

Electronic Commerce - Consumer Perception towards Online Shopping

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Abstract

The Internet has brought a sweeping revolution in the way we shop or buy products today. Today companies have entered this online space to tap its enormous potential. Players like Flipkart, Amazon, Snapdeal, e-Bay to name a few are very active in this space. These players are very aggressive in attracting young population by offering convenience, choice, better bargain and speed of buying.

On the demand side, consumers are time pressed. With more and more consumers becoming increasingly familiar with internet and its benefits, online shopping is gaining popularity and preference among the set of consumers who seek better value proposition when compared to offline shopping in terms of information, convenience, cost, and choice. Besides, youngsters today are not afraid of experimenting with new ways of shopping which has also led to the popularity and growth of online shopping in India.

Key words: Online Shopping, E-commerce, Consumer Satisfaction, Security, Consumer Attributes, Online Payment Transactions.

Chapter I Introduction

1.1 Research Objective

1. To analyze the reasons why people prefer buying online.
2. To study the attributes and habits that influence customers to buy online.
3. To study the susceptibility faced by consumers while making use of electronic payment methods during shopping online.

1.2 Hypothesis of the Study

1. Hypothesis 1

H₀ Consumers are not satisfied with the experience of online shopping.

H₁ Consumers are satisfied with the experience of online shopping

2. Hypothesis 2

H₀ Buyers think that electronic transactions are not secure.

H₁ Buyers think that electronic transactions are secure.

1.3 Research Methodology

This research is based on Primary as well as Secondary Data analysis, which comprises of:

Research Universe	Mumbai Region
Sampling Method	Convenient Sampling
Sample size	229
Method of Data Collection	Primary and Secondary Data
Method of Primary Data	Questionnaire
Method of Data Analysis	Percentage, Chi-square and Cross Tabulation

Chapter II Secondary Data

2.1 Online Retailing Or E-Commerce

E-commerce is a transaction of buying or selling online. Electronic commerce draws on technologies such as mobile commerce, electronic funds transfer, supply chain management, Internet marketing, online transaction processing, electronic data interchange (EDI), inventory management systems, and automated data collection systems. Modern electronic commerce typically uses the World Wide Web for at least one part of the transaction's life cycle although it may also use other technologies such as e-mail. Typical e-commerce transactions include the purchase of online books (such as Amazon) and music purchases (music download in the form of digital distribution such as iTunes Store), and to a less extent, customized/personalized online liquor store inventory services. There are three areas of e-commerce: online retail, electric markets, and online auctions. E-commerce is supported by electronic business.

2.2 Categories of E-Commerce

E-business has been separated into four categories considering the components of the purchasing and offering parties. These categories are:

1. Business-to-Business (B2B) : Business-to-Business (B2B) e-commerce encompasses all electronic transactions of goods or services conducted between companies. Producers and traditional commerce wholesalers typically operate with this type of electronic commerce.

2. Business-to-Consumer (B2C) : The Business-to-Consumer type of e-commerce is distinguished by the establishment of electronic business relationships between businesses and final consumers. It corresponds to the retail section of e-commerce, where traditional retail trade normally operates.

These types of relationships can be easier and more dynamic, but also more sporadic or discontinued. This type of commerce has developed greatly, due to the advent of the web, and there are already many virtual stores and malls on the Internet, which sell all kinds of consumer goods, such as computers, software, books, shoes, cars, food, financial products, digital publications, etc.

When compared to buying retail in traditional commerce, the consumer usually has more information available in terms of informative content and there is also a widespread idea that you'll be buying cheaper, without jeopardizing an equally personalized customer service, as well as ensuring quick processing and delivery of your order.

3. Consumer-to-Consumer (C2C) : Consumer-to-Consumer (C2C) type e-commerce encompasses all electronic transactions of goods or services conducted between consumers. Generally, these transactions are conducted through a third party, which provides the online platform where the transactions are actually carried out.

4. Consumer-to-Business (C2B) : In C2B there is a complete reversal of the traditional sense of exchanging goods. This type of e-commerce is very common in crowdsourcing based projects. A large number of individuals make their services or products available for purchase for companies seeking precisely these types of services or products.

Examples of such practices are the sites where designers present several proposals for a company logo and where only one of them is selected and effectively purchased. Another platform that is very common in this type of commerce is the markets that sell royalty-free photographs, images, and media and design elements.

5. Business-to-Administration (B2A) : This part of e-commerce encompasses all transactions conducted online between companies and public administration. This is an area that involves a large amount and a variety of services, particularly in areas such as fiscal, social security, employment, legal documents and registers, etc. These types of services have increased considerably in recent years with investments made in e-government.

6. Consumer-to-Administration (C2A) : The Consumer-to-Administration model encompasses all electronic transactions conducted between individuals and public administration.

Examples of applications include:

Education – disseminating information, distance learning, etc.

Social Security – through the distribution of information, making payments, etc.

Taxes – filing tax returns, payments, etc.

Health – appointments, information about illnesses, payment of health services, etc.

2.3 E-Commerce Offers the Following Advantages to Consumers

1. Wide Range of Products and Services : Electronic commerce through internet enables the customers to choose a product or service of their choice from any vendor anywhere in the world. Due to space constraint, a vendor can stock only a minimum amount of goods in the physical store.

A virtual store enables a business organization to stock a lot of goods without considering the inventory cost. Hence, a business also provides a lot of choice to consumers to choose a product of his /her choice.

2. Convenience : Customers can buy any product from anywhere in the world without moving away from their workplace or home through internet. Due to bad weather, people may restrict their shopping even if necessity arises. E-commerce provides convenience to buy goods or services without causing any physical constraints to the consumers.

3. Saves Money : The cost incurred by the business on the middlemen generally falls on the consumer. Since the middlemen are eliminated, the customer is free from bearing the cost of the middlemen. To attract customers and to combat competitors, several business organizations offer product and services at cheaper price.

Certain goods like e-books, music audio clips, software can be purchased and delivered through internet. It saves cost for the buyers.

4. Saves Time : Time saving is one of the prime benefits of online shopping. Time taken for selection, buying and paying for an online product may not take more than 15 minutes; the products are delivered to customers' door steps within a week. It saves delivery time for the buyers.

5. Adequate Information : Internet is used as a main vehicle to conduct transactions in e-business. Internet allows customers to search for product information, compare the prices and benefits and finally evaluate its value before committing purchase.

Through internet, customers can get their queries clarified and track their delivery status when the goods are being sent to them. If any doubts arise while handling the products, the customers can easily contact the business through internet.

2.4 Limitations of E-Commerce

Though e-commerce offers many advantages to customers, business, society and nation, there are still some areas of concern that need to be addressed. The following are some of the limitations or disadvantages of e-commerce: lack of security, lack of privacy,

tax issue, fear of electronic operations, no touch and feel factor, cultural obstacles and network failure

Chapter III Data Analysis

3.1 Internet Proficiency Wise Distribution of the Respondents

Internet Proficiency of consumers may determine if they comfortable in shopping online or in stores. Internet connectivity, knowledge and proficiency will together play a role in buying habits of a consumer.

Table 3.1.1

Internet Proficiency	Frequency	Percent	Cumulative Percent
Extremely Familiar	140	61.1	61.1
Somewhat Familiar	89	38.9	100
Total	229	100	

Source: Survey Data

Table 3.1 shows that out the total sample size, 61.1 percent of respondents are extremely familiar with Internet usage whereas, 38.9 percent of respondents are somewhat familiar with Internet usage.

Table 3.1.2 Cross Tabulation of Educational Qualification and Internet Proficiency

			Internet Proficiency		Total
			Extremely Familiar	Somewhat Familiar	
	HSC	Count	24	26	50
		% within Qualification	48.0%	52.0%	100.0%
	Graduate	Count	41		69
		% within Qualification	59.4%	40.6%	100.0%
	Post Graduate	Count	49	24	73
		% within Qualification	67.1%	32.9%	100.0%
Professional Qualification	Count	26	11	37	
	% within Qualification	70.3%	29.7%	100.0%	
Total	Count	140	89	229	
	% within Qualification	61.1%	38.9%	100.0%	

Source: Survey Data

Table 3.1.3 Cross Tabulation of Gender and Internet Proficiency of the Respondents

			Internet Proficiency		
			Extremel Familiar	Somewhat Familiar	
Gender	Male	Count	66	40	106
		% within gender	62.3%	37.7%	100.0%
	Female	Count	74	49	123
		% within gender	60.2%	039.8%	100.0%

Total	Count	140	89	229
	% within gender	61.1%	38.9%	100.0%

Source: Survey Data

Table 3.3 is a cross tabulation of Gender wise internet proficiency. 62.3 percent of the male respondents are extremely familiar with internet usage and 37.7 percent of the male respondents are somewhat familiar with internet usage. Whereas 60.2 percent of the female respondents are extremely familiar with internet usage and 39.8 percent of the female respondents are somewhat familiar with internet usage.

Table 3.1.4 Chi-Square Test

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	0.106	1	0.745
Number of Valid Cases	229		

Source: Survey Data

The above chi-square test has a p-value 0.745 which is greater than p-value of 0.05. Hence, it can be concluded that there is no association of internet proficiency with gender.

3.2 Distribution of Products Shopped Online by the Respondents

A consumer's shopping behavior is determined by their like, preferences, needs, wants availability of goods and price. To study their favorite category of goods, respondents were given a wide range of goods to choose from for online shopping such as apparels, shoes, electronic goods, fashion accessories, home furniture, kitchen ware, cosmetics and others (medicines, automobile accessories, insurance policies, groceries, etc.).

Table 3.2 Products Shopped Online by the Respondents

Particulars	Apparels	Shoes	Electronics	Fashion Accessories	Home Furniture	Kitchen ware	Cosmetics	Others	
Total	108	119	194	96	32	64	52	11	676
Percent	15.97	17.60	28.69	14.20	4.7	9.46	7.69	1.62	100

Source: Survey Data

Table 3.2.1 reveals that the respondents have bought a wide range of categories of products online. 28.69 percent of the respondents have bought electronic products, 17.6 percent of the respondents have bought shoes, 15.97 percent of the respondents have bought apparels, 14.2 percent of the respondents have bought fashion accessories, 9.46 percent of the respondents have bought kitchen ware, 7.69 percent of the respondents have bought cosmetics, 4.7 percent of the respondents have bought home furniture and 1.62 percent of the respondents have bought other goods such as medicines, automobile accessories, insurance policies, groceries, etc.

3.3 Security of Online Payment

Security of making payment online (card payment/e-wallet payment) determines the level of trust that the consumer has in the e-commerce website.

Table 3.3 Security of Online Payment

	Frequency	Percent	Cumulative Percent
Yes	157	68.6	68.6
No	72	31.4	100
Total	229	100	

Source: Survey Data

The above table shows that 68.6 percent of respondents think that online transactions are secure and 31.4 percent of respondents think that online transactions are not secure.

3.4 Perceived Risk in Online Payment by the Respondents

This is to study the risks perceived by respondents in not using online payment methods.

Table 3.4 Perceived Risk during Online Payment by the Respondents

	Frequency	Percent	Cumulative Percent
Misuse of Card	46	20.1	63.9
Password hacking	21	9.2	93.1
Attack of Spam Messages	5	2.2	100
Total	72	31.4	
Respondents not considered	157	68.6	
Total	229	100	

Source: Survey Data

Out of the respondents who think that online payment transactions are not secure (31.4 percent shown in Table 4.22), 20.1 percent of respondents think that their credit or debit card information will be misused, 9.2 percent of respondents think that their ATM pin will be hacked and 2.2 percent of respondents think that they will be attacked by spam messages in their mailbox or message inbox.

Conclusion

Even though online sales have shown considerable growth, there is an indication that suggests that there are numerous purchasers shopping with purpose to purchase at retail sites who for reasons unknown don't finish the transaction. The motivation behind this study was to analyze the behavior of these people who have completed the internet purchase and to compare them with those that are simply on-line to browse and search with no purchases done. The study indicates that there is no gender wise difference in the satisfaction level with the electronic products bought online by respondents.

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