping Personality Types, based on consumer research of online shoppers, in no particular order:

**Recreational Shoppers:** Recreational shoppers are all over the place. They flit from one website to another very quickly, and only stop when a truly significant deal catches their eye. You have to really come up with something eye-catching if you hope to catch these customers. These are customers that like to click on ‘similar product’ links, and that are likely to spend a great deal of time at your online retail store if you present enough engaging content to keep them there.

**Deal Hunters:** Deal hunters are in search of the holy grail of deals. They purchase items used or refurbished if it will get them a better deal. These are customers who might buy an item they don’t actually need if you present them with a good enough deal for it. Deal hunters are also often on the lookout for free shipping deals. Many deal hunters refuse to make purchases at online stores that do not offer free shipping if they can find a competing online store that offers the same product with free shipping.

**The Flitter:** These shoppers can be ‘the fish that got away’ if you are not careful. One way to keep them shopping is to ensure that the shopping cart on your website remains active for a long time, so that if they are in another window and forget that they are in the middle of a transaction, they can simply return and finish it. If the shopping cart at your online retail store times out and the items are no longer there, the customer is less likely to re-add the items to the cart and purchase them.

**The Researcher:** Researchers love to learn everything they can about a product before purchasing it online. They may watch a product for a while on various websites, to see what the average price is, so that they can know for sure when they are presented with a price whether or not it is a good deal. Researchers also enjoy reading reviews from other customers, and regularly rely on ratings and reviews when deciding what to purchase online.

**Impatient Shoppers:** Impatient shoppers will not stick around if your checkout process is lengthy and complicated. They do not want to waste time signing up for an account, they want

to buy their items immediately, and if you cannot provide them with immediate checkout, they will go to another website that will. To capture this type of online shopper, make sure that your website loads quickly, and that your checkout process is as streamlined as possible.

**Rewards Shoppers:** Many online shoppers like to patronize the same online retail stores repeatedly. These brand loyalists enjoy customer loyalty programs that give rewards or points for purchases, and love to take part in deals and promotions that make them feel like they are working towards a goal with their purchases. Rewards shoppers enjoy taking part in SMS Text Message Marketing campaigns, where they can receive messages about sales and specials they qualify for send directly to their personal mobile devices.

**Hipsters:** Some online shoppers only purchase high end retail brands. These customers will purchase these brands from various sellers, but only buy the very best and premium brand names, and also generally wish to purchase the latest and newest models of items. You will find that these customers are willing to spend a great deal of money in order to get top of the line items that are hot, fresh, and in style.

**Day Dreamers:** Some people really love to make wish lists. This type of shopper will typically have wish lists at several online retail stores, and enjoys dreaming about their ideal purchases, but needs a push in order to actualize the transaction. You can convince them to purchase by lowering the price of items on their wish list, so that they can't help but take advantage of the savings you are offering.

**Intrepid Explorers:** Some online shoppers are after one thing, and only one thing. Those shoppers will not purchase anything else and will not deviate from their quest for the specific item until they find it. Once they find the product they are looking for, they may reward you by purchasing additional items from your online store because they are so happy that they found what they are looking for. This type of shopper typically enjoys websites that have search functionality, or site maps that can make it easy to pinpoint the item they are seeking.

### **A Framework of Online Consumer Decision**

A framework that compares online consumer decision with offline decision making was developed by Laudon and Traver (2009), who suggest that a general consumer behavior framework requires some modification to take into account new factors. When consumers want to buy product, they will look at the brand and the characteristics of product or service. Some

products can be purchased and shipped easily online such as, software, books. On the other hand, some products are hard to decide through online channel. Web site features, firm capabilities, marketing communication stimuli, and consumer skills are also important, in terms of the proposed framework (Laudon and Traver, 2009). When consumers want to buy product, they will look at the brand and the characteristics of product or service. Some products can be purchased and shipped easily online such as, software, books. On the other hand, some products are hard to decide through online channel. Web Site feature is one of the important things that can influence consumers to buy product online. For example, online retailers can use high technology to improve their websites in order to influence consumer perceptions of the web environment (Prasad and Aryasri, 2009). If the web site is too slow, not navigability, or not safe enough, will have negatively impact consumer willingness to try or buy products from the website. Consumer experience with online shopping (Broekhuizen and Huizingh, 2009) or consumer skills, which refer to the knowledge that consumers have about product, and how online shopping works (Laudon and Traver, 2009) also influences online shopping behaviors. Clickstream behavior is another aspect that becomes more important in the online world. It refers to the behavior that consumers search for information through web sites many sites in the same time, then to a single site, then to a single page, and finally to a decision to purchase (Laudon and Traver, 2009). All these factors lead to specific attitudes and behaviors about online purchasing and a sense that they can control their purchasing environment thru the online world.

### **Influences of Online Shopping Decision**

#### **Motivations that lead consumer to buy online**

There are many reasons why people shop online. For examples, consumers can buy anything at anytime without going to the store; they can find the same product at a lower price by comparing different websites at the same time; they sometime want to avoid pressure when having a face-to-face interaction with salespeople; they can avoid in store traffic jam, etc. These factors can be summarized into four categories—convenience, information, available products and services, and cost and time efficiency.

**Convenience:** Empirical research shows that convenient of the internet is one of the impacts

on consumers' willingness to buy online (Wang et al., 2005). Online shopping is available for customers around the clock comparing to traditional store as it is open 24 hours a day, 7 days a week (Hofacker, 2001; Wang et al., 2005). Research shows that 58 percent chose to shop online because they could shop after-hours, when the traditional stores are closed and 61 percent of the respondents selected to shop online because they want to avoid crowds and wailing lines, especially in holiday shopping (The Tech Faq, 2008). . Consumers not only look for products, but also for online services. Some companies have online customer services available 24 hours. Therefore, even after business hours, customers can ask questions, get necessary support or assistance, which has provided convenience to consumers (Hermes, 2000).

Some customers use online channels just to escape from face-to-face interaction with salesperson because they pressure or uncomfortable when dealing with salespeople and do not want to be manipulated and controlled in the marketplace (Goldsmith and Flynn, 2005; Parks, 2008). This is especially true for those customers who may have had negative experience with the salesperson, or they just want to be free and make decision by themselves without salespersons' presence.

**Information:** The internet has made the data accessing easier (Wang et al., 2005). Given customers rarely have a chance to touch and feel product and service online before they make decision, online sellers normally provide more product information that customers can use when making a purchase (Lim and Dubinsky, 2004). Customers put the weight on the information that meets their information needs (Keency's, 1999). In addition to get information from its website, consumers can also benefit from products' reviews by other customers. They can read those reviews before they make a decision.

**Available products and services:** E-commerce has made a transaction easier than it was and online stores offer consumers benefits by providing more variety of products and services that they can choose from (Lim and Dubinsky, 2004; Prasad and Aryasri, 2009). Consumers can find all kinds of products which might be available only online from all over the world. Most companies have their own websites to offer products or services online, no matter whether they already have their front store or not. . Many traditional retailers sells certain products only available online to reduce their retailing costs or to offer customers with more choices of sizes, colors, or features. Boccia Titanium, for instance, has stores in many states but not in Connecticut. The company offers website to reach and to fulfill the need of Connecticut



customers to order online. . Similarly, Yves Rocher, a French company, does not have the front store in the U.S. It offers the website so that U.S. customers can just add products they want into the online shopping cart and the product will be shipped to their house. Moreover, online shopping sometimes offer good payment plans (Amin, 2009) and options for customers.

Customers can decide their payment date and amount (Anonymous, 2009) in their own preference and convenience.

**Cost and time efficiency:** Because online shopping customers are often offered a better deal, they can get the same product as they buy at store at a lower price (Rox, 2007). Since online stores offer customers with variety of products and services. it gives customers more chances to compare price from different websites and find the products with lower prices than buying from local retailing stores (Lim and Dubinsky, 2004). Some websites, Ebay for example, offer customers auction or best offer option, so they can make a good deal for their product. It also makes shopping a real game of chance and treasure hunt and makes shopping a fun and entertainment (Prasad and Aryasri, 2009). Again, since online shopping can be anywhere and anytime, it make consumers' life easier because they do not have to stuck in the traffic, look for parking spot, wait in checkout lines or be in crowd in store (Childers et al., 2001). As such, customers often find shop from the website that is offering convenience can reduce their psychological costs (Prasad and Aryasri, 2009).

**Conclusion:** People have dubious attitude towards e-marketing of product & services mainly due to security concern related to privacy of personal information. Personal information privacy should be given preference by the companies involved in online marketing of product & services. The other major concern among people includes authenticity of product & services offered online. Companies involved in online trading should focus on building their brand awareness among people so that trust-worthy relationship can be developed between producers & consumers. On-time delivery of products purchased through online shopping will prove to be quite beneficial in a long run. Significant price-cuts should be offered to customers as there are relatively no/lesser intermediaries involved as far as e-marketing is concerned. Currency fluctuation should be dealt with great care & steps should be taken both by government & companies so as to reduce currency fluctuation to its minimal. Promotional schemes should be launched to promote e-marketing business. Advertising of web-products & services is one of the

major issues where companies fail to attract potential consumer's attention. Companies should focus on offering informative advertisements which would contain product information along with additional products & services offering which best suits needs of people. Such advertisements frequency should be high so as to position the products & brands in consumer mindset. In a nut shell we can conclude that e-marketing has a potential to grow, only proper boosting needs to be done both at producer and consumer level apart from government efforts.

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