

Study of Factors Affecting Consumer Preference Towards Online Shopping

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Abstract: In modern scenario, the popularity of online shopping is enhancing in many developing countries including India. E-commerce offers different opportunities and to consumers as well as companies along with the significant growth of online shopping. This study deals with the investigation of different factors influencing the customer preference towards online shopping. The growing craze of online shopping is attracting various online sellers to a great extent. Companies are showing interest in understanding and analysing the different factors which are influencing the preferences of Indian customers. For the purpose of coverage of topic secondary data is collected from various authentic sources. Secondary data is collected through different research papers, books and journals in order to make a deep and clear understanding of the topic. The study covers the entire basic, important and relevant factors associated with the online shopping and preference of Indian customer towards it.

Keywords: Online shopping, E-commerce, digital marketing, consumer behaviour, preference, online platforms

I. INTRODUCTION

Over the past few years, the trend of online shopping is enhancing to a great extent in India. Enhancement in the volume of the internet user is one of the major factors behind the increasing craze of online shopping. People are showing interest towards buying things through various online platforms which is one of the major factors for the significant of the growth and development of E-commerce in India.

The popularity of the online shopping is increasing day by day in India. The products that are mostly sold through online platforms are mobile, jewellery, clothes, lifestyle accessories and beauty products. Many online shopping platforms such as Amazon, Flipkart, snap deal, Myntara, Zansaar have targeted Indian market in order to enhance their sales and profitability. All these online shopping platforms are focusing on capturing significant share. The online sellers are developing effective strategies in order to meet the demand of the Indian market.

Online shopping behaviour also known as online buying behaviour is a process of buying products through the Internet. The online shopping process is similar to that of traditional shopping behaviour. When a customer recognizes the need of some products or services, they go to the internet and search for the products or services which

can meet their needs and demands and then they select what meets their expectation best.

It is crucial to understand and analyse the different factors which are affecting the consumer preference towards online shopping. There are various factors which affect the online consumer behaviour to a great extent which reflects on the business operations of online as well as offline sellers. It is imperative for an organization to focus on the all the different dimensions of the consumer behaviour in order to enhance their sales and profitability.

AIM AND OBJECTIVE OF THE STUDY

This research aims to probe the different dimensions of the factors affecting consumer preference towards online shopping. The objectives of this study are:

- To study the different factors affecting the online shopping in India
- To investigate the factors influencing consumer preferences
- To understand the impact of customer preferences on online shopping in India

II. METHODOLOGY

The qualitative research method is adopted in this research in order to make a deep and clear understanding of the factors affecting consumer preference towards online

shopping. Secondary data is collected from various sources such as research papers, books, articles and journals. The data is taken from authentic documents based on the factors influencing the customer preferences towards online shopping.

After the collection of the data through various secondary sources, it can be analysed in order to draw a conclusion on the different factors associated with the consumer preference towards online shopping.

III. LITERATURE REVIEW

ONLINE SHOPPING IN INDIA

According to Khare & Rakesh, (2012) online shopping is a relatively new concept which includes the selling and buying products and services using a technological medium. In India, the popularity of online shopping is increasing greatly to its various advantages. There are different benefits of online shopping such as its time saving and convenient. It is very easy for customers to compare the products and services from the available options in less time as compared to traditional shopping. After comparison of different products, a buyer selects their desired products and services through online platforms. One of the major advantages of online shopping is home delivery. The online shopping sites deliver products at the doorsteps of the products in a specific time period. The online sites also provide different facilities such as return facilities, exchange facility, reviews of users etc. In addition to this Liu, et al. (2010) states that the online consumer possesses more control and bargaining power as compared to that of the consumer of physical stores. Online platforms have lower down the transaction cost and it is beneficial for the vendors as well as the consumers. All these benefits of the online shopping are enhancing the popularity of online shopping among Indians.

In addition to this Richa, (2012) states that during the past decade the study of online consumer behaviour is one of the most important research agenda in the field of e-commerce. It is crucial to understand and analyse the different factors associated with the behaviour of online consumers. The buying process of online customer is similar to that of traditional customers. The buying process consists of 4 different stages that need reorganization, search for solution, evaluation of alternatives and purchase. The first stage of buying process includes reorganization of different needs and demand of the consumers. It is important for an online vendor or seller to consider the different needs and demands of the customers and should develop their products and services accordingly. A customer searches for the different solutions which can meet their expectations. This is the main steps where an online seller can attract its customers by providing them with a perfect product or service which can meet their expectations. The third and most important step of the buying process is an evaluation

of the alternatives. In this step, a customer compares the products with their alternatives on the basis of price, quantity, quality etc. In this step, a seller must focus on representing its products as the best products in terms of price, quality, quantity and other such products. It should develop the different strategies to make it more attractive and desirable for the customers. The final stage of consumer buying process is purchasing. In this step customer order the best and suitable products. In this stage, online seller confirms the order of the customer and delivers the products within deadline (Gehrt, et al. 2012).

Shah Alam & Mohamed Sayuti, (2011) states that it is imperative for an online seller to consider all the different factors associated with the buying behaviour of the consumer in order to enhance their market share and profitability. First of all its important for an online seller to identify its target customers. In order to identify its target customers, it is important for the company to understand the different types of the online customers. Online shoppers can be categorised into six different categories like simplifiers, surfers, connectors, bargain shoppers, routine followers and sportsters. Simplifiers are the shoppers who spend less time at internet shops but make a significant purchase online. Most of the simplifier shoppers seem to be rich and to be fast in purchasing. Simplifiers can be good target customers of the online sellers; therefore, it can target simplifiers to enhance their sales and profitability. Surfers can also be potential customers of as they spend a lot of time on the online shopping sites the buy the desired products. They are slow buyers as compare to others. Connectors are the shoppers from whom internet shopping is new and they seldom buy through online mediums and prefer to buy through offline stores. Bargain shoppers as the name imply they often search for good products at good price. They go to different online shopping sites and compare of the products in order to buy the products at a right price. The routine followers search for specific information on internet. The sportsters are the person to visits sport and entrainment sites.

Darley, et al. (2010) states Company can target these kinds of the buyers in order to enhance their sales and profitability. The company should develop the effective strategies according to different kind of online shoppers in order to meet their needs and expectations. Online sellers can also focus on the all the other factors which can be considered in order to identify target customers. Factors like lifestyle, age, income, education, occupation and other such factors also influence the online shopping behaviour to a great extent.

Lin & Lekhawipat (2014) also states that Anonline retailer should understand and analyse the purchasing behaviour of the customers. There are different factors associated with the purchasing behaviour of the customers which can influence the business of online retailers. It is crucial for

online companies to understand and analyse the different factors associated with the online purchasing behaviour of the customers and should develop their business strategies accordingly (Rezaei& Ismail, 2014).

THEORIES ON BUYING BEHAVIOUR OF CUSTOMERS

Verhagen & van Dolen, (2010) There are different theories which can be adapted to make an understanding of the different factors associated with the consumer buying behaviour. Theory of Reasoned Action (TRA) is an effective theory which can be adopted by the companies in order to understand the purchasing behaviour of the customers. This theory was proposed by Ajzen and Fishbein in the year 1975. The theory states that shopper's intention is based on the two variables that are attitudinal and normative beliefs. According to this theory, human behaviour is preceded by intentions which are based on attitude of the customers towards the behaviour. Attitude reflects positively well as negatively on the purchasing behaviour of the consumers. It is linked with the intention because consumer often makes decisions on the basis of what other thinks about them. One of the drawbacks of TRA theory is that the buying intentions from the viewpoint of technology adoption. The Technology Acceptance model can be developed in order to overcome this limitation of TRA model. Davis developed Technological Acceptance model which is suitable for the prediction of user behaviour of how a person looks at the benefit of using technology and how technology can help in making it task more convenient. Although it is an effective model to understand the purchasing behaviour it fails to consider the impact of social psychology on the perception of customers. Theory of planned behaviour is developed in 1985 on the basis of Theory of Reasoned action. Perceived behavioural control is added to TRA for the better prediction of user's performance behaviour. This theory is a widely used theory in order to predict the online shopping behaviour of the customer on the basis of different variables that are the attitude towards behaviour, subjective norm and perceived behaviour control. All these three independent variable shapes the buying behaviour of the customers. This model covers all these three elements which make it a most effective model to understand the behaviour of the customers (Solomon, et al. 2010).

FACTORS AFFECTING CONSUMER PURCHASING BEHAVIOUR TOWARDS ONLINE SHOPPING

According to Sinha, (2010) there are numerous factors which are influencing online shopping behaviour in India. These factors reflect positively as well as negatively on the online shopping behaviour of people. The conceptual model is adapted from the theory of planned behaviour. According to this model, there are five key factors which influence the online shopping behaviour of Indians. These factors are consumer demographics, desired consequences, attitude

towards online shopping, subjective norm and perceived behavioural control (Yoon&Oceña, 2015).

CONSUMER DEMOGRAPHICS

Chakraborty, et al. (2016) states that Consumer demographics is one of the major factors that influence the consumer preference towards online shopping. There are numerous factors such as income, age, occupation, gender and education which possess significant impact on the consumer behaviour. Several types of research have done to understand the impact of a demographic factor on the buying behaviour of a consumer. It is found in many researches that people with higher income, higher education, working professionals prefer online shopping over shopping through offline stores. A person with higher education and income tends to be potential customers of the online sellers. One of the reasons behind this is the availability of the different required sources such as the internet, computer, mobile to people with higher education and income. If the age is to be considered then the young people tend to be potential customers of the online retailers. The Indian youth are technological freak and like to utilize technology in their daily life. Young generation prefers to buy mobiles, clothes, accessories, food and other products through different online platforms (Guo, et al. 2011).

Gender is also a key demographic factor which influences the online shopping behaviour. In India males as well as females like to buy products online but there is a huge difference between the shopping of males and females. For instance, men like to buy mobiles, computers, accessories and home electronic more than the female customers whereas female customers like to buy the cloths foods and beverages more than the men.

Hernández, (2011) states that It is very important for an online vendor or sellers to understand the different demographic factors as they can reflect significantly on the sales and profitability of the company. It is found that an online seller can target both the males and women. These different demographic factors can be considered by an organization to identify their target customer. For example, a mobile company that sells costly smartphone on online platform then its target customers may be people belong to the high-income class, possess higher education, who like technological tools and may be business or working professional belong to any gender (Wu, et al. 2010).

DESIRED CONSEQUENCES

Desired consequences reflect significantly on the buying behaviour of the customers. There are different factors such as convenience, time-saving, pricing and trust reflect positively on the online shopping. Online shopping is time-saving which is one of the favourable factors. The time-saving factor of online shopping attracts the busy and business people. It is very easy for a customer to find their desired products and their alternatives in very less time.

There is no need for bargaining when shopping online which helps in saving time. Some researchers argue that time-saving is not a major factor which influences the online shopping behaviour, the impact of time-saving factor depends on the particular people, situations, needs etc. Price is one of the major concerns of the customer while shopping. In India, people are price sensitive and prefer to buy the quality products at the right price. Customers compare the price of a product before buying it. It is very important for a seller to develop effective pricing strategy in order to attract the customers. The online platform provides different discounts and offers to its customers in order to attract the customers. Many online platforms in India has applied flash sales strategies in India which they sell products at very low price which help in attracting the large volume of the customers. Trust is another major factor which influences the buying behaviour of the customers to a great extent. Trust is essential for the development of healthy relationship between the customers and sellers. It is very important for an organization to focus on building relationship of trust in order to achieve significant and sustainable growth. In context of online shopping, trust is associated with numerous factors such as online financial system, quality of products, security risk and product risk (Sahney, et al. 2010). Customers make online payment to place an order, therefore, it is imperative for seller to focus on the safe and secure transaction. Many companies provide cash on delivery service in order to achieve the trust of the employees. Sometimes customers complain that they got low-quality products or something they have not ordered. This kind of mismanagement affect adversely on the relationship between sellers and customers and trust issue can arise. Some of the research studies that trust is not the major factor which influences the consumer buying behaviour when shopping online. Studies of Miyazaki and Fernandez (2011) depict that the more internet experience people have more he tends to buy products through online platforms. It is imperative for an online seller to focus on developing a healthy and positive relationship with its customers (Rezaei& Ismail, 2010).

ATTITUDE TOWARDS ONLINE SHOPPING

Shiau&Chau, (2015) This variable can be used to understand and analyse the buying behaviour of the customers according to their overall evaluation of behaviour. This factor helps in developing better understanding of the behaviour intervention of the customers. Many types of research indicate that attitude reflects significantly on the consumer behaviour when shopping online. The lifestyle and interest of the people influence the buying behaviour of the customers to a great extent. There are different factors which can influence the attitude of the customers.

SUBJECTIVE NORMS

Subjective norm is about the behaviour of the online shoppers. The subjective norms can be classified into different categories such as external influences, internal influences and personal norms. The social norms reflect significantly on the purchasing intention of the customers. There are different Author suggest that subjective norms may be insignificant in driving the buying intentions of the consumers.

PERCEIVED BEHAVIOUR CONTROL

Verbraken, et al. (2014), states that Perceived behaviour control is another key factor which influences the buying intentions of the customers. It is used to understand the ability of the people accomplishing any task. It also helps in measuring that how a person is confident about performing behaviour on task and how much an individual possess control over his behaviour on tasks. In the context of online shopping, the factors such as ability of the person to use internet, computer, mobile or any other device can influence the consumer buying behaviour to a great extent.

ONLINE CONSUMER DECISION-MAKING PROCESS

Online decision-making process influenced by various internal and external factors. The below-mentioned diagram portrays the different aspects of consumer decision-making process.

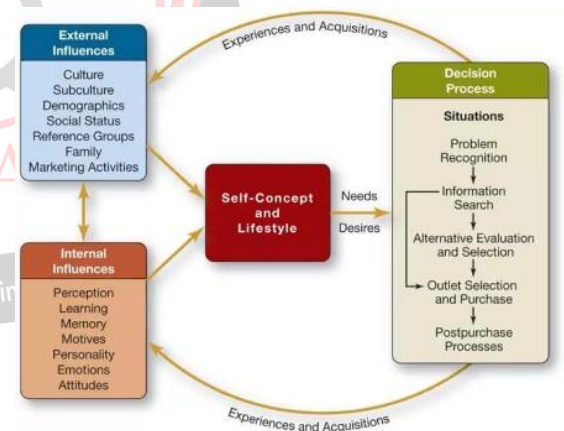


Figure1: online consumer decision-making process

There are various internal and external factors which influence the decision making the process of the consumers to a great extent. As per the online shopping behaviour is concern, the internal factors such as perception, motive, learning, personality, emotions, attitudes etc. drives the behaviour of the customers. These internal factors must be considered by the online companies in order to attract the customers. External factors which influence the decision-making process of consumers includes culture, subculture, social status, family, marketing activities, preference group etc. In context of online consumer decision-making process, the whole process can be simplified into two steps. The first step includes screening of accessible products and second is being able to compare the selected products or service in

order to decide which would meet best to the expectations of a consumer. In the first step, a consumer searches the product name online. In this step, a consumer goes through various available options. In this step, consumer decision can be influenced by various internal and external factors. A consumer will select the option which can meet all the expectation in term of price, quality, quantity, design etc. In second step a consumer compares selected products with the other different products in order to buy a perfect product which can meet its needs and demands. At last consumer order a product in required quantity. An online seller delivers the products at the doorstep of the consumer within the deadline.

The research of author suggests that there are different factors which can influence the consumer behaviour while shopping online, therefore, the understanding of impact of different factors is essential to meet the need and demand of the online customers (Gehrt, et al. 2012).

IV. ANALYSIS AND FINDING

Literature review suggests that there online shopping contributes significantly to the corporate world. The craze of online shopping in India is a favourable factor for the growth and development of E-commerce in India. Consumer behaviour is an important element that influences the E-commerce to a great extent. There are different factors which can influence consumer behaviour to a great extent (Thamizhvanan & Xavier, 2010).

There are different theories which can be used to understand the behaviour of the online customers can be understood. There are different theories which can be adopted online seller in order to understand the buying intention of the customers in order to develop effective strategies. TRA, Technological Acceptance model and theory of planned behaviour can be adopted by an organization to understand the different factors associated consumer purchasing behaviour.

It is found that demographic factor such as age, income, education, occupation, influences the buying behaviour of the consumers to a great extent. These different factors possess a great impact on the buying behaviour of customers, therefore, it is imperative for an organization to consider the different demographic factors which can influence the sales of an organization. The attitude of customers is another important factor which can influence the preferences of the customers when shopping online. Subjective norms and perceived behaviour control are the major factors that influence the consumer behaviour to a great extent.

The Decision-making process of customers possesses great impact on the buying behaviour. The online decision-making process influenced by various internal and external factors. It is imperative for online sellers to develop

effective strategies by considering all these decision-influencing factors.

An organization should consider all these factors in order to identify their target customers. An online seller can identify their potential customers on the basis of the different demographic factors. It is imperative for company to focus on the consumer on the basis of the different factors demographic factors. For example, males like to buy more electronic products such as mobile phones, computers, camera and headphone as compared to female and female like to buy more clothes and beauty products as compared to male. It is imperative for an organization to identify its target customers and to develop strategies accordingly in order to meet their needs and demands. Behavioural and psychological factors can also be considered by an online seller in order to identify their target customers. There are different factors which can be adopted by an organization consider all the factors associated with the target customers The emergence develop the effective business strategies (Shareef, et al. 2015).

It is found in this research that the popularity of the online shopping is increasing due to its different advantages over traditional shopping, therefore, it is crucial for an organization to focus on this rapidly growing sector. There are different types of the online consumers such as simplifiers, surfers, connectors, bargain shoppers, routine followers and sportsters. The buying pattern or style of these type of customers are different from each other. Online seller develops the strategies according to the need and demand of the different kind of the customers.

This research also depicts that a company should also focus on the post purchasing factors. Companies must develop effective strategy in order to attract the customer by delivering the best products at best prices within deadline. It can help in building a healthy and positive relationship with the consumers (Shareef, et al. 2015).

V. CONCLUSION

Online shopping is a relatively new and important concept in the corporate world. It is important for an online seller to focus on the different factors associated with the online shopping. There are different benefits of online shopping such as its time saving and convenient. It is very easy for customers to compare the products and services from different available options in less time as compared to traditional shopping. After comparison of different products, a buyer selects their desired products and services through online platforms. One of the major advantages of online shopping is home delivery. The online shopping sites deliver products at the doorsteps of the products which is also a major benefit of the online shopping.

There are various internal and external factors which influence the decision-making process of the consumers to a great extent It is imperative for an online seller to

consider all the different factors associated with the buying behaviour of the consumer in order to enhance their market share and profitability. There are different theories which can be adapted to make an understanding of the different factors associated with the consumer buying behaviour. Consumer demographics is one of the major factors that influence the consumer preference towards online shopping. There are numerous factors such as income, age, occupation, gender and education which possess significant impact on the consumer behaviour. There are different factors such as convenience, time-saving, pricing and trust reflect positively on the online shopping. The attitude of the consumers is also key factors which reflect significantly on the consumer behaviour. Subjective norms and perceived behaviour control are the important elements which should be considered by an online seller in order to enhance the sales. It may be concluded that it is crucial for online seller to consider all the different factors affecting consumer preference towards online shopping in order to make a significant growth. It may be concluded that it is imperative to consider positive as well as negative impact of all the different factors which can influence the preference of consumer towards online shopping in order to make a sustainable growth.

VI. RECOMMENDATION

There are numerous elements associated with the consumer preference which influences their online shopping behaviour, therefore it is very important to consider all the different factors in order to understand and analyse the impact of these factors in order to develop effective strategies. It is imperative for an organization to focus on different factors which can influence the consumer preference. It is necessary to understand the perspective of consumer and factors affecting the perspective and decisions of the consumer in order to meet their needs and demands. It would be helpful for the organization deals in E-commerce to develop the effective strategies to meet the demand of the consumers and it would reflect positively on the sales and profitability of the company (Sakkthivel, 2010).

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