

## **E-RETAILING- IMPACT ON CONSUMER BUYING BEHAVIOUR**

**Sakshi Vij**

*Assistant Professor, Ggdsd College Sector 32, Chandigarh*

### **Abstract**

*Online Shopping also known as E-shopping- it is a form of electronic commerce which allows consumers to buy products/services directly from a seller through Internet using a web browser. The increasing use of Internet has played an important role in the consumer's life for online shopping. This has become possible due to emerging trend of online retailers who have utilized Internet as their medium of sale. The examples of such E-retailers include: Flipkart, Amazon, Jabong, Myntra, Snapdeal Ebay etc. The highly penetrating Internet scenario, convenient shopping which saves time and number of retailers to choose from are making an impact on consumer buying behaviour. The objective of this paper is to study the factors of E-retailing which motivates the consumer to buy online and the challenges for E-retailers. The secondary data was collected from reports, journals, magazines and surfing on the internet. Some of the factors which motivate the customers to buy online are effective search Engines, range and availability of products, exclusive brand availability, refund option, comparison of products and their prices and round the clock shopping option. There are certain challenges like return of products purchased, non-delivery, delay in delivery/untimely delivery and cash on delivery which are faced by E-retailers. The long term development of Internet has led to increase in the number of web users, which has been well captured by the online retailers. The usage of laptops and PCs is growing steadily, driven by increasing affordability and need. Despite all these challenges, as the number of internet users is expanding, E-Retailing is having very bright future in India.*

**Keywords:** *Consumer Buying Behaviour, Future scope, Challenges and Problems*



*Scholarly Research Journal's* is licensed Based on a work at [www.srjis.com](http://www.srjis.com)

## **INTRODUCTION**

### **E-RETAILING TRENDS & DEVELOPMENT**

On-line shopping is the latest trend in the field of E-Business and is the future of shopping worldwide. Most of the companies have put up their on-line portals to sell their products/services through E-retailing. The examples of such E-retailers include: Flipkart, Amazon, Jabong, Myntra, Snapdeal Ebay etc. E-retailing is a quite common outside India and now its growth in the Indian Market, which is a large and strategic consumer market. E-retailing brings many advantages to the customers. Customers can shop from any place (urban/remote areas) without being present physically at the shops/outlets and at the same

time chooses among various shopping options. The customer can shop any day of the year on any time of the day which helps in saving customers' time and energy.

Consumer behaviour is the study of the processes involved when an individual selects, purchases, uses or disposes of products, services, ideas, or experiences to satisfy needs and desires. In order for the Internet to expand as a retail channel, it is important to understand the consumer's attitude, intent and behaviour in light of the online buying experience. Identification of consumer and product related factors affect online shopping behaviour of consumers has been a thrust area of past researches. This study further discusses the factors that motivate a customer to buy online.

Over the last two decades, rising internet and mobile phone penetration has changed the way we communicate and do business. E-commerce is relatively a novel concept. It is, at present, heavily leaning on the internet and mobile phone revolution to fundamentally alter the way businesses reach their customers.

While in countries such as the US and China, e-commerce has taken significant strides to achieve sales of over 150 billion USD in revenue, the industry in India is, still at its infancy. According to the **Internet and Mobile Association of India (IAMAI)** research report, over the past few years, the sector has grown by almost 35% CAGR from 3.8 billion USD in 2009 to an estimated 12.6 billion USD in 2013. It also indicates that online travel dominates the e-commerce industry with an estimated 70% of the market share.

However, e-retail in both its forms; online retail and market place, has become the fastest growing segment, increasing its share from 10% in 2009 to an estimated 18% in 2013 (ASSOCHAM )

#### **Exhibit-1: E-tailing Market Share**

Source: PWC analysis

If this robust growth continues over the next few years, the size of the e-retail industry is poised to be 10 to 20 billion USD by 2017-2020. (Source PWC Analysis) (ASSOCHAM )

As of June 2014, there were 243 million claimed Internet users in India out of which 192 million are active Internet users who access Internet at least once a month. There has been a consistent growth in the number of Internet users over the past few years. In urban cities, the

penetration of active Internet users is nearly 36% whereas in rural villages the penetration is 6% (IAMAI). All these internet users are potential candidates for online shopping.

## **LITERATURE REVIEW**

Hadjiphanis and Christou (2006) focused upon the consumer information search process and consumer value. Both with a view to determining how online retailers firstly are facilitating the search process and secondly, offer consumer value via their web site. From this study, it is clear that the Internet offers utilities in the form of search tools such as search engines, browsers and intelligent agents, plus the use of bookmarks and good web site design to speed up the process of purchase decisions, all of which go to support the operational, spatial and temporal dimension of a consumer's information search.

Sharma et al (2014) found through statistical investigation give clear indication of increasing significance of online stores in the life of Indian people. The e-stores are frequently visited by the shoppers. The ease and convenience provided by these stores for 24x7 has made very easy shopping for consumers worldwide.

Dahiya Richa (2012) used Qualitative and Quantitative research methods to study the impact of Demographic factors of consumers on on-line shopping parameters like satisfaction with on-line shopping, future purchase intention, frequency of on-line shopping, numbers of items purchased, and overall spend on on-line shopping. The study revealed that on-line shopping in India is significantly affected by various Demographic factors like age, gender, marital status, family size and income.

Akbar and James showed in their study that the 9 factors including Search engines, Online shopping malls, Auction websites, Convenience, Price, Brand, Security, Promotion and Refund might be suitable to explore and analyze consumer online behaviour.

Rastogi (2010) studied to discover the key factors that influence online buying behaviour of consumers in India. Maximum numbers of respondents feel that online shopping is having easy buying procedures; others think that they can have wide variety of products, Lower price of the products, various modes of payments etc.

Mathew and Mishra (2014) examined the drivers of online purchase in India. They attempted to establish interrelationship of the variables (Internet usage, perceived risk, website attributes, influence of past online shopping experience on perceived risks) to understand

buying behaviour. Findings showed that Indian online users had high level of perceived risks and these perceived risks increase despite users have online buying experience. However, their attitude towards future intention to do online purchase was not influenced by perceived risks related to Internet

Zia Ul Haq's study shows that the perception of online shoppers is independent of their age and gender but not independent of their qualification & gender and income & gender. Consumers' perceptions of the customer service, commitment and web security of online purchasing exhibit significant relationships with their online buying intention. Web security has received the most consistent support as factors that influence online buying.

Chandra and Sinha (2013) found that the demographical issues like age, education and income were responsible for online shopping but the rate is high when the respondent are young, when the education is higher the respondents were agree for the same and the higher income group respondents are strongly agree for the same. It means an awareness programme for online shopping is very necessary.

Sinha and Kim (2012) found that the majority of people who bought online more number of times were in the age group of 40-49 years. They observed that Female although have a good opinion for online shopping but they do not want to do it because of inconvenience they perceive in online shopping.

Malhotra (2014) studied the current position of E-business in India and analyze the future of electronic Business in India. This study also focused on the challenges faced by E-Business players in India. The key factors that are driving this growth are the rise of Internet usage (growing at 20 percent) & 3G penetration, and increasing Smartphone users with availability of Internet on mobile phones. But there are certain challenges like Indian customers return much of the commodities they purchase online. Cash on delivery is the preferred payment mode because of Low credit card access and low trust in online transactions.

## **OBJECTIVES**

- To discuss the factors that motivates consumer to buy online
- To find out future scope of E-Retailing
- To find out the challenges of E-Retailing

## **RESEARCH METHODOLOGY**

The secondary data from project documents, evaluation reports, journals, magazines and surfing on the internet has also been used for purpose of study.

## **INTERPRETATION AND ANALYSIS**

### ***IMPACT ON CONSUMER BUYING BEHAVIOUR:***

As Kotler & Armstrong stated that the consumer buying behaviour decision process starts long before actual purchase and continues long after. There are many factors which influence and affect how consumers make purchasing decision.

As per a study done by Akbar and James, following factors influence consumers to buy online:

**Search Engines:** Internet users find out their much needed information through various search engines. Since search engines have become a platform to help users' judgment to rank various Websites. Thus electronic retailers make sure that their website quality satisfies and serve the particular search engine's demands and highlight in view of the consumer.

**Online Shopping Malls:** Online shopping malls which include various E-retailer websites provide an unprecedented chance for e-retailers to reach worldwide customer base for selling various kinds of consumer products. Many e-retailers joined with online shopping malls in order to have more customers visit their websites.

**Conveniences:** Convenience and saved time offered by online shopping are the two motivating factors for online purchases. The main motivating factor for consumers to shop online is conveniences. Convenient access to product information facilitates and helps shoppers' to make an online purchases decision.

**Price:** The low prices and Combo offers provided by E-retailers is also a motivating factor for Consumers to buy online products. For e.g. High end Brands for various apparels, shoes, cosmetics etc. are available at low prices with complimenting products as offers.

**Exclusive Brand Availability:** The latest factor being opted by various e-retailers is the availability of Exclusive brand of products with them. For e.g Motorola's MOTO-G mobile phone was exclusively available for sale at Flipkart's website, and within hours of its launch the product was Out Of stock from the website. This factor is being utilized by various e-retailers which are making its impact over consumer's online buying behaviour.

**Refund:** E-retailers provide refund policies to convince online consumers that they easily return products and get refunds if they are not satisfied, or exchange products for free within a reasonable timeframe. (Akbar and James)

**Round the clock:** Another factor that motivates Customers for opting E-retailers is they can do transactions for the product or enquiry about any product/services provided by a company anytime, anywhere from any location. (Malhotra, 2014)

**Challenges for E-retailers:** There are certain challenges to be faced which are as follows:

**Return much of the commodities purchased online:** As in India, most people are first time buyers, they have not made up their mind about what to expect from E-retailers. As a result, buyers sometimes fall prey to hard sell. But by the time the product is actually delivered, they reveal remorse and return the goods.

**Non-delivery/delay in delivery/ untimely delivery:** It might take few minutes to place an order, but delivery of the product may take unreasonable time. Products are delivered during working hours, when people are in their offices.

**Preferred payment mode:** Low credit card access and low trust in online transactions has led to cash on delivery being the preferred payment choice in India. Unlike electronic payments, manual cash collection is painstaking, risky, and expensive.

## **FUTURE SCOPE**

There has been a consistent growth in the number of Internet users over the past few years. As of June 2014, there were 243 million claimed Internet users in India out of which 192 million are active Internet users who access Internet at least once a month (IAMAI report). All these internet users are potential candidates for online shopping. With increase of internet users, Numbers of Smartphone users are also increasing day by day, which is also good indications for E-retailers.

## **CONCLUSION**

The increasing use of Internet has played an important role in the consumer's life for online shopping. Perception towards online shopping is getting better in India and this has become possible due to emerging trend of online retailers who have utilized Internet as their medium of sale. The highly penetrating Internet scenario, convenient shopping which saves time and number of retailers to choose from are making an impact on consumer buying behaviour. The

factors which motivate the customers to buy online are effective search Engines, range and availability of products, exclusive brand availability, refund option, comparison of products and their prices and round the clock shopping option. There are certain challenges like return of products purchased, non-delivery, delay in delivery/untimely delivery and cash on delivery which are faced by E-retailers. The usage of laptops and PCs is growing steadily, driven by increasing affordability and need. Despite all these challenges, as the number of internet users is expanding, E-Retailing is having very bright future in India.

## REFERENCES

- Akbar Saad, James Paul TJ “Consumers’ attitude towards online shopping: Factors influencing employees of crazy domains to shop online” *Journal of Management and Marketing Research*, pp. 1-11
- Chandra Ashok Kumar, Sinha Devendra Kumar (2013) “Factors Affecting The Online Shopping Behaviour: A Study with Reference to Bhilai Durg” *International Journal of Advanced Research in Management and Social Sciences*, Vol. 2, No. 5, pp. 160-177
- Dahiya Richa (2012) “Impact of Demographic Factors of Consumers on Online Shopping Behaviour: A Study of Consumers in India” *International Journal of Engineering and Management Sciences*, Vol. 3, No. 1, pp. 43-52
- Goswami Shubham, Khan Hina (2012) “Analyzing Opportunities and Challenges of Online Retail – An Indian Perspective” *Pacific Business Review International*, Vol. 4, Issue 3, pp. 24-28
- Hadjiphani Lycourgos, Loizos Christou (2006) “The Role of E-Commerce on Consumer Behaviour” *Journal of Business Administration*, Vol. 5 No. 1, pp. 1-8
- HaqZia Ul (2013) “Perception towards Online Shopping: An Empirical Study of Indian Consumers” *Journal of Research in Commerce & Management*, Vol. 1, ISSUE 8, pp. 9-22
- Joshi Priyanka, Upadhyay Hemant (2014) “e-Retailing in India-Despite issues, customers satisfied with top retailers” *CONSUMER VOICE*, pp.35-40
- Malhotra Bhavya (2014) “E-Business: Issues & Challenges in Indian Perspective” *Global Journal of Business Management and Information Technology*, Vol. 4, No. 1, pp. 11-16
- Mathew Priya Mary, Mishra Sita (2014) “Online Retailing in India: Linking Internet Usage, Perceived Risks, Website Attributes and Past Online Purchase Behaviour” *Electronic Journal of Information Systems in Developing Countries*, Vol. 65, No. 4, pp. 1-17
- Rastogi Ankur Kumar (2010) “A Study of Indian Online Consumers & Their Buying Behaviour” *International Research Journal*, Vol. 1, Issue 10, pp. 80-82
- Sharma Renuka, Mehta Kiran, Sharma Shashank(2014) “Understanding Online Shopping Behaviour of Indian Shoppers” *International Journal of Management & Business Studies*, Vol. 4, Issue 3, pp. 9-18
- Sinha Jayendra, Kim Jiyeon (2012) “Factors affecting Indian consumers’ online buying behaviour” *Innovative Marketing*, Vol. 8, Issue 2, pp. 46-57
- Evolution of e-commerce in India*, ASSOCHAM, PwC