

CONSUMERS' PROPENSITY TOWARDS ONLINE SHOPPING IN BIHAR: A BEHAVIOURAL ANALYSIS

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ABSTRACT

The internet has gradually changed the way people seek and use information. Earlier it was conceptualised as a tool for collecting information, but now it has become an important medium for business. According to the data shared by Department of Telecommunications, India has the world's second-largest Internet user-base, as on March 2020. Reach of internet in the hands of majority of Indians have helped in shifting their focus towards online shopping. Bihar is witnessing the trend at par with rest of the States and proving out to be a good prospect for e-tailing. Online shopping has almost covered the metro cities completely and is also becoming a trend in small cities. Understanding factors that influence online shopping and managing consumer relationships is not a trivial task for firms considering the many pertinent factors that influence behaviour, including the product being shopped and the context of the website itself. This paper investigates the impact of these characteristics on an online transaction's basket value. A questionnaire was prepared for the purpose on the feedback of the pilot study.

KEYWORDS: *Internet Penetration, Basket Value, Convenience Sampling, Check-Out, Search Cost.*

Introduction

Being driven by a young demographic profile, increasing internet penetration and relative better economic performance, India's e-commerce revenue is expected to jump from \$ 39 billion in 2017 to \$ 120 billion in 2020, growing at an annual rate of 51 percent, which is highest in the world, according to a joint ASSOCHAM-Forrester study paper. Online retailing attracts a large number of customers as they are exposed to a great variety of products and services to choose from. It is beneficial from business point of view as information technology and software systems produce better forecasts as well as control inventory costs. Elimination of intermediaries from the supply chain reduces complexities as well as avoids unnecessary costs, thereby improvising the online merchandising systems. These days, companies are using this technology to reach out to valued customers by providing services 24x7.

Online shopping has gained pace in recent years due to the fast digitalisation of the Nation under *Digital India* scheme of the government. It offers a dominant alternative to traditional retail shopping and thus garners increasing interest from both practitioners and academics. Because the browsing history of online consumers can be observed and recorded in detail, firms routinely seek to leverage these data to improve customer's experiences on their website. For example, *Amazon.com* and *Flipkart* both offer customised recommendations based on user's browsing and purchase histories. This paper attempts to study the behaviour of consumers of Bihar towards online shopping highlighting the factors, challenges and measures to be taken by the marketers in outscoring the retail market in its online format.

Literature Review

Grewal, D., Levy, M. and Kumar, V. (2009) in their paper titled "*Customer Experience Management in Retailing: An Organising Framework*" emphasised the importance of managing customer experiences in a retail setting and termed it highly contextual.

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Tsao, C. W. and Chang, R. H. (2010) in their research paper *"Exploring the Impact of Personality Traits on Online Shopping Behaviour"* advocated for utilitarian purchase motivation and described it as the main factor that initiate search intention in consumers and motivate them for online shopping.

Chen, et al. (2010) in paper entitled *"Website Attributes that Increase Consumer Purchase Intention: A Conjoint Analysis"* stressed on convenience while shopping and found that it leads to reduced effort and time of buyers in the overall process of purchasing.

Jin, Y. L., Osman, A., Romle, R. A., and Othman, H. Y. (2015) in their paper titled *"Attitude towards Online Shopping Activities in Malaysia Public University"* examined the attitude towards online shopping activities as moderate level in Public University and students of the University were inclined towards online shopping as compared to that of physical stores.

Devi, M., Das, L., and Baruah, M. (2019) in their research article captioned *"Inclination towards Online Shopping: A Changing Trend among Consumers"* analysed that young generation participate more actively than old generation in the activities of shopping over the internet tracing tech-savvy adeptness of youngsters as the most prominent reason.

Perquisites of Online Shopping

- Convenience
- Wide range of products
- One can send gifts more easily
- Price comparisons
- No crowds
- Less compulsive shopping
- Discreet purchases are easier

Objectives of the Study

- To study the online buying behaviour of consumers of Bihar.
- To extract useful information for marketing professionals to develop a better marketing strategy to boost online shopping in Bihar.

Rank of Online Retail Websites, 2020

Rank	Name of Website	Establishment Year in India
1	Amazon.in	2013
2	Flipkart	2007
3	Myntra	2007
4	Paytm	2010
5	Snapdeal	2010
6	Alibaba.com	2008
7	Shopclues	2011
8	Ajio.com	2016
9	Paytm mall	2010
10	Tatacliq	2016

Source: <https://digitalrain.in/blog/top-10-ecommerce-companies-in-india/> as of June, 2020

Research Methodology

This research is mainly based on primary data. Keeping in view the objectives of the study, a survey was conducted among online shoppers of Bihar with the help of a structured questionnaire. The questionnaire was self-designed and aimed to collect information about demographic profile of the respondents. In addition to this, various questions related to behavioural attributes of consumers towards online shopping were asked. A 5-point Likert scale technique has been used to collect the responses for behavioural attributes. The purpose of secondary data was fulfilled through various journals, research papers and websites. Convenience sampling and snowball sampling methods have been used to target the respondents and the responses through questionnaire were collected both through e-mail and personal interview. 450 respondents were targeted covering all thirty-eight districts of the State. Few responses were either incomplete or reached late, leaving only 300 responses for final analyses and data interpretation. Various statistical techniques have been used to analyse the data and for final words of conclusion. Further, simple tabulation has been used to interpret the result of the study.

Demographic Profile of Respondents

Categorisation	Number of Respondents	Percentage of Respondents
Gender		
Male	195	65
Female	105	35
Age		
18-30 years	180	60
31-40 years	75	25
41-50 years	30	10
Above 50 years	15	5
Education		
Upto Matriculation	15	5
Intermediate	30	10
Graduate	90	30
Masters	120	40
Ph.D.	45	15
Occupation		
Salaried person	105	35
Business person	30	10
Student	135	45
Unemployed	15	5
Retired	0	0
Housewife	15	5

Data Analysis and Interpretation

The obtained data have broadly analysed the survey questions with some interesting findings. It has not only highlighted different behavioural aspects of consumers but has also discussed the scope for improvement in web store's strategies to make their websites more user-friendly. 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 1: Analysis of Collected Data

Online Buying Behaviour

The survey shows that the majority of people (26 percent) have been experiencing online shopping since 2-3 years. This indicates that online shopping has gained popularity in recent years creating scope for the marketers to grab the opportunity by bridging the gap between desired services and actual services.

Obtained Results



Online Buying Behaviour

69 percent of respondents claim that they are frequent buyers. Only 7 percent of shoppers buy stuffs online rarely. This is a good sign for marketers that majority of consumers in one or the other way are attracted towards online shopping.

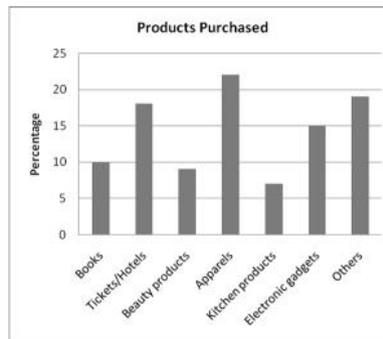
Obtained Results



Online Buying Behaviour

The result shows that majority of the people buy apparels (22 percent) followed by booking tickets/hotels online (18 percent). It has been observed that many other items were bought among which the least preferred were kitchen products (7 percent).

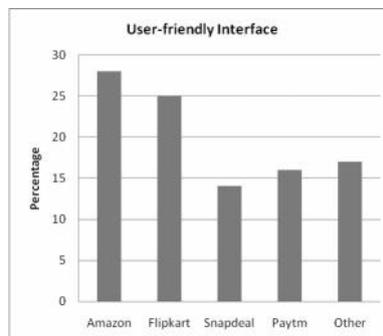
Obtained Results



Online Buying Behaviour

When it comes to user-friendly interface, Amazon (28 percent) and Flipkart (25 percent) are the two best sites providing shoppers the ease of shopping. This data not only gives direction to other online stores for introspecting their strategies but also demands improvement in designing their websites.

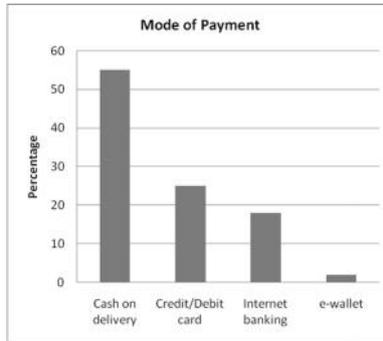
Obtained Results



Online Buying Behaviour

Paying online still is a serious issue for the shoppers. 55 percent of them prefer cash on delivery. However, 43 percent are comfortable paying through different modes provided by banks. A much needed effort is required to convince the shoppers to opt for other modes of payment as well as they don't feel secure in shifting to modes other than payment on delivery.

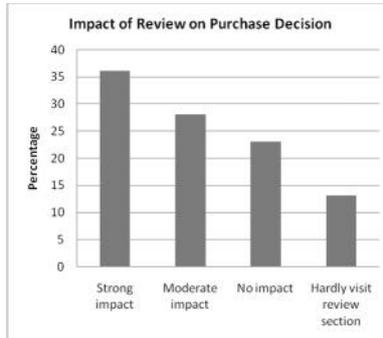
Obtained Results



Online Buying Behaviour

Review of the product matters a lot when buying products online. 64 percent of the respondents critically review the products before making a deal. However, there still are people (36 percent) to whom it is a vague concept, they simply place the order without going through the review.

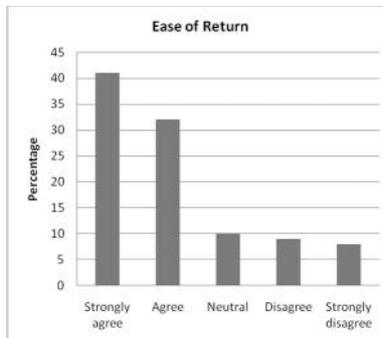
Obtained Results



Online Buying Behaviour

Shopping when shifts from offline to online, ease of return has a crucial role to play. Almost three-fourth of the respondents agreed to the fact that it is a vital issue. Whenever the process of return gets complicated, issue of touch and feel rises developing a negative mindset by consumers to shop again through the same website.

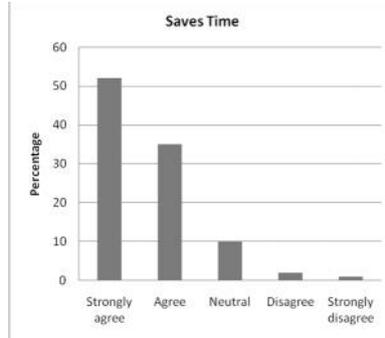
Obtained Results



Online Buying Behaviour

Every moment is precious to those who know the value of time. It is an undoubted fact for 87 percent of respondents that online shopping saves time. It can further be improved by providing proper merchandising as well as detailed specifications (not to be misleading) of the products.

Obtained Results



Online Buying Behaviour

38 percent of people usually spend ₹ 1000 monthly to shop online, further the number falls to 21 percent for the pocket-depth of ₹ 1000 to ₹ 2000. However, only 7 percent of people spend more than ₹ 4000 a month. A concentrated effort is needed to look for the reasons why online shoppers restrict their spending as compared to the tradition bricks and mortar stores.

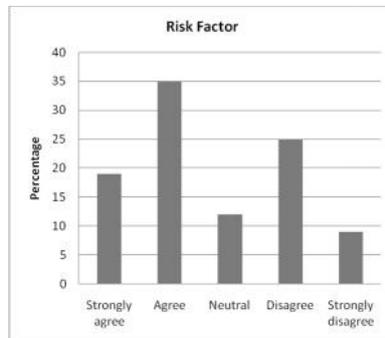
Obtained Results



Online Buying Behaviour

Majority of people consider risk factor as a serious concern. 54 percent of them agreed to this fact. However, 34 percent of respondents feel comfortable shopping online without the fear of risk. In order to extract maximum from the potential consumers, the marketers need to win the confidence of buyers by making them realise that it is not that risky at all.

Obtained Results



Online Buying Behaviour

Regarding the reasons why respondents have chosen online shopping are various modes of payment (28 percent) followed by convenience and ease to compare (24 percent each). Many find this medium more suitable for comparing the products because of the availability of wide range of products to choose from.

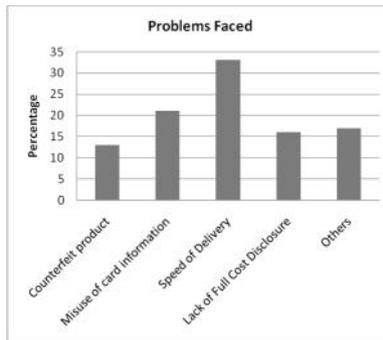
Obtained Results



Online Buying Behaviour

The biggest problem being faced is speed of delivery (33 percent) and the risk of misuse of card information (21 percent). These are the figures that marketers would never be happy to see it rising. To keep it under control, regular scrutiny has to be made in order to frame the strategies.

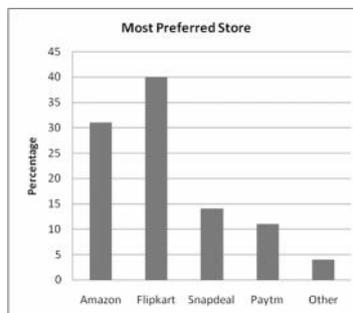
Obtained Results



Online Buying Behaviour

40 percent of the people prefer Flipkart for making a deal followed by Amazon (31 percent) and Snapdeal (14 percent). Top position comes with huge responsibilities. So it cannot be denied that both Flipkart and Amazon would be providing better services as a result of which they are retaining such a vast traffic and that too satisfied. And it is very difficult to break or shift the loyalty of a customer as long as he is satisfied with the services provided.

Obtained Results



Apart from above stated information, respondents shared few other information regarding their experience and further expectations. According to them, the policy of return needs to be improved. Surprisingly enough, few of them pointed directly towards the return policy of *Amazon.com* in Bihar. As per them, *Amazon* easily approves the request for return, but in few cases nobody comes for the pick-up from their courier department. Respondents have also demanded some remedial measures to be taken immediately for after sale services and secured payment gateways. (Table 2)

Table 2: Scope for Improvement in Websites

Desired Improvement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Secure Transaction	71	52	10	7	0
After Sale Service	82	47	9	2	0
Speed of Delivery	56	64	18	2	0
Packaging of Products	63	28	15	29	5
Easy Interface	45	52	26	17	0

Despite some flaws in after sale services and the issue of secure transaction, approximately 90 percent of the respondents agreed to continue shopping through web stores and the remaining either did not respond or they were not sure about their continuity with online stores. Reasons for this are well known and need not to be reiterated, but I would like to share the view of one of the respondents who justifies shopping online by saying, it is the only place where one can spend money while making it.

Expectations of Consumers from Web Stores

Internet has simplified all aspects of life and online shopping is one area where convenience shines. With the help of this paper, few points have been deduced explaining what a consumer wants from an online website, they are:

- Free shipping options
- Advanced navigation and search functions
- Superior image options
- Detailed description of the product
- Consumer's review
- A fast guest check-out option

Limitations

It is important to highlight the limitations of the study. Nothing is perfect, even the literal definition of *perfection* is also not perfect. The study is geographically bounded as it covers only the population of Bihar and sample is collected only from a single State. And when it comes to getting responses from people having different opinions, whether through questionnaire or by personal interaction, it is the affection that matters, not the perfection. There might be the possibility of biasness in some of the responses, so the result cannot be accepted as 100 percent accurate. Some of the respondents were hesitant to answer a few questions. The analyses have been done on the assumption that the collected responses were correct. The sample has been drawn based on convenience sampling, leaving the chances of missing the potential respondents.

Conclusion

Online retailing throughout the nation has been increasing at a rapid pace. The number of online buyers will further shoot up considerably with stepping up in physical infrastructure facilities such as internet broadband connectivity, wider adoption of internet-ready devices and associated logistic services. Nuclear family, lack of time and double income families find convenience in shopping online. In the times to come, e-retailing is destined to grow to a much bigger industry. But the industry is not without challenges. At present e-retailers are struggling to manage their logistics, stock returns, etc. The generalised result indicates the increasing significance of online stores in Bihar. A key takeaway from this study is that the young population of Bihar is the biggest attraction of this industry and they have the potential to contribute substantially to the growth of online shopping in India. In order to sum it all up, it can be reiterated that the online websites have very widely affected the mindset of the people which ultimately led to the enhancement of the consumer knowledge. During pre-purchase phase, managers should carefully design their websites to make product information more accessible and to help potential consumers to ascertain product quality. Thus, clear layout and variety of selection on the website can reduce customers' search cost for quality information.

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