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CONSUMER BEHAVIOUR IN ONLINE MARKET: INDIAN CONTEXT

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ABSTRACT

The new consumer market is mostly based on information management and digital revolution. Today's consumer market is made up of older and newer elements and is basically a hybrid. Today the need of the consumer market is to think fresh that how to identify and satisfy their potential customers of online consumer market. Marketers must have to employ a strategy of segmentation, screening the market as being made of small segments based on their buying behaviour. We need to understand online consumer behaviour with reference to the following questions:-
1. Why is consumer browsing?
2. What type of channel does the consumer prefer?
3. What type of products to consumers what drives consumers online and what are their habits?
4. What are the factors affecting online purchase?
Consumer behaviour for online shopping cannot be same as used in traditional marketing, as the concept brings with it unique features of offerings to the customer. The inclination towards online shopping is based on the fact that it provides customer to shop anything from any place that makes it convenient to purchase products like furniture, books, electronic appliances, households and many more. We do not have to face any additional hassles like traffic, crowds, varieties at one shop etc. There is no specific time period to shop; we can buy any time instead to wait for store to be open. There are many advantages of online shopping which can be encased on touch of fingertips. Online retailers require huge number of online customers for their survival and to create wealth. It is pretty obvious that if customers do not feel user friendly and easy access to the online retail site, they undoubtedly will go elsewhere. Thus, the need to study online consumer behaviour as distinct from traditional consumer behaviour. Some of the researchers of marketing have gone so far as to say that traditional marketing is dead or dying. This work attempts to answer the questions raised and to attempt to understand the needs of online consumers. The questionnaire administered to 829 respondents shows the following consumer behaviour for the respondents. Online shoppers have different reasons for buying from online retailers. These reasons were investigated and the findings of data were analysed for better understanding of online shoppers and they were segmented on this basis for preference for what they were looking for when buying online.

INTRODUCTION

Mapping consumer behaviour and responding to it is the prime task for all marketers, more so for the technology loaded online market. The old consumer market seemed to be very simpler. The aim was to expand the market size continuously in order to achieve economies of scale. In contrast, the new consumer market is mostly based on information management and digital revolution.

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Today's consumer market is made up of older and newer elements and is basically a hybrid. Advantages and unique features of online market are many. The IT revolution has changed the style of shopping by offering it on touch of fingertips via online shopping. It has simplified the purchasing style to one click and eliminating all the hassle like going one shop to another for purchasing. Today people can shop anything at any place at any time and get it shipped at their doorstep by doing just few clicks. Online shopping has influenced the consumer behaviour in many ways like for example increased consumer power, excess to information,

more products and services, interactive and instant exchanges, access to multiple shopping websites, flexi- time and place convenience etc. Therefore the single label, homogeneous market is a short story that no longer exists for online retail sector. Today the mass market has been disjointed and melting into number of particles due to factors like technology, education, income and media which play a leading role in shaping the consumer buying behaviour. Today the need of the consumer market is to think fresh that how to identify and satisfy their potential customers of online consumer market. Marketers must have to employ a strategy of segmentation, screening the market as being made of small segments based on their buying behaviour.

We need to understand online consumer behaviour with reference to the following questions:

- Why is consumer browsing?
- What type of channel does the consumer prefer?
- What type of products to consumers what drives consumers online and what are their habits?
- What are the factors affecting online purchase?

it is clear there is a need for better understanding of online consumer behaviour distinct from offline. Consumer characteristics are specific to online consumer behaviour can be segregated based on the fact the consumers are in control of the information they receive. Kotler 2002 notes that the Internet users in general place greater value on information and tend to respond negatively to messages and only at selling they won't decide what Marketing Information they will receive about which product and service and under what conditions in online marketing it is the consumer not the marketer give permission and controls the interaction. Luckily it is possible for marketers to detect what exactly the online consumer is looking for and they can customize the responses based on data inputs.

What do consumers want?

According to the study done by the Retailers Association of India (RAI) "Consumer buying behaviour in India is passing through the ongoing changes, here the factors such as technology, education, income and media play a leading role in shaping the consumer buying behaviour". The inclination towards online shopping is based on the fact that it provides customer to shop anything from any place that makes it convenient to purchase products like furniture, books, electronic appliances, households and many more. We do not have to face any additional hassles like traffic, crowds, varieties at one shop etc. There is no specific time period to shop; we can buy any time instead to wait for store to be open. There are many advantages of online shopping which can be encased on touch of fingertips. Online retailers require huge number of online customers for their survival and to create wealth. It is pretty obvious that if customers do not feel user friendly and easy access to the online retail site, they undoubtedly will go elsewhere. Many studies related to consumer behaviour, shows that the Indian consumer have become more educated than earlier. Decreasing cost of electronic gadgets such as computer, mobile, tab and easy access to internet in these gadgets, motivating the people even from the small towns of Bihar to take the advantages of digital revolution. Many people from interiors are also looking for online tools to improve their life styles. Considering above

reasons, we need to first understand the types of e-shopping behaviour on the basis of needs and motivation of online shopping so that market segmentation can be done for online retail sector in India on the basis of e- shopping behaviour. Consumer behaviour for online shopping cannot be same as used in traditional marketing, as the concept brings with it unique features of offerings to the customer. Thus, the need to study online consumer behaviour as distinct from traditional consumer behaviour. Some of the researchers of marketing have gone so far as to say that traditional marketing is dead or dying[1,2]

"Well there is no doubt that consumer habits have changed and online browsing is the order of the day. Still, there is still quite a chunk of population which goes for traditional marketing. However with time this equation will gradually shift and there will be more and more customers who would be available online rather than approach the market traditionally. Therefore the need to study online buying behaviour is very important for the purpose of furthering knowledge frontier in marketing and ensure that with time we remain in touch with the consumers.

We need to understand online consumer behaviour with reference to the following questions:

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- What type of channel does the consumer prefer?
- What type of products to consumers what drives consumers online and what are their habits?
- What are the factors affecting online purchase?

More and more people are shifting towards online purchases. Internet penetration also plays a key role. (Strauss and Frost 2012) report that 76% of US consumers use Internet and similar figures were reported from many other countries. This means that irrespective of other factors online browsing has penetrated even to the rural areas and gradually technology is helping more and more people to connect to the Internet and therefore online purchases are being done or lately it is affecting physical purchases used as referral. This is likely to increase in future and as Technology improved becomes more cost-effective and becomes accessible they will be greater shift towards marketing using this platform. Online shopping in India is catching up rapidly with traditional shopping. People can now choose from number of websites for goods ranging from beauty and fashion products to insurance and travel options. There are both products and services available online. B2B can also take place online. Business standard quoting Internet and Mobile Association of India IAMAI data reports that online purchase were estimated to be `46,520 crore at the end of 2011. According to IAMAI the digital commerce market grew by 33% to `62,967 crores in 2013 as against `47,349 in the previous corresponding period of 2012. Of the total digital commerce business in 2013 travel business accounted for 71% valued at `44,907 crore. In terms of population, India has one of the youngest population in the world. Every year it adds around two million people as college

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[1]   *Goodson Scott, 'Marketing is dead. Now what? Forbes, http://www.forbes.com/sites/marketshare/2012/08/13/marketing-is-dead-now-what/ , last accessed on 11th October 2012.*

[2] *Lee, Bill, 'Marketing is dead', HBR blog Network, http://blogs.hbr.org/cs/ 2012/08/ marketing_is_dead.html, last accessed on 11th October 2012.*

graduates to the workforce the younger generation has been described as tech savvy, which means that they can use E-Commerce with ease. Telecom and growth of Internet usage in India has increased as the government has opened the telecom sector to private investment. Due to increased competition company companies offer Technologies and Services to users that can be compared to the best in the world. DNA India (2012) cites figures of the IAMAI and reported that the number of rural Internet users reached 38 million at the end of June 2012. The penetration of Internet users in India grew from 2.6 % in 2010 to 4.6 % in 2012. Though this represents are compounded annual growth rate of 73%, the figure points to growing opportunities and use potential in the Indian market. Companies are starting online portals and betting on continuing growth of e-commerce in the coming years. At the end of December 2011, the total Internet subscribers' base in India stood at 121 million, which represents a penetration of about 10%, according to IAMAI data. These figures are likely to increase in the future."3

The trend has attracted the leading online players globally to enter the Indian market. The existing ones are enjoying the privilege of angel investors, ready to invest huge amounts and wait for reasonable period to get their returns. But the picture in incomplete without having to understand the challenges faced by Indian firms to go online. Many companies having established business attempted to go online but did not succeed. This was because they failed to understand the consumer buying behaviour. A study conducted at Bangalore in 2005-06, brings forth some interesting results. "The result showed consumers as more favorable towards utilization of services over internet. Indian users showed more willingness to evaluate the medium and high involvement in services over the internet. Component 2 helped to understand the psyche of Indian Internet users who showed more willingness in buying high involvement and low involvement products online. This behaviour is very encouraging as the Indian Internet users intend to buy products as the internet might provide a different experience (in terms of cost and product/model/feature comparison) from offline purchase. Components 3 and 4 indicated that the Indian Internet users showed more interest in collecting information about low involvement products and services online. This clearly shows the Indian Internet users' intention of collecting information regarding low involvement products to make offline purchases. This offers the competitive edge in having the right information to buy the product to attain a better experience. Component 5 proved the Internet users' intention to collect information on medium and high involvement products online. It is evident from the study that the internet users agreed that they intend to use the internet for evaluating services, buying products and collecting information, primarily about products."4. There are skeptics amongst consumers who are unwilling to buy online. But once the advantages of online purchase dawns on them it becomes the better option. The advantage of skipping a long queue, and time off to travel to the counter was so evident, that they were ready to pay the additional charges and bank charges. Today this is the segment which has grown. Both Amazon and

Flipkart started off as retailers of books offering price advantage and availability list which prevented one from visiting number of retail outlets and spending hours browsing yet their efforts coming to naught. With books cross-selling become possible and trust was developed through cash on delivery and return possibilities.

A research in Delhi-NCR in 2006-07 attempts to understand the impact of demographic characteristics on purchasing behaviour of the customer over the internet. "From the findings of the study, the following conclusions can be drawn: In general consumers have positive attitude towards online shopping but consumers' attitude towards online purchase of clothes is low. The second objective of the study was to examine and understand the characteristics of the users of online shopping and its relationship with demographic variables in terms of sex, age, income and city. The analysis shows that the city and sex do not affect consumers attitude towards online shopping but age and income indicates a significant association with consumer purchasing attitude. The study concludes that consumers with higher income do online shopping more. Further, the respondents of different age groups demonstrate different attitudes towards online shopping. The third objective of the study was to identify factors which affect consumers' online shopping behaviour for clothes. On the basis of findings of the study, the issue of trust, enjoyablity and trial policy seems to be major concerns for the consumers but convenience and technological advancement play a major role in online shopping."5

Technology often gets round to problems face and virtual trials rooms that we see today are actually answers to the problems that we have seen in the above study. Consumer experience also has made online buying more attractive. The advantages of price and availability combined with home delivery leads to a unique experience for customers of online shopping. From the above it is clear there is a need for better understanding of online consumer behaviour distinct from offline. Consumer characteristics are specific to online consumer behaviour can be segregated based on the fact the consumers are in control of the information they receive. Kotler 2002 notes that the Internet users in general place greater value on information and tend to respond negatively to messages and only at selling they won't decide what Marketing Information they will receive about which product and service and under what conditions in online marketing it is the consumer not the marketer give permission and controls the interaction. Luckily it is possible for marketers to detect what exactly the online consumer is looking for and they can customize the responses based on data inputs.

FINDINGS

The questionnaire administered to 829 respondents shows the following consumer behaviour for the respondents. Online shoppers have different reasons for buying from online retailers. These reasons were investigated and the findings of data were analysed for better understanding of online shoppers and they were segmented on this basis for preference for what they were looking for when buying online.

3 *Kumar, D. (2015). Consumer Behaviour. In D. Kumar, Consumer Behaviour (pp. 603-604). New Delhi: Oxford University Press.*

4 *Sakkthivel, A. M. (2006). An Empirical Analysis of the Indian Internet Consumers' Buying Behavior. The ICFAI Journal of Consumer Behavior, 6-11.*

5 *Mishra, S. (2007). Consumers' Attitude towards Online Shopping for clothing. The ICFAI Journal of Marketing Management, 32-40.*

The first information obtained was to find the satisfaction level of buyers on the level of 1-5. Here 1 was for strongly agree and 5 for strongly disagree. The first Question put across to the respondents was if they felt online shopping gave time convenience to them. They can shop anytime they please as the facility is available twenty-four hours. The response was as follows:

Table 1.

Strongly Agree	535
Somewhat Agree	184
Neutral	55
Somewhat disagree	33
Strongly disagree	22
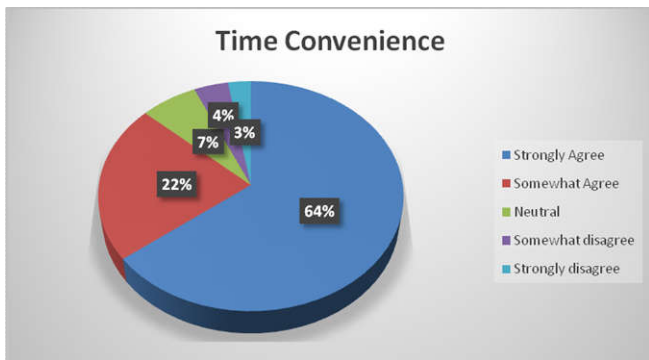
Chart 1.

Most respondents agree with the proposition and feel that time convenience is an important ingredient which motivates them to buy online. 64% feel they strongly agree while another 22% agree thus we can conclude that most respondents consider time convenience as a major reason for buying online. The next reason was place convenience as they could shop online from the convenience of their home or office. The 829 respondents gave the following response.

Table 2.

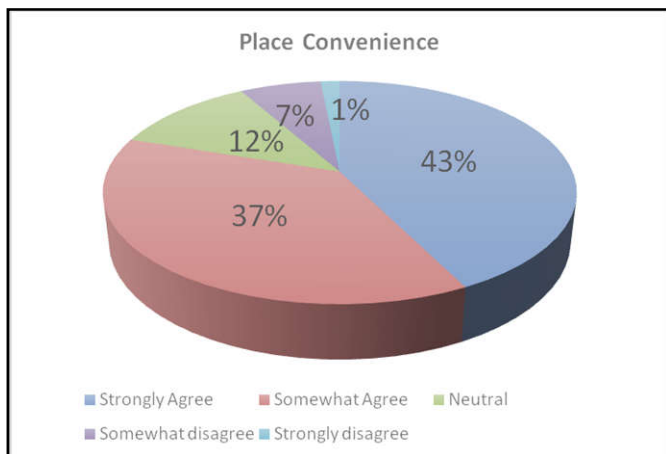| Response	No of Respondents
Strongly Agree	353
Somewhat Agree	311
Neutral	97
Somewhat disagree	55
Strongly disagree	13

Chart 2.

While around half feel (43% in agreement very strongly another 37% agree with the proposition that the online shopping offers place convenience. Together they account for 80% an overwhelming majority. On ease of price comparison as they can compare the price across retail formats and certainly across all online retailers. The respondents gave the following response:

Table 3.

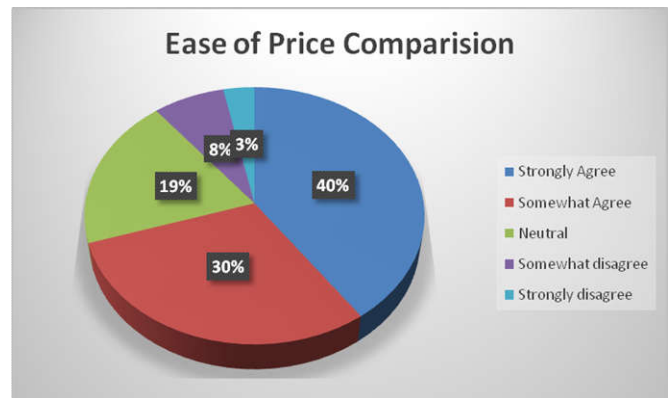| Response	No of Respondents
Strongly Agree	333
Somewhat Agree	248
Neutral	159
Somewhat disagree	62
Strongly disagree	27

Chart 3.

Around 70% either strongly agree or somewhat agree with the proposition and out of the rest 19% feel they are neutral. There this is a very good reason for to register this as a valid reason for buying online. Information can be accessed easily was the next proposition for respondents to make online purchase. The following response was elicited from the respondents.

Table 4.

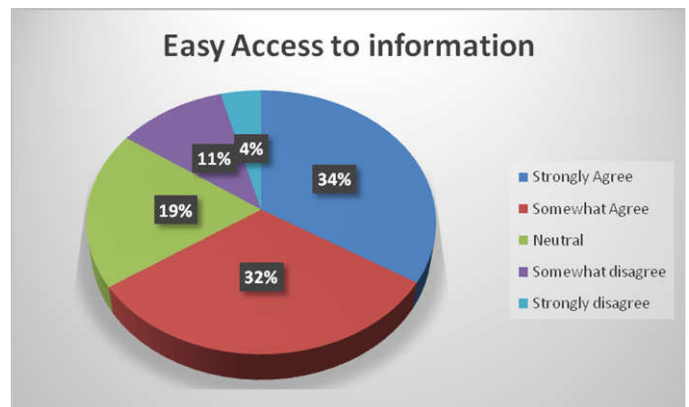| Response	No of Respondents
Strongly Agree	281
Somewhat Agree	262
Neutral	160
Somewhat disagree	92
Strongly disagree	34

Chart 4.

Online shoppers enjoy 'infinite choice in products and services' was another proposition given to the respondents on which a total of 829 respondents gave their opinion.

Table 5.

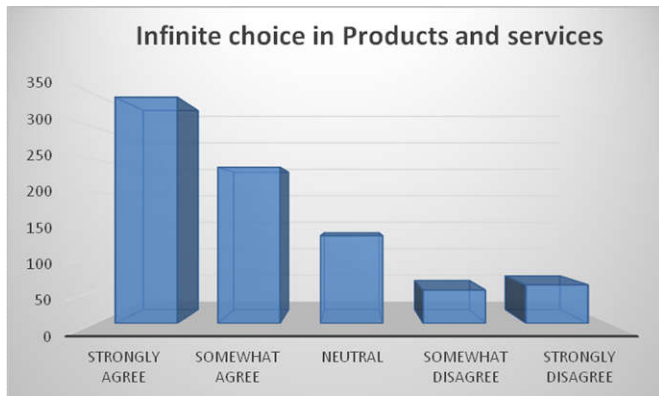| Response	No of Respondents
Strongly Agree	346
Somewhat Agree	239
Neutral	134
Somewhat disagree	51
Strongly disagree	59

Chart 5.

While 42% strongly another 29% agree taking the agreement to 71% overall. From this we can conclude that indeed the online retail shops have given sufficient choice to shoppers to win their hearts, and this become a major reason for shoppers to make purchases online. Another 16 are neural thus the conclusion is there is infinite choice and consumers get what they need exactly on the internet retail portals.

Online shoppers have 'easy access to shoppers review' was the next proposition. The result is as follows:

Table 6.

Response	No of respondents
Strongly agree	242
Somewhat agree	221
Neutral	190
Somewhat disagree	104
Strongly disagree	72

Chart 6.
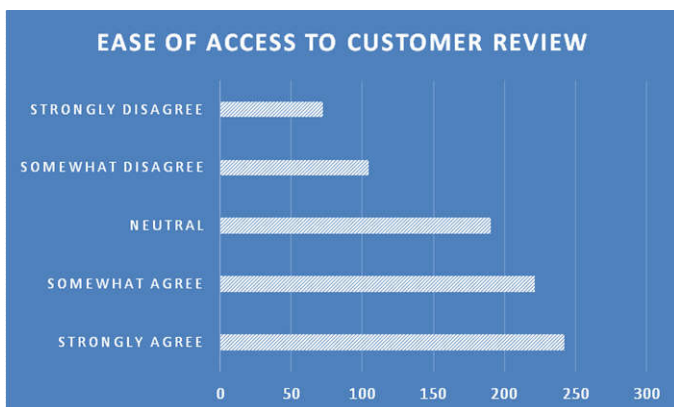
Online shoppers can find the reviewers of the product both from their acquaintances and from those who post a review of the product as there are many. If one makes a purchase online, there is 'no shopping traffic or crowds' and this leads to a major reason for consumers to make their purchases. For an analysis the male opinion and female opinion were bifurcated to locate the differences, if any.

Table 7.

Male response		Female Response	
Strongly Agree	159	Strongly Agree	233
Somewhat Agree	97	Somewhat Agree	103
Neutral	56	Neutral	59
Somewhat disagree	28	Somewhat disagree	40
Strongly disagree	21	Strongly disagree	33

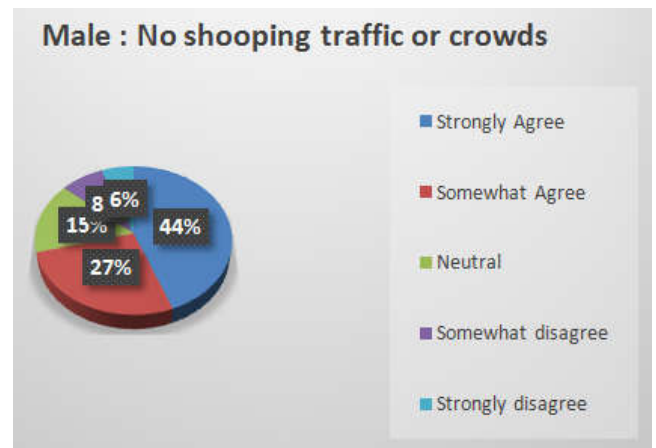| Response	No of Respondents
Strongly Agree	392
Somewhat Agree	200
Neutral	115
Somewhat disagree	68
Strongly disagree	54

Chart 7.

It was expected that the women shoppers would prefer the crowd to the more docile shopping online, but the results show otherwise. The response across the gender is consistent and the overcrowded market offers more problems than pleasure for shoppers. The online retail comes as a relief to most and they can avoid the traffic or crowd when buying online, The bonanza offered by online retailers to shoppers is too good to resist. To investigate respondents were asked to inform if online retailers offered 'better price'. The result is as below:

Table 8.

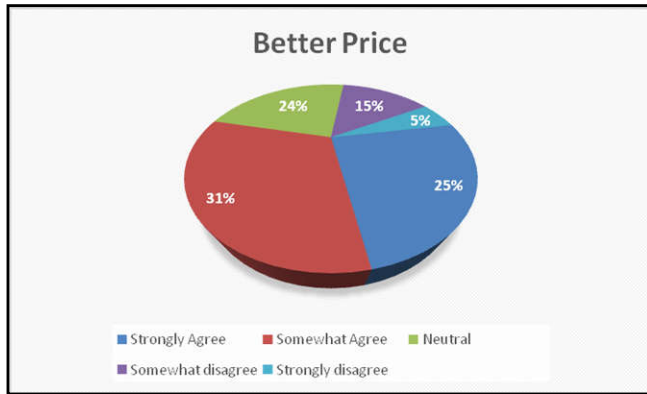| Response	No of respondents
Strongly Agree	207
Somewhat Agree	261
Neutral	195
Somewhat disagree	121
Strongly disagree	45

Chart 8.

The strongly agree and somewhat agree add up to 56% and those who are neutral are 24%. Thus a mere 20% disagree with the proposition. The perception overall with the respondents is that there is comparatively better pricing on the online market as compared to traditional and other retail formats.

Conclusion

With over 80% of global consumers trying online shopping at least once, the greatest opportunity for e-commerce companies is to build a long-lasting and profitable relationship with this already existing audience. Such a strong relationship requires utmost focus on the customer as a whole and making sense of a flood of real-time information. The consumers find several advantage by shopping online. Technology offers a solution to several of the problems faced by consumers in traditional purchase. These are solved by the online retail offerings. The monopolistic competition turns more towards perfect competition with more and more maximizing online conversion requires a holistic understanding of customer behavior. While recognizing the recent surge in baby product purchases of a customer, for instance, the segmentation model should also remember the customer has long been a fan of high fashion deals. Similarly, it should adapt to customers' changing schedules over time. A subset of customers may now have more time on their hands to browse through offers in the mornings via their tablets. Yet, they may still prefer to make the final purchase via their laptops in the evening after consulting their families. A huge part of online conversion potential involves transforming anonymous browsers into loyal customers.

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