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# Online Shopping Behaviour in India

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**Abstract:-** Recent years have seen a remarkable transformation in the way India shops and trades. The advent of this disruptive revolution among Indian consumers has led to a new wave in organized retail. E-commerce has taken the world of retail by storm and captivated the imagination of an entire generation of entrepreneurs, with e-commerce ventures with various business and commercial models. With this optimistic change in Indian e-market, there is humongous potential for ecommerce companies owing to the growing internet user base and advancements in technology. The primary objective behind the current study is to understand the online shopping behaviour in India and how the e-retailers can accelerate their growth in India.

**Keywords:-** Ecommerce, Online shopping, Indian customers, Mobile, Analytics, Big Data, e-Tail, Marketing strategies, Technology, e-Retailers,

## I. INTRODUCTION

India is at the cusp of a digital revolution. Internet has become an integral part of the growing urban Indian population. We are billion people country with a mobile penetration of almost 80% and now 40% of them are on smartphones which means a sizeable population is internet ready. The e-commerce industry is one of the fastest growing sectors in the country today, spurring first generation entrepreneurs, large scale manufacturing by SMEs, jobs and most importantly impacting the infrastructure growth of the country. The rising inflation rate in recent years has not slipped away the performance of online shopping industry in India. The facility of comparing your product with competitive products on the basis of price, colour, size and quality is one of the biggest benefits of online shopping. These days Mobile commerce or m-commerce is also one of the popular means of shopping. India's one of largest fashion store, Myntra has recently been made "App only", providing its usage to mobile application only.

The facilities of various coupon and discount scheme are also fascinating the customers in online shopping. Online shopping is available for customers around the clock comparing to traditional store as it is open 24 hours a day, 7 days a week is also a reason in increasing growth of e-households in India. Given customers rarely have a chance to touch and feel product and service online before they make decision, online sellers normally provide more product information that customers can use when making a purchase. Customers put the weight on the information that meets their information needs. In addition to get information from its website, consumers can also benefit from products' reviews by other customers. They can read those reviews before they make a decision.

The increase of internet technology in India has colossal potential. It will trim down the cost of product and service delivery and lengthen geographical boundaries in bringing buyers and sellers together. The boost in use of internet by the customers in younger age bracket in India has provided a promising outlook for online retailers. Although the trend of e-Commerce has been making rounds in India for 15 years, the appropriate ecosystem has now started to fall in place. The e-Commerce market in India has enjoyed phenomenal growth of almost 50% in the last five years.

Key factors driving the growth story of e-Commerce in India include:

- Considerable rise in the number of internet users
- Growing acceptability of online payments
- Proliferation of internet-enabled devices
- Favourable demographics

In India, cash on delivery is the most preferred payment method, accumulating 75% of the e-retail activities. However, COD may harm e-commerce business in India in the long run and there is a need to make a shift towards online payment mechanisms to a higher percentile. The following facts can help the academicians and researchers to understand the size and performance of Indian e-commerce industry.

- The ecommerce sector in India has grown by 34% (CAGR) since 2009 to touch 16.4 billion USD in 20142. The sector is expected to be in the range of 22 billion USD in 2015.

- The number of users making online transactions in India is expected to grow from 11 million in 2011 to 38 million in 2015.
- The growth rate in metro cities of India is expected to be much higher than the other cities of the country.
- Currently, e-Travel comprises 70% of the total ecommerce market. E-Tailing, which comprises of online retail and online marketplaces, has become the fastest-growing segment in the larger market having grown at a CAGR of around 56% over 2009-2014.

Companies are using the internet to put across and commune the information. Simultaneously it helps the companies to give an idea about their products and instantly getting the feedback of customer's fulfilment to get stimulated turnover for future. In India the growth of the e-commerce industry is tremendous. The following table gives a glimpse of the top ten leading e-commerce sites of 2015.

**Table I: Top Ten Leading E-Commerce Companies**

| Ranking | Website | About & Services |
|---|---|---|
| 1 | flipkart.com | Flipkart is an e-commerce company founded in 2007 operates exclusively in India. It offers products in various categories including movies, music, games, mobiles, cameras, computers, healthcare and personal care. |
| 2 | JABONG COM | The Indian fashion and lifestyle e-commerce portal, selling apparel, footwear, accessories, beauty products, fragrances, home accessories Online shopping in India for men, women & kids. |
| 3 | amazon.in | Amazon is one of the most reputed name in the world of online shopping for products like eBooks, electronics and others items. Amazon.in is operated by Amazon Seller Services Private Ltd, an affiliate of Amazon.com, Inc. is a Fortune 500 company |
| 4 | ebay.in | eBay.in is the Indian version of the popular online shopping portal eBay.com – world's online marketplace. EBay has a diverse and passionate community of individuals and small businesses. EBay offers used and fresh items with a wide network of international shipping. |
| 5 | snapdeal.com™ India's Favourite Online Mall | Snapdeal is an online marketplace headquartered in New Delhi, It is India's Largest Online Shopping marketplace great range of products, best prices and free shipping. |
| 6 | MYNTRA.com | The online shopping Store in India for Branded Shoes, Clothing accessories for Men and Women of fashion and casual lifestyle products, headquartered in Bangalore. |

| | | |
|---|---|---|
| 7 | naaptol shop right • shop more | Naaptol.com is one of the fastest growing **top ecommerce sites in India**. Initially the company served as a search engine to provide comparison of product prices and offer services for product research. A year later, they emerged to be an online marketing platform and were able to create a furor in the market. |
| 8 | YEPME.com | Yepme, one of the **top ecommerce sites in India** is popular for selling wide range of watches and shoes. At present, the site is dealing with brands that specialize in manufacturing accessories like sunglasses, leather belts, fashionable shoes, etc |
| 9 | infibeam Shop with a smile | Infibeam is one of the leading online shopping portals in India, Started in 2007 and has grown across the length and breadth of India. Headquartered in Ahmedabad and has one of the largest online retailer and a premier technology provider. |
| 10 | HOME SHOP 18 | HomeShop18 is India's leading digital commerce platform – present on TV, web and mobile. It was launched on 9 April 2008 as India's first 24-hour Home Shopping TV channel and on-air retail and distribution venture of Network 18 Group. |

**Source: Wikipedia and www.anblink.com**

## II. OBJECTIVE OF RESEARCH

The primary objective of the current study is to understand the online buying behavior of consumers in India. It has also made an attempt to get information about the scope of improvement in online shopping website. It gives a big picture of how India is emerging in the field of e-commerce. The study has drawn conclusions out of the real data, which will provide useful information to the e-retailers to improve their strategy towards online shopping in India.

## III. ASSUMPTION AND HYPOTHESIS

There are many reasons why people shop online. For example, consumers can buy anything at any time without going to the store; they can find the same product at a lower price by comparing different websites at the same time; they sometime want to avoid pressure when having a face-to-face interaction with salespeople; they can avoid in store traffic jam, etc. As per our assumptions, these factors can be summarized into four categories—convenience, information, available products and services, and cost and time efficiency.

- ***Convenience:*** Research shows that convenient of the internet are one of the impacts on consumers' willingness to buy online. Online shopping is available for customers around the clock comparing to traditional store as it is open 24 hours a day, 7 days a week. Most of the people shop online because they could shop after-hours, when the traditional stores are closed and also many of the respondents selected to shop online because they want to avoid crowds and wailing lines, especially during sale season in India. Some companies have online customer services available 24 hours. Therefore, even after business hours, customers can ask questions, get necessary support or assistance, which has provided convenience to consumers.

- ***Information:*** The internet has made the data accessing easier, be it via browser or mobile application. Given customers rarely have a chance to touch and feel product and service online before they make decision, online sellers normally provide more product information that customers can use when making a purchase. It gives customers more chances to compare price from different websites and find the products with lower prices than buying from local retailing stores.

- ***Cost and time efficiency:*** Because online shopping customers are often offered a better deal, they can get the same product as they buy at store at a lower price. Since online stores offer customers with variety of products and services. For example, Flipkart and Amazon offers a better deal on electronic goods compared to the stores. Again, since online shopping can be anywhere and anytime, it make consumers' life easier because they do not have to stuck in the traffic, look for parking spot, wait in checkout lines or be in crowd in store. As such, customers often find shop from the website that is offering convenience can reduce their psychological costs.

- ***Available products and services:*** E-commerce has made a transaction easier than it was and online stores offer consumers benefits by providing more variety of products and services that they can choose from. Consumers can find all kinds of products which might be available only online from all over the world. Many retailers sells certain products only available online to reduce their retailing costs or to offer customers with more choices of sizes, colours, or features. For example, Motorola launched the series of mobile phones which was available for purchase on Flipkart only, which fetched them tremendous amounts of profit. Moreover, online shopping sometimes offer good payment plans and options for customers. In India, most of the e-tailers provide an option of Cash on Delivery (COD) where you can make the payment after receiving the product.

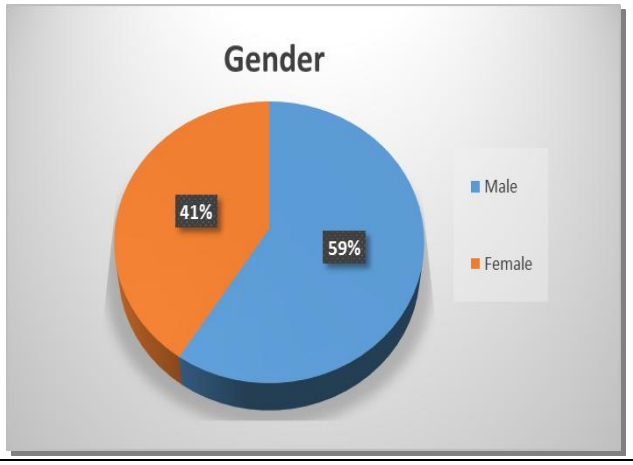
## IV. DESIGN

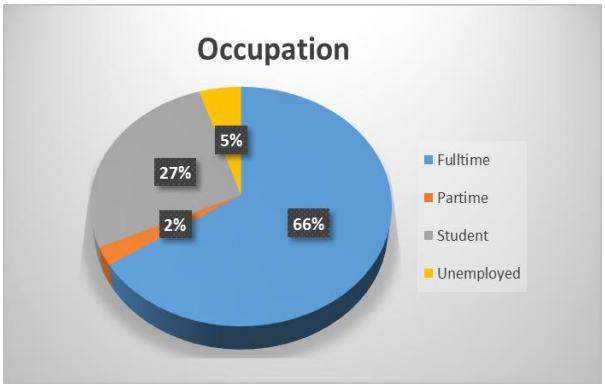
Based on the objective of the present study, a survey was conducted with the help of a structured questionnaire to collect data about the consumer behavior for online shopping in India. The structured questionnaire was designed to collect information about demographic profile of the respondents such as age, gender, occupation. In addition to this, various questions related to the experience of online shopping, the security, types of products purchased online, factors affecting consumer behavior while online shopping etc. were asked from the respondents. The data for the study was collected from various metropolitan cities of India.

## V. ANALYSIS & INTERPRETATION

The following information has broadly analyzed the survey questions. It has not only provided the information about the online buying behavior of the consumers but has also discussed the scope of improvement in the website and how mobile shopping is emerging. The findings can be useful for taking strategic marketing decisions to capture the huge Indian retail market through e-tail stores in place of retail stores.

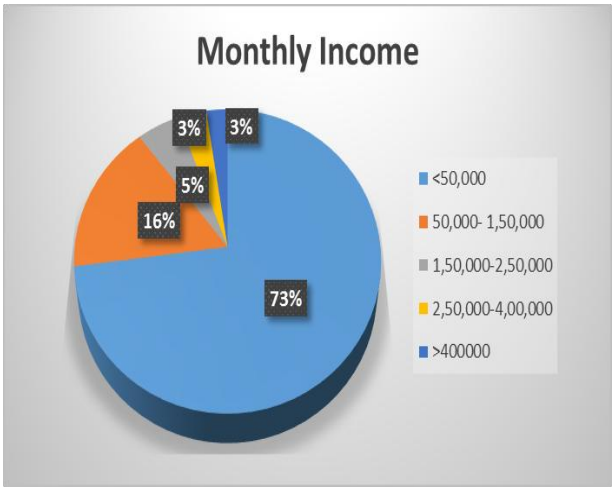
**TABLE II: ANALYSIS OF THE DATA COLLECTED**

| Results of Data Analysis | Shopping behaviour |
|---|---|
|   | **The gender of people participating in the Survey:**<br><br>Male to Female ratio is almost the same. Though e-tailers can make an attempt to make it an equal ratio. |




**The occupation of people participating in the survey:**

According to survey, though most of the population are fully employed, but it also says that there are decent percentage of students (27%) involved.




**Monthly income of people participating in the survey:**

The survey shows that how young population and their average incomes are related.

**How much experience do you have in online shopping?**

The survey shows that maximum people have an experience of more than 1 year & only 19% have less than a year experience in online shopping.

**How often do you search internet for product information?**

It was recorded that out of 122, 61 people search for products information online which data is close to 50 % of the research data.

**What is your reason for choosing online shopping?**

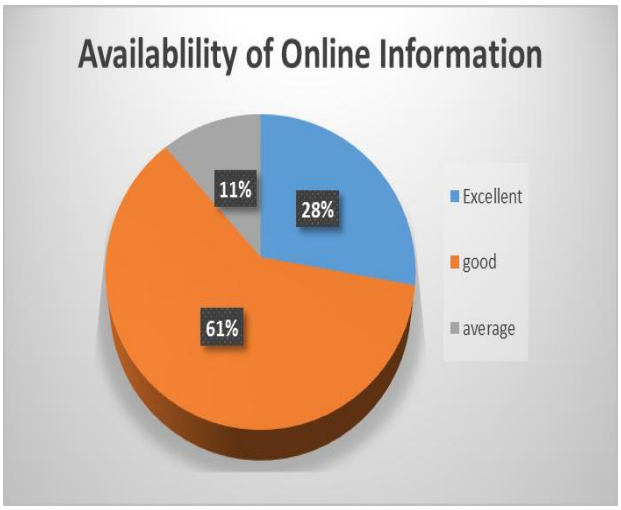
It was observed that nearly 33% people were interested in the discounts offered online while 23% were interested in the wide variety of products available. 28% chose the hassle free process as there encouragement to do online shopping. Only 16% liked online shopping due to the various modes of payment offered.

**Does online shopping saves time?**

The survey has shown that 72 percent respondent have agreed that online shopping saves time. While 24% chose to be neutral. Thus the majority of the people agreed with the time saving quality of online shopping.

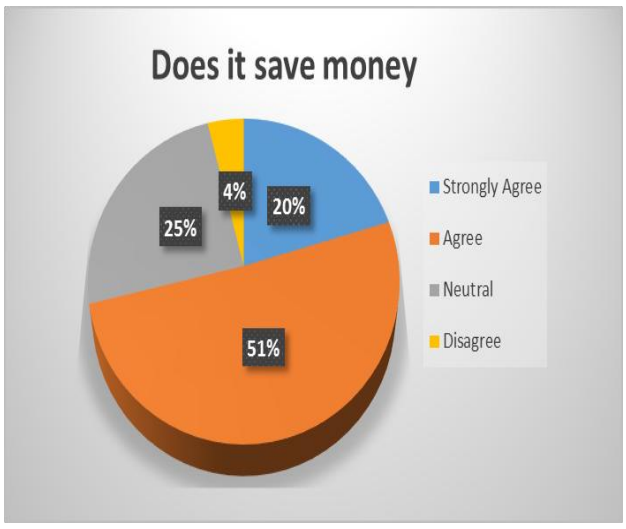
**What Products you purchase online?**

It has been depicted that majority of the people bought online tickets (21%) followed by buying electronics (20%) & books (19%). It was observed that many of the respondents bought other items like grocery, household equipment online. The least wished item for buying online was grocery (3%). Thus this result can help marketers to formulate marketing Strategies accordingly.



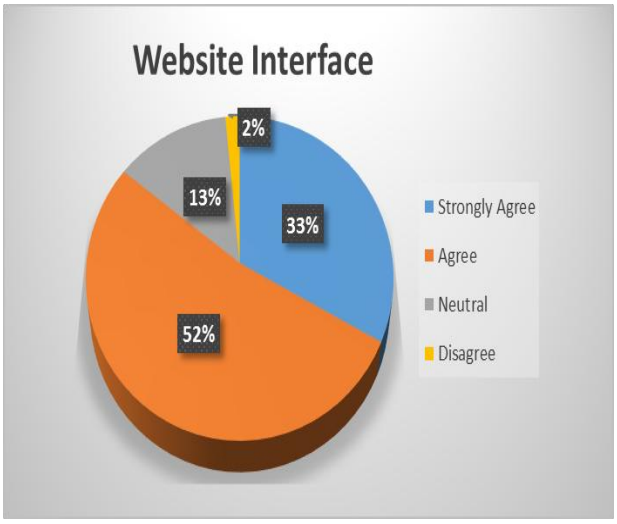

**What is the kind of availability of online information about product & services?**

While majority of people (61%) believed that the information available is excellent there were close to 28% who believed it was good enough. 11% gave opinion as average while none of them said that online information is poor in nature.



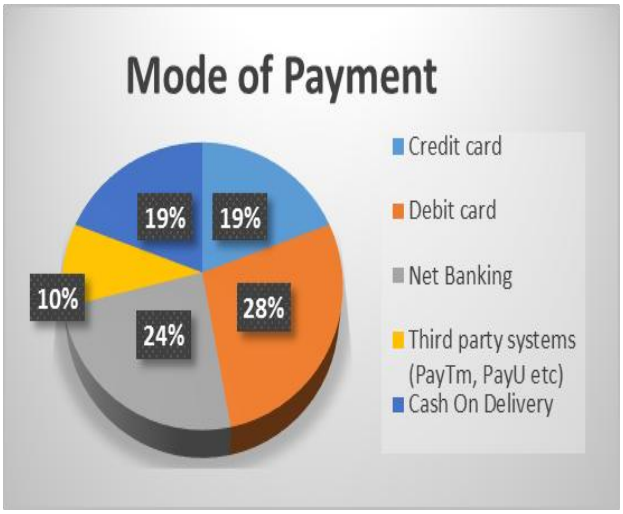

**Does Online Shopping saves money?**

More than 70% people believed that online shopping saves money while 25% respondents maintained a neutral stance on it. Only 4% people believed that online shopping does not saves money




**The website design helps in searching the product easily?**

While 85% of people participating in the survey agreed to the point that website interface really helps in making online shopping more easily. There were close to 13% people who didn't mind about the interface at all. Only 2% people disagreed with the statement




**Mode of payment preferred during online Shopping?**

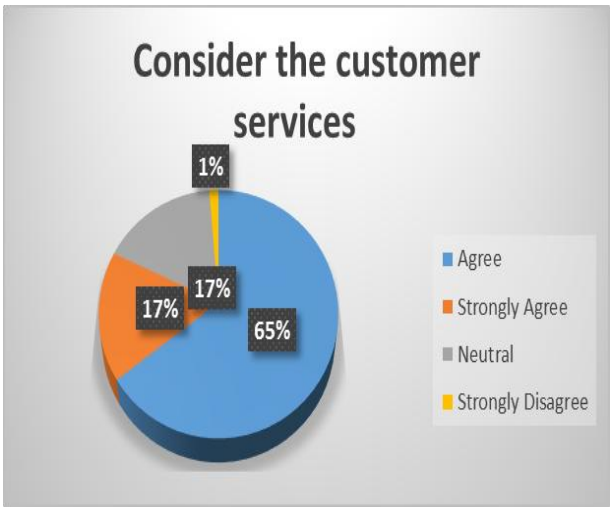
It was observed that mode of payment was really not an important criterai for the consumers as they had given a mixed response while 28% going for debit card, 24% went for net banking which was folllowed by 19 % each credit & Cash on delivery system. Only 10% went for third party payment system.

**It is easy to choose and make comparison with other products while shopping online?**

In the survey it was observed that more than 80% people agreed to the fact that it is easy to chose & compare the products. 11% maintained a neutral stance and only 6% disagreed with the statement.

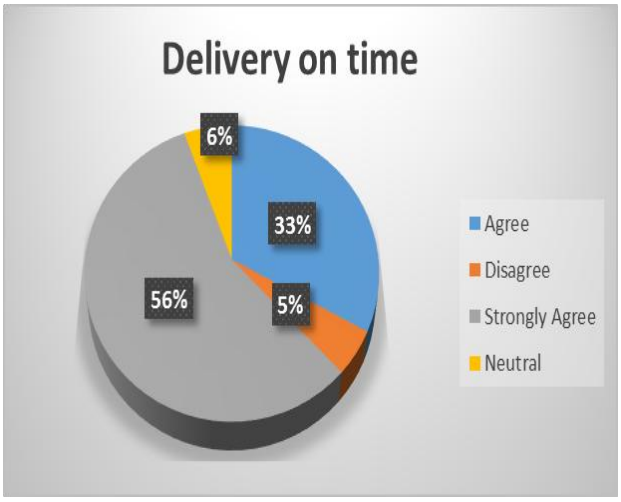
**Do you think online shopping is secure?**

93% of the people who took part in the survey agreed to the fact that online shopping is secure while only 7% disagreed with the statement.



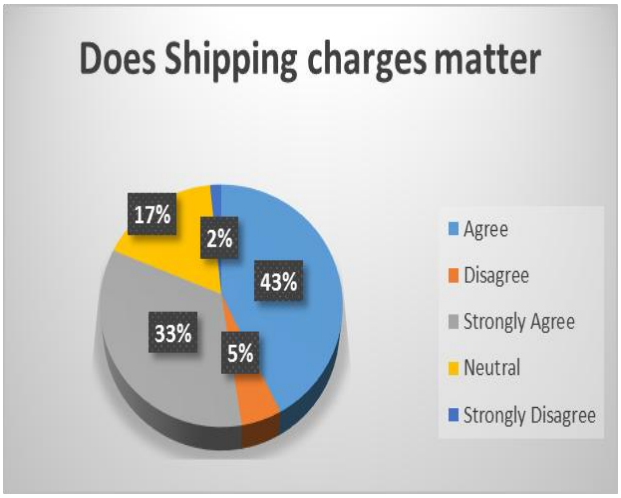

**Do you consider customer services provided by online shopping websites?**

It was observed that 65% people had a view that they do consider customer services provided by online websites as important. 17% maintained a neutral stance & 18% disagreed with the statement.



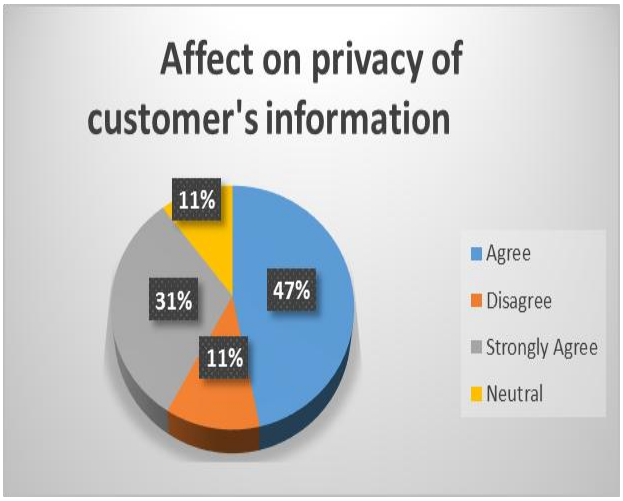

**Is On-time delivery by shopping online is important?**

Timely delivery was very imporatant for the people as 89% of them agreed with the statement & only 5% disagreed with the statement. While 6% maintained a neutral stance on this.




**Does cost of delivery affect the decision of online shopping?**

It was observed that 76% agreed with the statement that for them shipping charges matter. Only 5% people said that for them it is not important while we had 17% having a neutral stance.

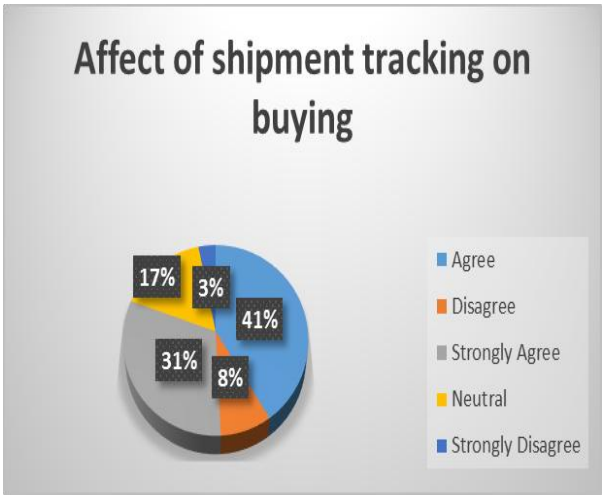



**Do you think that privacy of customer's information affects the online shopping decision?**

It was recorded that 31% people Strongly agreed on user privacy option. 47% also agreed with the above statement. 11% mainitained a neutral stance and only 11% disagreed on this.

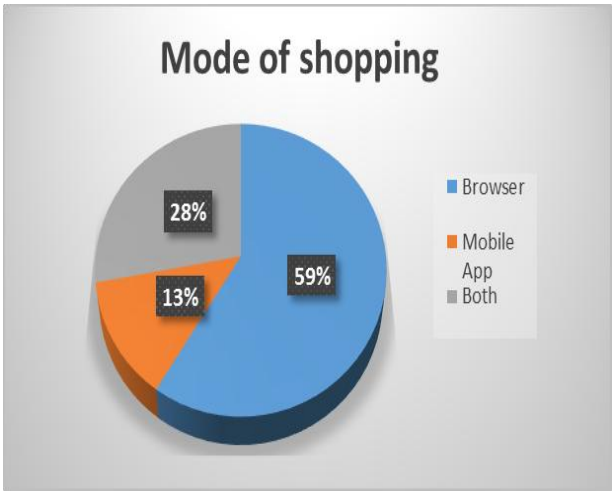
**Does personalized offers option will encourage you to shop more?**

It was recorded 70% people agreed that personalized offers encourage them to shop onlline while only7% people disagreed with the statement. 23% had a neutral point of view for the same.




**Do you think ability to track your shipment affects your buying behaviour?**

In the survey it was observed that 72% strongly agreed that tracking your shipment is an imprtant criteria. Also it was observed that 17% had a neutral view on the same. Only 11% disagreed with the same.




**What is the Mode of the Shopping that you prefer?**

It has been a new trend to go all App like Myntra recently did & so is flipkart palnning to do. We asked our users what mode do they like. 59% people prefreed Browser based shopping while only 13% prefreed App based shopping. 28% preferred both medium of shopping.

**Will you recommend to non online buyers for online shopping?**

In our Survey the final question was that whether onlin shoppers will recommend online shopping to people who does not do. 98% people said that they will definetly recommend online shopping to people not doing. Only 2% said a No to the above question.

## VI. CONCLUSION OF THE STUDY

The current study is descriptive in nature and it has made an attempt to understand the behavior of Indian consumers towards online shopping. Although statistical significance of various parameters has not been examined but the generalized results obtained through data analysis has given clear indication of increasing significance of online stores in the life of Indian people. The ease and convenience provided by these stores for 24x7 has made very easy shopping for consumers worldwide. The analysis discussed in the above section has documented that the Indian customers are also getting addicted to the online shopping and they do like various features of online shopping as by rest of the world. But the statistics available has shown that Indian market is still not a fully developed market for e-tail stores. There is huge scope of web-stores in various areas and in almost all the segments. The younger population is the biggest attraction of this industry and they may contribute substantially to the growth of online shopping in India. The majority of internet users are youngsters, the majority of goods and services demanded are related to only this segment. Clothing & Travel is one of the biggest services used by Indian online shoppers. The present study has several implications for business strategists. Considering the evidences of the present research it can be concluded that

- The e-commerce market has a great potential for youth segment. If the all features are considered carefully then it can be easily identified that maximum number of respondents of online shopping are lying in age group of 18- 25 years.
- The buying behavior of youth can be elaborated through findings obtained through survey. By focusing on various factors identified in this study, the corporate can make their marketing strategies in better way. By improving the after sales services, providing more secured payment options, timely delivery of the goods with better packaging can further boost the demand of various products and services through web stores.
- The market segments like food, electronics and books must be targeted by the marketers on through e-tail penetration. And the market for other products and services must be expanded through more awareness among the customers.
- As many people (approx. 93 percent of sample) has shown the trust in online shopping and major percent prefer online payment. Though the Cash on delivery method is still preferred, this can be eliminated in long run with more security provided during online transactions.
- With the introduction like third party payment in India such as Paytm, PayU, Mobiwik., buyers also prefer paying via them because of the personalized offers provided by them.
- The data shows how people are also preferring shopping via mobile application, which doesn't restrict to browser. This gives the wider scope to the e-Tailers to focus towards mobile shopping and strategy.

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