



## THE STUDY OF FACTORS DRIVES CONSUMERS TO SHOP ONLINE

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### **Abstract:**

Online shopping is witnessing a rapid growth during the recent years. It broadens the market area and offers a wide range of products at the most competitive prices. According to a report by Indian leading Venture Capital firm Accel Partners, it is estimated that Indian e-commerce will grow from a \$2 billion Industry in 2013 to around \$ 15 billion by 2018 at a CAGR of 63%. It is also estimated that the number of online shoppers will double from 20 million to 40 million by year 2022. Convincing the consumers to shop online is still a challenging task. Consumers' behaviour depends on various social, personal and psychological factors. It therefore important to know what the various are attributes that drive consumers' intention to shop online. The present study has tried to explore various factors that influence the decision to shop online. The study also highlights various problems being faced by consumers while shopping online. The study revealed that "time saving", "competitive prices offered by web shops", "safe delivery", "regular offers", "cash on delivery option" and "buying anytime advantage" are the important influencing factors to go for online shopping. Similarly the study finds that "low trust", "warranty", "requirement of pay cards", "delay in delivery" and "risk of hacking personal and financial information" as the main problems encountered by consumers when shopping online.

**Keywords:** Attributes, Consumer Behaviour, Drivers, Online shopping, Problems

### **1. Introduction:**

E-commerce is not a new field. Now it has been 10 years for the existence of e-commerce. ECommerce can be referred as buying and selling of goods and services online with the help of internet. With the invention of the internet, the traditional way of shopping is replaced now with the online shopping. Online shopping usually means buying and selling of goods and services through the Internet. There are now no constraints regarding location and opening and closing hours of the retail stores. It is available at any time and can be accessed from any place. According to Jusoh and Ling (2012), online shopping is the process followed by a customer to purchase any product or any service through internet. A report by Comscore (2013) bring into notice that India is now the world's third largest internet population. To a great extent, consumers are turning to the internet as a shopping channel. It generates the need to understand the consumers' online shopping behavior. It is argued in the literature that consumer buying behavior in online shops is relatively different from what is exhibited in the traditional environment (Alba et al 1997). Many studies have found the factors that influence online shopping behavior and the problems encountered during shopping. But since online technology is advancing, it may be possible that there is increase or decrease in the effect of some of the attributes.

### **2. Review of Literature:**

Arthur Burke has found that factors like age of the consumer, sex, level of education, income and personality to a lot extent influence the preferences towards online shopping. Newer technologies and fun in shopping usually interest younger generation to shop online. Male are much using the new technologies in shopping as compared to female. But the frequency of shopping is more in female as compared to male. Consumers with higher education and higher incomes intend to shop more online as compared to lower education and lower income consumers. Menon and Kahn in their study found the motivation and likability of website influence the online shopping behaviors. Ease of use and usefulness are also the factors which influence online shopping behavior. Agarwal Seema (n.d) in her study found that online shopping in India is significantly affected by age, gender, education and income and age and attitude towards online shopping was found to have strong correlation. Education and attitudes towards online shopping also exhibit a high correlation. Wolfenbarger and Gilly and Wallace and Barkhi found that time saving, convenience, flexibility and accessibility are the major attributes of online shopping. Lee and Turban and Shim et al have found that consumer's previous experience and the trust built up in online shopping affect their intentions to shop online. Lu and Hsu and Thong et al recommended that enjoyment is the major factor that effects online shopping. Christian Bach found that negative sub factors like privacy, system security, product problem, professional advice, payment method, reliability, pre-sales service, after-sales service, wider choices, payment security and website security are critical factors of online shopping and need to be taken care of.

**3. Objective of the Study:**

Following are the objectives of the study:

- To find the attributes that drive consumers towards online shopping.
- To determine the problems/barriers encountered while shopping online.

An exploratory research design was used to find various attributes that drives consumer to shop online. Sample size of 300 was selected to represent the universe of the study. Responses were collected through structured and self-developed questionnaire developed in a way covering probable aspects of research consideration. In the present study convenient sample has taken from Indore city and nearby areas. For analysis, descriptive statistics is used.

**V. Data Analysis****Table No. 1**

Demographic Variables	Category	Count	Percentage
Gender	Male	176	58.7
	Female	124	41.3
Marital Status	Married	77	25.7
	Unmarried	223	74.3
Age Group	18 – 25 years	219	73.0
	26 – 35 years	57	19.0
	36 – 45 years	20	6.7
	46 – 55 years	4	1.3
Education	12 <sup>th</sup>	55	18.3
	Graduate	147	49.0
	Post Graduate	98	32.7
Occupation	Student	166	55.3
	Service	122	40.7
	Business	12	4.0
Income( per month)	below – 25000	253	84.3
	25001- 50000	13	4.3
	50001- 75000	10	3.3
	75001-100000	10	3.3
	More Than- 100000	14	4.7

**Table no 1. Demographic Profile of the respondents**

From Table 1 that the age of respondents of first category i.e., 18-25 years received highest response of 73 percent followed by age group of 26 – 35 years with 19 percent. It is apparent that youngsters are more inclined towards online shopping followed by middle age group. It is very important for online shopping channels to create product segment and advertisement patterns accordingly. Education is one of the important factors to determine the life style, product choices and living standards. In case of online shopping, individuals' education is very much influencing factor, as shown in Table no. 1. 49 percent of respondents are graduate and 32.7 percent of respondents are post graduate, enough to reach to a conclusion that people with higher education usually prefer internet and e-commerce services. On account of occupation, highest response was received from „student“ category with 55.3 percent. Category „Service“ and „Business“ carried 40.7 percent and 4 percent respectively. Students are freely adopting new ways living, especially which are closely associated with their status and comfort. Income is also one of important dimensions that determine individuals' choice of products. Table no. 1 indicates that 84.3 percent of respondents have monthly income in the range of Rs. 25001 – 50000 which is highest among all. It is also observed that larger part of customer base is from lower middle and middle income group.

**6. Drivers of Online Shopping:**

To know the attributes that drives the consumers to shop online, the probable attributes derived from extensive literature review, were listed and respondents were asked to mark their level of agreement to these attributes. Following responses were obtained (Table no. 2).

It is evidenced from Table no. 2 that almost all the attributes has received moderate to high response and all the mentioned attributes drives consumer to shop online with varying intensities. The attributes which receive highest count is „Time saving“ with mean of 4.27 followed by „competitive prices“ (4.01), are found as the most important attributes that drives consumer to shop online. 37.6 percent respondents strongly agreed and 36.7 percent agreed that online shops offer competitive prices. Other attributes which received high level of agreement are safe delivery as it builds trust (3.91); regular offers (3.75) as online shops usually create and serve new offers and schemes to their customers on regular basis. 37.3 percent respondents strongly agreed and 29 percent agreed that online shops provide offers and schemes to online customers on regular basis., Cash on Delivery option (3.77) and buying any time advantage as facility to access web-shops 24x7 (3.80) Moderate to high response is received for availability of commodities only on internet or web shop (3.54); availability of different variety of same commodity (3.70); Faith on Vendor (3.67); Convenience in shopping as it saves time and physical effort both (3.56); Easily Compare (3.73) as online shopping gives convenience of comparing the product on various aspects; accuracy and sufficiency of information provided on websites (3.65); Quick

availability (3.68) as online shopping facilitate quick availability of newly launched products; facility to access web-shops 24x7 leads to fast shopping (3.58) and, popularity of online shopping (3.55) as indicated by 31 percent of respondents strongly agreed and 29 percent agreed that the popularity of online shopping influence is one of the reasons to buy online; broad availability of choice (3.5), User review (3.48) as it gives an insight about the commodity under consideration and help in decision making. User reviews are helpful in buying any product online. Moderate response have been received for attributes like Secure Buying (3.33); prompt response (3.18); easy exchange and refund policy (3.20); brand conscious (3.38); and reliable services (3.32). If researches consider these factors as significant reasons to buy any commodity online as companies need to improvise online service in terms of technological as well as logistical up-gradation. Easy exchange and refund policies are promoting factor for online shopping. Only 18 percent of respondents strongly agreed and 36.67 percent agreed that online shops serve them brands. Now online shopping is in the trend and is gradually increasing in popularity. Online shopping stores threaten the physical market by offering cheaper prices, delivery facility, wide ranges of commodities and exchange facility. Reliability of services is a trust building factor that brings the customers again and again in the store. Results indicate that only 20.4 percent respondents strongly agreed and 25.0 percent agreed that the reliability of services influence them and give them a reason to buy online.

<b>Table No. 2</b>											
<b>Reasons to Purchase Online</b>	<b>Frequency</b>						<b>Percentage</b>				
	<b>SA</b>	<b>A</b>	<b>N</b>	<b>D</b>	<b>SD</b>	<b>Mean</b>	<b>SA</b>	<b>A</b>	<b>N</b>	<b>D</b>	<b>SD</b>
<b>Time Saving</b>	175	76	23	8	18	4.27	58.33	25.34	7.67	2.7	6.0
<b>Competitive Price</b>	113	110	53	15	9	4.01	37.66	36.67	17.67	5.0	3.0
<b>Products Avail. Online Only</b>	101	53	81	38	27	3.54	33.66	17.67	27.0	12.7	9.0
<b>More Variety</b>	93	91	66	35	15	3.70	31	30.34	22.0	11.7	5.0
<b>Secure Buying</b>	47	95	93	40	25	3.33	15.66	31.67	31.0	13.3	8.3
<b>Safe Delivery</b>	76	99	93	48	22	3.91	25.33	33.0	31	16.0	7.3
<b>Faith On Vender</b>	49	78	93	64	16	3.67	16.33	26.0	31	21.3	5.3
<b>User Review</b>	69	90	70	59	12	3.48	23.0	30	23.34	19.7	4.0
<b>Convenient</b>	72	95	79	37	17	3.56	24.0	31.67	26.34	12.33	5.7
<b>Easily Compare</b>	87	105	61	34	13	3.73	29.0	35	20.34	11.33	4.3
<b>Accurate &amp; Sufficient Info.</b>	80	98	77	28	17	3.65	26.66	32.67	25.67	9.33	5.7
<b>Quickly Available</b>	67	129	64	22	18	3.68	22.33	43.0	21.34	7.34	6.0
<b>Regular Offers</b>	112	87	35	47	19	3.75	37.33	29.0	11.67	15.67	6.3
<b>Cash On Delivery Option</b>	110	96	36	31	27	3.77	36.66	32.0	12.0	10.34	9.0
<b>Prompt Response</b>	53	78	74	62	33	3.18	17.7	26	24.67	20.67	11
<b>Easy Exchange Refund</b>	69	60	70	64	37	3.20	23.0	20	23.34	21.34	12.4
<b>Fast Shopping</b>	98	77	55	41	29	3.58	32.66	25.67	18.34	13.67	9.7
<b>Brand Conscious</b>	55	110	54	57	24	3.38	18.4	36.67	18.0	19.0	8.0
<b>Buying Anytime Advantage</b>	111	103	38	21	27	3.8	37	34.34	12.67	7.0	9.0
<b>Broad Choice Availability</b>	74	90	74	38	24	3.50	24.67	30	24.67	12.67	8.0
<b>Popularity Of Online Shopping</b>	71	93	87	29	20	3.55	23.67	31	29.0	9.67	6.7
<b>Reliable Services</b>	61	75	90	47	27	3.32	20.34	25	30.0	15.67	9.0

*Note: SA – Strongly agree A – Agree N – Neutral D – Disagree SD – Strongly disagree*

**Table No.2 Reasons to Purchase Online**

## 7. Problems/Barriers of Online Shopping:

To know the problems/barriers encountered by consumers during online shopping, the probable factors (as shown in Table no. 3, derived after extensive literature review) were listed and respondents were asked to indicate their level of agreement to these factors.

It is evidenced from Table no. 3 that almost all the factors has received moderate response and all the mentioned factors moderately affect consumers to shop online. It may be said that these problems/ barriers are moderate in nature. Out of the listed factors, low trust (3.44), warranty (3.42) as 18.6 percent respondents strongly agreed and 28.3 percent agreed that warranty is dubious in various commodities available online., requirement of pay cards (3.53) as pay cards are the essential requirement to do online shopping because many of web-shops not offer cash on delivery option usually online shops that offer services, delay in delivery (3.39) and online shopping a risky affair, there is risk of hacking personal and financial information (3.42) have received moderate to high response which means that these are problems consumers usually face when shopping online. Low trust is the factor that pulls back customers to buy online. Moderate response have been received for cheap quality (3.10), damaged goods (3.17), non-delivery (3.00), Risk on credit card transaction (2.99), lack of computer efficiency (3.07) as 10.4 percent respondents strongly agreed and 27.0 present agreed on this fact

that lack of computer efficiency creates trouble most of the time., not online shopping friendly (3.01) as 16.7 percent respondents strongly agreed and 16.4 percent agreed that they faced trouble due to not being friendly with online shopping environment., risk of identity theft (3.16), poor refund policy (3.18), high shipping cost(3.30), taxes and duties (3.28).

<b>Table 3</b>											
<b>Problems and Barriers of online shopping</b>	<b>Frequency</b>					<b>Mean</b>	<b>Percentage</b>				
	<b>SA</b>	<b>A</b>	<b>N</b>	<b>D</b>	<b>SD</b>		<b>SA</b>	<b>A</b>	<b>N</b>	<b>D</b>	<b>SD</b>
<b>Delay in Delivery</b>	50	90	104	37	18	3.39	16.7	30.0	34.7	12.4	6.0
<b>Cheap Quality</b>	27	67	130	58	17	3.10	9.0	22.4	43.4	19.4	5.7
<b>Damaged</b>	26	93	99	69	12	3.17	8.7	31.0	33.0	23.0	4.0
<b>Non Delivery</b>	38	63	86	85	27	3.00	12.7	21.0	28.7	28.4	9.0
<b>Risk On Credit Card Transaction</b>	40	65	77	90	28	2.99	13.4	21.67	25.7	30.0	7.7
<b>Lack of Computer Efficiency</b>	31	81	92	67	27	3.07	10.4	27.0	30.7	22.4	9
<b>Not online shopping friendly</b>	50	49	82	85	32	3.01	16.7	16.4	27.4	28.4	10.6
<b>Risk of Identity Theft</b>	29	79	108	68	13	3.16	9.7	26.3	36.0	22.6	4.3
<b>Poor Refund Policy</b>	55	68	90	44	41	3.18	18.3	22.6	30.0	14.6	13.6
<b>High Shipping Cost</b>	43	91	95	54	16	3.30	14.4	30.4	31.6	18.0	5.4
<b>Low Trust</b>	65	76	94	49	14	3.44	21.7	25.3	31.3	16.3	4.7
<b>Taxes And Duties</b>	39	104	81	53	22	3.28	13.0	34.6	27.0	17.7	7.4
<b>Warranty</b>	56	85	96	47	13	3.42	18.6	28.3	32.0	15.6	4.4
<b>Risky</b>	63	79	89	52	15	3.42	21.0	26.3	29.6	17.4	5.0
<b>Requirement of Pay Cards</b>	81	76	84	36	22	3.53	27.0	25.4	28.0	12.0	7.4
<i>Note SA – Strongly agree A – Agree N – Neutral D – Disagree SD – Strongly disagree</i>											

## 8. Findings and Conclusion:

The study was carried out to find various factors that affect online shopping behavior. Online shopping is very popular and is in trend in young generation. When a purchase has to be mad online, a consumer is affected by various factors. The study revealed that “time saving”, “competitive prices offered by web shops”, “safe delivery”, “regular offers”, “cash on delivery option” and “buying anytime advantage” are the important influencing factors to go for online shopping. Similarly the study finds that “low trust”, “warranty”, “requirement of pay cards”, “delay in delivery” and “risk of hacking personal and financial information” are the problems encountered by consumers when shopping online.

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