

ONLINE SHOPPING BEHAVIOUR IN VISAKHAPATNAM CITY

S.Ranjit Kumar,

Faculty Member,
Department of Management Studies
Andhra University Campus, Kakinada, India.

ABSTRACT

This paper is an attempt to study the online shopping behaviour in Visakhapatnam city. What extent the respondents appreciate contribution of online shopping in daily life and whether the Internet users in Visakhapatnam are just online surfers or understood the utility of Internet in meeting their needs and demands of shopping. Online purchase acceptance increased when users perceived a streamlined transaction process. While ease of order placing, payment and delivery procedures were key to user acceptance, shoppers surveyed viewed the transaction process as initiating with product search on the site. All types of stores have retail web sites, including those that do and do not also have physical storefronts and paper catalogues Online shopping is a type of electronic commerce used for business – to – business (B2B) and business – to – consumer (B 2 C) transactions. The various aspects of online shopping like quality, products, price and bargaining online, advertisements etc., are discussed.

Keywords: *Online Shopper, Online Shopping, Consumer Behaviour, Internet users.*

Introduction:

Wikipedia defines online shopping as a process in which consumers purchase products or services over the Internet. An online shop, e-shop, e-store, Internet shop, web shop, online store or virtual store evokes the physical analogy of buying products, or services at a bricks – and – mortar retailer or in a shopping mall. All types of stores have retail web sites, including those that do and do not also have physical storefronts and paper catalogues Online shopping is a type of electronic commerce used for business – to – business (B2B) and business – to – consumer (B 2 C) transactions.

The challenge faced by online marketers is to invite and retain the young customers by offering them a bouquet of options to choose from; since the penetration of digital products is the highest amongst youth. 61.2 percent Indians are below 30 years and 50 percent are below 25 years 22 percent of the advertised products cater to the youth and 59 percent of the advertisements are youth oriented¹. According to raj gupta² “We need to have media for youth and develop a youth culture as the youth spending maximum time surfing the net”. Generation next will determine the future of the online market in India. It is

these young men and women who sort the net regularly, flash swanky mobile phones and are more knowledgeable about the use of these gadgets and their applications than what their parents know.

The young are well connected, well aware and are more influenced by its community and society. The youth is a part of the social fabric and has to be dealt with delicately and carefully. The new generation is connected in a different way, the way of wireless and broadband.

Literature Review:

Studies on Online Shopping:

Studies on online shopping have also found evidence of convenience oriented motivations. Using data from a series of eight surveys of Internet users conducted between 1995 and 1997, Burroughs and Sabherwal (2001) found online purchase acceptance increased when users perceived a streamlined transaction process. While ease of order placing, payment and delivery procedures were key to user acceptance, shoppers surveyed viewed the transaction process as initiating with product search on the site. Much like earlier studies of in – store shoppers, these online shoppers were also interested in finding the right product quickly. Consequently, the ability to quickly locate product choices, supported by site elements such as navigational tools and in – site search capability, increased the acceptance of online retail. Further, online buyers in

¹ S.L.Gupta, Online Shopping Behaviour, Aims International Journal Volume 3, Number2-May 2009, P.119.

² Raj Gupta, President, Insight, Aims International Journal Volume 3, Number2-May 2009, P.119

Borroughs and Sabherwal study (2001)³ tended to view the interaction with an online retailer as one – time event, rather than an ongoing relationship; supporting the evidence these shoppers found more convenience than experientially focused.

Similarly, a study conducted by Mathwick, Malhotra and Rigdon (2001)⁴, found online shoppers primarily motivated by price consciousness and convenience, rather than the experiential or aesthetic characteristics of an online retail site.

Wokfin Bargeo and Gilly (2001)⁵ suggest that online shopping is inherently more likely to be the result of planned rather than browsing behavior. For these convenience – oriented online shoppers, easy-to-access and easy-to-use information about products and selection were the keys along with the ability to complete a transaction with the fewest clicks (Wokfin Bargeo and Gilly, 2001).

Yen-Hao⁶ pinpointed that Online News Services (ONSs) is still in its infancy and indicated that there is no comprehensive theoretical framework for understanding or predicting consumers' online adoption behavior.

Victor Perotti⁷ and Stanley Widrick examines the shopping and buying behavior of younger and older online shoppers as mediated by their attitudes toward Internet shopping Design / Methodology / approach. It indicates advances knowledge of the nature of the relationships among age, attitudes and online shopping and buying behavior.

Research on a conceptual model of trust in the online environment was conducted by Jari salo and Heikki Korjalnoto⁸ shows that trust is an important factor for successful online transactions. Although the importance of trust has been examined from various perspectives, it explores factors that affect the formation of end – user trust in online environments which categorizes the affecting elements under internal and external factors affecting end – user trust formation.

Jihyun Kim and Jihye park⁹ pinpointed that attitude towards the offline store was a significant predictor of attitude towards the online store. In addition, search

intention for product information via the online store was the strongest predictor of consumer's purchase intention via the online stores as well as a mediating variable between predictor variables and purchase intention.

Delia Vazquez and Xingang Xu¹⁰ explain that the relationship between the online consumer behavior constructs of attitude, motivations and information search in order to develop an online consumer behavior framework. It shows the development of the online consumer Behavior literature by adding knowledge on the nature of the relationships between online behaviors constructs.

Gattiker Stefano Perlusz¹¹ found different decisional contexts for web shopping, comparing commodity products that require engineering support, while the hype is generally on the first, customized and specialty products may be more attractive from a business perspective, future challenges and practical implications for organizations willing to take advantage of the opportunities the web offers.

Stuart J. Barnes¹² enumerates online marketing by distinct, practice relevant and addressable clusters by means of selected criteria for constructing typologies. Such as psychographic, culturally – specific and purchasing behavior – relevant features which permit an online supplier to efficiently and effectively focus on attractive consumer users characteristics and perceived harm on their attitudes toward regulations of online auction industry. Zorotheas A and E. Kafeza¹³ examined whether the Internet users' privacy concerns (concerns for information privacy, CFIP) and perceived privacy control (PPC) affect their willingness to use Internet web places in order to transact. A theoretical model is introduced that describes how users' CFIP and PPC may affect their willingness to transact through web places when personal information must be disclosed in order to accomplish the transaction.

Objectives of the study:

The basic objectives of the proposed study are.

- To study the resources that consumers bring to the online purchases.
- To understand the online shopping behaviour of Internet users.
- To suggest measures to promote online shopping.

Methodology of the study:

The primary data for the study is collected from Internet users in Visakhapatnam. Data from the Internet users is collected on socio-economic and demographic profile,

³ Burroughs and sabharwal, (2001), " Determination of retail electronic purchasing: a multi-period investigate", AIMS International Journal ,Vol 40, pp.35-56

⁴ Mathwick, Malhotra and Rigdon, (2009), "Online Shopping Behaviour" , AIMS International Journal Vol.3, No.2, pp.134.

⁵ Wokfin Bargeo and Gilly, (2009) "Online Shopping Behaviour" AIMS International Journal, Vol.3, No.2, pp.134.

⁶ Yen-Hao, (2008) " Toward an understanding of the behavioral intention to use online news services: An exploratory study" ,Internet Research: www.emeraldinsight.com/1066-2243.htm, Vol.18, No.3, pp.286

⁷ Victor Perotti, (2005) "Attitude and age Differences in online buying" Rochester Institute of technology" , International Journal of Retail & Distribution Management, Vol.33, No.2, pp.142

⁸ Jari salo and Heikki korjalnoto, (2007) "A Conceptual model of trust in the online environment", Online Information Review, Vol.31, No.5, pp.604

⁹ Jihyun kim and Jihye park, (2005) "A consumer shopping channel extension model : attitude shift toward the online store", Journal of Fashion Marketing and Management, Vol.9, No.1, pp.106

¹⁰ Delia Vazquez and Xingang Xu, (2009) "Investigating linkages between online purchase behaviour variables", International Journal of Retail & Distribution Management, Vol. 37, No.5, pp.408

¹¹ E. Gattiker Stefano Perlusz, (2000) "Using the Internet for B2B activities: a review and future directions for research", Internet Research: Electronic Networking Applications and policy, Vol.10, No.2, pp.126

¹² Stuart J. Barnes, (2007) "Segmenting cyber space: a customer typology for the Internet", European Journal of Marketing, Vol.41, No.2, pp.71

¹³ Zorotheas A and E. Kafeza, (2009) " Users' perceptions on privacy and their intention to transact online: a study on Greek Internet users", direct marketing : An International Journal, Vol.3, No.2, pp.139

Internet usage details and their attitude towards online shopping. The study covers a sample of 900 respondents from Visakhapatnam city, Andhra Pradesh, India, selected based on purposive sampling method.

Statistical techniques to be used:

Statistical analysis of data is carried out by using cross tabulation, factor analysis and multiple regression analysis.

Findings and Analysis:

Table1: Online Purchase of Product or Service – Gender Wise

| Particulars | Sex | | Total |
|-------------|----------------|----------------|-----------------|
| | Male | Female | |
| Yes | 389 (43.2%) | 204 (22.7%) | 593 (65.9%) |
| No | 197 (21.9%) | 110 (12.2%) | 307 (34.1%) |
| Total | 586 (65.1%) | 314 (34.9%) | 900 (100.0%) |

Table 1 depicts the opinion of male and female regarding purchase of service of product online. Of the total, 43.2 percent of male and 22.7 percent of female have agreed with purchase of service or product online. But, 21.9 percent of male and 12.2 percent of female have not favoured purchasing of services or product online. It can be concluded from the above table that both the genders favour online purchase of product as service.

Table 2: Online Purchases of Product or Service- Religion Wise

| Particulars | Yes | No | Total |
|-------------|-------|-------|--------|
| Hindu | 420 | 242 | 662 |
| | 46.7% | 26.9% | 73.6% |
| Muslim | 54 | 22 | 76 |
| | 6.0% | 2.4% | 8.4% |
| Christian | 114 | 43 | 157 |
| | 12.7% | 4.8% | 17.4% |
| Others | 5 | 0 | 5 |
| | 0.6% | 0 | 0.6% |
| Total | 593 | 307 | 900 |
| % of Total | 65.9% | 34.1% | 100.0% |

The above table 2 describes opinion of respondents by religion towards purchase products or services online. It can be observed from the table that majority of Hindus representing about 46.7 percent are purchasing products/services online. Whereas the percentage of Christians was 12.7 and 6 percent in case of Muslims in this regard. It is clear from the table that out of the total, about 65.9 percent of respondents of various categories purchasing products or services online in the study area.

Table 3 Online Purchase of Product or Service- Education Wise

| Particulars | Yes | No | Total |
|-------------|-------|-------|--------|
| Inter | 60 | 19 | 79 |
| | 6.7% | 2.1% | 8.8% |
| Degree | 270 | 92 | 362 |
| | 30.0% | 10.2% | 40.2% |
| PG | 257 | 195 | 452 |
| | 28.6% | 21.7% | 50.2% |
| Others | 6 | 1 | 7 |
| | .7% | .1% | .8% |
| Total | 593 | 307 | 900 |
| % of Total | 65.9% | 34.1% | 100.0% |

Table 3 explains the Education Vs Respondent purchase of products or service through online. It is observed from the table that, about 30 percent of degree qualified respondents purchased products or service online. Meanwhile, 28.6 percent of PG holding respondents also purchase products or service online. About 6.7 percent of intermediate qualified respondents occupied third place in purchase products or service through online. Thus, it can be said that the relation between education and online purchasing has been positive i.e., higher educated respondents higher purchase of the products or service through online and vise-versa.

Opinion on Time Preference for Online Purchases:

Table 4 Time Preference for Online Purchases Age Wise

| Particulars | Age (in years) | | | | | Total |
|-----------------|----------------|-------|-------|-------|------------|--------|
| | 16-25 | 26-35 | 36-45 | 46-55 | 56 & above | |
| 6 am to 8 am | 22 | 8 | 6 | 2 | 0 | 38 |
| | 2.4% | .9% | .7% | .2% | 0 | 4.2% |
| 8 am to 12 noon | 22 | 27 | 6 | 5 | 0 | 60 |
| | 2.4% | 3.0% | .7% | .6% | 0 | 6.7% |
| 12 noon to 2 pm | 27 | 19 | 6 | 15 | 2 | 69 |
| | 3.0% | 2.1% | .7% | 1.7% | .2% | 7.7% |
| 2pm to 6 pm | 80 | 69 | 20 | 14 | 2 | 185 |
| | 8.9% | 7.7% | 2.2% | 1.6% | .2% | 20.6% |
| 6 pm to 9 pm | 118 | 164 | 44 | 44 | 5 | 375 |
| | 13.1% | 18.2% | 4.9% | 4.9% | .6% | 41.7% |
| 9 pm to 11 pm | 36 | 38 | 18 | 10 | 1 | 103 |
| | 4.0% | 4.2% | 2.0% | 1.1% | .1% | 11.4% |
| any time | 35 | 27 | 4 | 3 | 1 | 70 |
| | 3.9% | 3.0% | .4% | .3% | .1% | 7.8% |
| Total | 340 | 352 | 104 | 93 | 11 | 900 |
| % of Total | 37.8% | 39.1% | 11.6% | 10.3% | 1.2% | 100.0% |

Obviously, the table shows that majority of respondents of all age groups prefer 6pm to 9 pm followed by 2pm to 6pm and 9pm to 11 pm respectively for online searching or purchasing of products and services.

Table 5 Reasons for Purchasing Online

| Particulars | Freq | % |
|---|------------|--------------|
| Reliability of information from vendors | 88 | 9.8 |
| Saving time | 147 | 16.3 |
| Convenience | 165 | 18.3 |
| No pressure from sales people | 162 | 18.0 |
| Accessibility to a variety of product information | 149 | 16.6 |
| Better prices | 189 | 21.0 |
| Total | 900 | 100.0 |

Table 6 Factor analysis on Online Shopping

| Factor | Factor Interpretation | % Variance explained | Loading | Variables included in the factor |
|-----------|----------------------------|----------------------|---------|--|
| F1 | Reason to use web | 22.179 | .970 | main reasons to use the web for purchasing products/ services |
| | | | .974 | the common reasons for failed online purchases |
| | | | .947 | type of help required for online purchase |
| | | | .841 | the main reasons for not purchasing online |
| | | | .969 | the important aspects to you when you do online shopping |
| F2 | Quality of online products | 8.313 | .792 | Online products and in store products are of same quality |
| | | | .821 | You have same choice online and offline (store) |
| F3 | Forward the information | 8.215 | .683 | Forward the product related e-mails to your friends, co-workers and relatives |
| | | | .570 | Have you ever had your credit card number stolen online? |
| | | | .672 | Do you purchase products or service online? |
| F4 | Internet advertisements | 7.782 | .681 | you like to watch advertisements (for example advertising on television, In magazines, on the radio, etc.) |
| | | | .820 | do you like Internet advertising? |
| | | | .702 | The Internet ads are better than other advertisements |
| F5 | Product information | 7.039 | .532 | Total annual income |
| | | | .685 | do you prefer to get product information? |
| F6 | Online payments | 6.539 | .546 | Online products are cheaper than offline products |
| | | | .717 | Bargaining is possible online |
| | | | .607 | How do you like to pay for online purchases? |

The particulars relating to purchasing reasons of the respondents are shown in table. The table 5 reveals that 21 per cent of the respondents get better prices. A little over 18.3 percent prefer for convenience, 18 per cent of the respondents are belonging to no pressure from sales people whose respondents are 162. Lowest numbers of respondents are for reliability of information from vendors whose percentage is 9.8 respectively. Hence, it can be concluded that the majority of the respondents are purchasing online products for the reasons of better prices. Table 6 presents the summary of factors an analysis The first factor explained 22.17 % of the variance and was named “Reason to use web”. Individuals included in this factor main reasons to use web for purchasing products/services that each in online shopping behavior affects online shopping. These factor loadings ranged from .974 to .841.

The second factor explained 8.31% of the variance and was labeled “quality of online products”. This factor was composed of two activities including online products and in store products or of same qualities, you have some choice online and offline store. They prefer to purchase online products or services. Factors loading ranged from .792 to .821

The third factor explained 8.21% of the variance and was labeled “forward the information”. Online shoppers are agreeing with these statements need forward of information to change to increase online purchasing behavior. Factors loading ranged from .683 to .570.

The fourth factor explained 7.78% of the variance was labeled “internet advertisements”. The statements measure online shopping behavior towards you like to watch advertisements (for example advertising on television, a magazine, radio etc..), the internet ads are better than other advertisements. Factors loading were .820 to .681.

The fifth factor explained 7.03% of the variance and was labeled "product information". These statements were appear to measure that do you prefer to get the product in future. Factors loading were .685 to .532

The sixth factor explained 6.53% of the variance .this factors were labeled "online payments". The statements related to how do like to pay for online purchase? Factors loading were .717 to .546.

Conclusions:

Online shopping is the emerging trend in recent years in India. This new trend is adapted slowly by the different religious people. Nearly 55 percent of respondents agreed that the quality of online and offline products is same. It shows that they do not have any doubt about the quality of online products. It can be said that majority of the respondents as classified by age, gender, religion, occupation and educational status have agreed that quality between online products and in store products are same and they have same product choice online and offline. Majority of respondents have neither agreed nor disagreed and it reveals that they do not have any idea about the price of the products online and offline. It can be concluded that majority of respondents religion-wise and education wise consider that price of online products is cheaper than offline products. Majority of respondents in all the age groups, religion wise, gender wise and education wise have disagreed with the possibility of bargaining online. It seems that they are not aware of the possibility of bargaining online. Respondents in all groups of age, gender, religion, education and occupation watch advertisements online and offline and they feel that the online ads are better than other advertisements. Nearly 66 percent of both the genders purchase product or service online. The relation between education and online purchasing has been positive i.e., highly educated respondents involve more in online purchases. All age groups prefer 6pm to 9 pm followed by 2pm to 6pm and 9pm to 11 pm for online searching or purchasing of products and services. Majority of the respondents purchase online for the reason of better prices and the majority of the respondents do not purchase online as they do not have information about the vendor's reputation. Even respondents failed to purchase online products due to the reason of page taking too long to load and they could not wait. The respondents prefer help of toll free number for online purchases. Product choice, lowest price and convenience are important features required by the respondents for online shopping. Majority of the respondents' preferred to purchase online products using credit card and online bank account. The respondents have never read any of a license agreement followed by never read all from start to finish. Simply, no body read the license agreement completely.

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