Understanding Consumers’ online Purchasing Behaviors in Pune City

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Abstract

The Internet has captivated the attention of retail marketers. The Internet, as a retail outlet, is moving from its infancy used by only a few to a market with significant potential. The purpose of the study was to explore the attitudes of respondents toward purchasing products on the internet. Four groups of respondents were examined. To attract all four groups of consumers to Internet buying, e-tailers need to tailor specific parts of his or her marketing campaign to meet the specific demands and needs of each group. When testing the research results, the consumer factor and marketing factor had adequate internal consistency, while the technology factor failed to give any meaningful conclusions. The Internet buyers group and non-buyers groups shared dissimilar attitudes towards consumer and marketing factors. Internet buyers group and non-buyers group significantly varied in their intention to make online purchases.

Keywords: Internet users, online transactions, Potential Customers, Retailing

I. INTRODUCTION

Today the Internet has captivated the attention of retail marketers. The Internet, as a retail outlet, is moving from its infancy used by only a few to a market with significant potential. There is only limited research on the buyer who actually completes an online transaction. This research expands the literature by exploring who was the Internet buyer (BY) and comparing him or her to the three generally accepted non-buyer categories of the non-web user (NW), the online store visitor (WV), or the person who intended to buy online but did not complete the transaction (BR).

The purpose of the study was to explore the attitudes of respondents toward purchasing products on the internet. Four groups were examined including: The non-web user (NW); the visitor (WV) - no intent to purchase online; the browser (BR)- has intention but has never purchased; and the online buyer (BY).

When testing the research results, the consumer factor and marketing factor had adequate internal consistency to be used in the study, while the technology factor failed to give any meaningful conclusions. Besides offering some general approaches to increasing the number and frequency of online purchases, the research offers specific insights as to how each group differs in their thoughts about buying products online. To attract all four groups of consumers to Internet buying, e-tailers need to tailor specific parts of his or her marketing campaign to meet the specific demands and needs of each group. They need to understand that just as in brick and mortar retailing the Internet customer is not a homogeneous group. It represents a variety of individuals with different attitudes and online shopping intentions. E-tailers need to focus on what the consumers want in exchange for their money, time, and effort not only in terms of product and customer service but also Internet experience.

II. OUTLINE OF THE PROBLEM

A. Purpose of the Study:

- The purpose of this research was to explore the differences between four potential groups of web users,
  - the current non-web user,
  - the user who only visits web stores with no intention to buy,
  - the Internet browser who has intention to purchase online but has never done so,
  - the person who has made an online purchase.

B. Need for the Study:

There is only limited research on the buyer who actually completes an online transaction. This research expands the literature by exploring who was the Internet buyer (BY) and comparing him or her to the three generally accepted non-buyer categories of the non-web user (NW), the online store visitor (WV), or the person who intended to buy online but did not complete the transaction (BR). This research will analyze the significant factors in previous online shoppers research to determine if those factors are also influential for the online buyers.
C. **Research Motive:**
At any given time there are millions of people online and each of them is a potential customer for a company providing online sales. Due to the rapid development of the technologies surrounding the Internet, a company that is interested in selling products from its web site will constantly has to search for an edge in the fierce competition.

Since there are so many potential consumers, it is of the out most importance to be able to understand what the consumer wants and needs. The importance of analysing and identifying factors that influence the consumer when he or she decides to purchase on the Internet is vital. Since the Internet is a new medium for there have been new demands set by the consumer. That is why it is crucial for the online retailers to know what influences the online consumer. Analysing consumer behaviour is not a new phenomenon. The renowned marketing expert Philip Kotler has published several works on the topic of consumer behaviour theories. These theories have been used for many years not only to understand the consumer, but also create a marketing strategy that will attract the consumer efficiently. Hence, understanding and identifying the consumer is closely related to the directions a company will take with their marketing strategy. These theories can also be applied to identify the online consumer and to create certain consumer segments. However, some distinctions must still be made when considering traditional consumer behaviour and online consumer behaviour.

Since online retailing is a new retailing medium and online consumer behaviour is diverse from traditional consumer behaviour, one must identify what influences the online consumer. Analysing the process that the online consumer goes through when deciding and making a purchase over the Internet, shows some factors that consumers consider. These factors need to be identified and taken into account by online retailers in order to satisfy consumer demands and compete in the online market.

D. **Scope:**
The research will assist online merchants and web designers to develop online environments that can increase the use of the web for current online buyers and influence the non-buyer and his or her intention to buy.

E. **Limitations:**
This study is limited to only Pune and result may differ if conducted in other regions.
Evaluation is based on the primary data generated through questionnaire and accuracy of the findings entirely depends on the accuracy of such data and unbiased responses of the respondents.

There are a number of factors influencing the online consumer. However, this research will try to identify the main factors influencing the online consumer and will, therefore, try to limit these to a few in order to be able to investigate the effect on the online consumer.

### III. Literature Review

In the article ‘Retailers upbeat’ published in Times of India 30 November 2013.
Retail businesses are the most visible segment of an economy. Private researchers have reported that 3 million retail businesses existed in India in 2009. Retail sales add significantly to a country’s economic engine. In 2013, India's retail sales were expected to reach Rs. 8097 Cr. modes of Retailing Consumers today have more shopping choices than ever before with traditional retail stores, catalogs, and various cable television shopping opportunities, as well as the Internet. Yet for all of its diversity, retailing can be categorized into two broad types:

**A. In-Store and Non-Store:**
In-store retailing, or brick and mortar, is the typical retailing method and represents the format where consumers come to a building where salespersons display and demonstrate the merchandise and its benefits, take orders and delivers the merchandise directly to the customer whereas non store retailing includes the telemarketing, catalogue sales, door-to-door sales and television shopping,

**B. Telemarketing:**
Telemarketing is a direct selling of goods and services by telephone. India accounts for over 40% of the global BPO market. Of the top 10 BPO destinations in the world, five are in Asia, with India’s dominant share ensuring that nearly 26% of South Asia's exports come from services. Within services, the key segments are business process outsourcing and short- term migration. Source: http://www.nordiclabourjournal.org/i-fokus/youths-work-environment/article.2013-10-09.7210069409

**C. Catalogue sales:**
A retailing method where customers receive a catalogue and then purchases merchandise by placing an order usually either by phone or mail. This category also includes sales that are the 10 result of other printed advertising materials such as fliers. Catalogue shopping represented $2 billion sales in India in 2006. It is the catalog shopper who is most often considered the likely online consumer. Source: "6 Reasons to Convert your Print Catalog to an Online Catalog".
D. **Door to Door sales:**  
This category represents the sale of goods or services with a purchase price of Rs.500.00 or more in which the seller, or his representative, personally solicits the sale and the purchase is made at the buyer’s home or at a place other than the seller’s regular place of business. Source: - http://en.wikipedia.org/wiki/Door-to-door

E. **Television Shopping:**  
There are three subset categories of television shopping including home shopping networks, infomercials, and the short-form commercial. Home shopping networks are a retail format in which customers see products displayed during an often continuous television program, customers place orders for the merchandise by phone. It is dominated by Home Shopping 18, TeleBrands, with Rs50 Cr. in total sales in together 2012. The infomercial is a three to 60 minute paid television advertisement that mixes entertainment with product demonstrations and solicits consumer orders via the telephone. It is a long version of the conventional commercial and focuses on persuading potential customers to make a direct response purchase.  
Source: http://en.wikipedia.org/wiki/Infomercial In the research paper ‘Current Use of Internet and A Profile of the Internet User’ published in The Journal of Consumer Affairs 2010, the authors Fernandez, Ana, and Anthony D. Miyazaki opine that the Internet represents a globally linked network of computers providing people, businesses and corporations, educational institutions, governmental agencies and even countries the ability to communicate electronically. Many studies have investigated the use of the Internet and found that it is most commonly used for information searching, product searching, shopping, sending e-cards, on-line banking, paying bills, communicating (including email and chatting), listening to music, playing games, and surfing (to browse or look at information on the web by pointing and clicking and navigating in a nonlinear way)

F. **E-Tailing:**  
Besides electronics gadgets, apparel and jewellery, home and kitchen appliances, lifestyle accessories like watches, books, beauty products and perfumes, baby products witnessed significant upward movement in last one year. According to a survey, India’s e-commerce market, which stood at $2.5 billion in 2009, reached $8.5 billion in 2012 and rose 88 per cent to touch $16 billion in 2013. The survey estimates the country's e-commerce market to reach $56 billion by 2023, driven by rising online retail.  
As per responses by 3,500 traders and organized retailers in Delhi, Mumbai, Chennai, Bangalore, Ahmadabad and Kolkata who participated in the survey, online shopping grew at a rapid pace in 2013 due to aggressive online discounts, rising fuel prices and availability of abundant online options. Among the cities, Mumbai topped the list of online shoppers followed by Delhi, while Kolkata ranked third, the survey found.  
To make the most of increasing online shopping trends, more companies are collaborating with daily deal and discount sites, the survey pointed out. The products that are sold most are in the tech and fashion category, including mobile phones, ipads, accessories, MP3 players, digital cameras and jewellery, among others, if found.  
India has Internet base of around 150 million as of August, 2013. As per the results of survey ‘Having close to 10 per cent of Internet penetration in India throws a very big opportunity for online retailers to grow and expand as future of Internet seems very bright’.  
Those who are reluctant to shop online cited reasons like preference to research products and services online (30 per cent), finding delivery costs too high (20), fear of sharing personal financial information online (25) and lack of trust on whether products would be delivered in good condition (15), while 10 per cent do not have a credit or debit card.  
Poel and Leunis (1999) suggested that the consumer’s adoption of the Internet for retail purchases focused on three attributes, money back guarantees, price reductions, and well-known brands. Regan (2002) examined that the factors that would most strongly increase online shopping would be:  
1) An increase in major catalog retailers taking steps to 14 convert customers into web buyers, and  
2) Overcoming the tactile need of online shoppers to become more comfortable with buying clothing without first touching or trying on the garment.

G. **The Internet Shopper:**  
A Profile Research of the Internet shopper has typically included demographic questions of age, education and household income. Over time the Internet buyer, once considered the innovator or early adopter, has changed. While once young, professional males with higher educational levels, incomes, tolerance for risk, social status and a lower dependence on the mass media or the need to patronize established retail channels, today’s Internet buyer shows a diversity of income and education. For Internet buyers, gender, marital status, residential location, age, education, and household income were frequently found to be important predictors of Internet purchasing.  
It was found that Internet buyers were more often opinion leaders, impulsive, and efficient Internet users. They trusted web security, were satisfied with existing web sites and had a positive shopping orientation. The potential adopters of the interactive electronic shopping medium perceived a relative advantage of using the Internet over other shopping format. They also found the Internet users to be innovators or early adopters. In order for the Internet to expand as a retail channel, it is important to understand the consumer’s attitude, intent and behaviour in light of the online buying experience: i.e., why they use or hesitate to use it for purchasing? Consumer attitudes seem to have a significant influence on this decision yet individual attitudes do not, by
themselves, influence one's intention and/or behaviour. Instead that intention or behaviour is a result of a variety of attitudes that the consumer has about a variety of issues relevant to the situation at hand, in this case online buying.

IV. RESEARCH DESIGN

Sampling method: Simple Random sampling
Selected sample: 183
Collected sample: 200
Research territories: Pune city.

A. Secondary Data

The Researcher had mainly used documentary secondary data combined with multiple source data. Documentary secondary data has been the data collected through different types of research conducted within the topic, articles, and books that are written on consumer behaviour and ecommerce. This type of data has been the fundamental source for gaining knowledge within the topic in order for the researcher to be able approach the research problem.

The secondary data that the researcher used for research is data that has also lead to the conclusion of which factors that will be examined.

V. DATA ANALYSIS AND INTERPRETATION

A. Online Shoppers

![Purchase Products on Internet](Fig. 1: Purchase Products on Internet)

<table>
<thead>
<tr>
<th>Purchase products on Internet?</th>
<th>No. of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>136</td>
</tr>
<tr>
<td>No</td>
<td>47</td>
</tr>
</tbody>
</table>

1) Interpretation:

About 74% respondent said that they buy Products from Online Retailers, while 26% people said that they prefer local shops over internet purchase. From this data it can be observed that a large number of people are starting to or are already buying online. This shows the availability of a large market waiting to be captured by e-tailors.

B. Observations Based on Demographics:

1) Age:

![Online Buyers By age group](Fig. 2: Online buyers by age group)
a) **Interpretation:**

Age group from 21-30 has availability of more disposable income and are aware enough to prefer to buy online. Respondents belonging to age group below 20 i.e. 10-20 tend to buy less due to lack of availability of finance as well as means to buy online (Credit card etc.).

2) **Income:**

<table>
<thead>
<tr>
<th>Average Monthly Income</th>
<th>Online Purchase (n=136)</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Income</td>
<td>33</td>
</tr>
<tr>
<td>1-20,000</td>
<td>24</td>
</tr>
<tr>
<td>20,000-40,000</td>
<td>41</td>
</tr>
<tr>
<td>40,000-60,000</td>
<td>22</td>
</tr>
<tr>
<td>60,000+</td>
<td>16</td>
</tr>
</tbody>
</table>

**Table - 3**

**Fig. 3: Purchase Comparison Based on Income groups**

Among a total of 136 respondents who did shopping online majority belonged to income group ranging from 20,000-40,000. People belonging to income group 20,000-40,000 have enough disposable income to spend and are price conscious which leads them to buy online at competitive prices. Respondents in this group mostly belonged to age group from 21-30.

**VI. FINDINGS AND SUGGESTIONS**

When testing the research results, the consumer factor and marketing factor had adequate internal consistency to be used in the study, while the technology factor failed to give any meaningful conclusions. The Internet buyers group and non-buyers groups shared dissimilar attitudes towards consumer and marketing factors. Internet buyers group and non-buyers group significantly varied in their intention to make online purchases.

Finally the respondent’s intent to repurchase the same product, the two groups of buyers were found to be significantly different in gender, ethnicity, Internet use ability, and the consumer factor. Besides offering some general approaches to increasing the number and frequency of online purchases, the data offers specific insights as to how each group differs in their thoughts about buying products online. Such insights offer e-tailers suggestions on how to more effectively reach each segment and perhaps move them into Internet buyers.

**A. Non-web shoppers:**

Non-web shoppers were those consumers who reported that they never shopped online. While scoring the lowest in their consumer and marketing attitudes, this group did have fairly high intentions to use the Internet for shopping, scoring higher than web-store visitors. Training, the clerk could provide information regarding that company’s Internet shopping’s security protection. These services would let the non-web shopper experience the convenience, speed, simplicity of the process, availability of detailed product information and, hopefully, enjoyment the surfing experience and realize the ease of buying online instead of waiting at the checkout line at the traditional retail store.

**B. Web-Store Visitors:**

Web-store visitors were the consumers who browsed Internet stores but had no specific intention to purchase products on the Internet. The web-store visitors’ major Internet use (68%) was for communication and entertainment such as email, chatting, sending cards, playing games, and/or listening to music. To move this group into being an Internet buyer, the e-tailer might want to focus on what this group does like to do online, communicate, surf, and find entertainment. The e-tailer can first form a relationship with the consumer. This can be done by providing good product information plus highlighting upcoming events and sales occurring in its traditional stores plus they can send general product information and
highlight product availability. They can also open a communication site and/or an entertainment site in order to first attract the web store visitors to visit their online site for a purpose other than shopping. The idea is to build awareness and a long-term relationship.

C. Internet Browsers:
Internet browsers were the consumers who shopped through the Internet with an intention to purchase a product but had not yet completed an online transaction. Internet browsers and buyers presented similar characteristics and attitudes toward Internet shopping. Internet browsers had the second highest intention score and also the second highest factor scores on both their attitude towards the consumer issues and their attitude towards the marketing issues of the Internet. Yet they have never completed an online purchase thus suggesting there are some issues that need to be overcome. Because Internet browsers have positive attitudes toward the use of the Internet as an alternative shopping tool, there may be several things the e-tailer can try.

D. Internet Buyers:
The goal of marketing is to increase sales and profits. Marketing professionals know that the ability to increase sales is often most easily done by focusing on the current buyers. It is the analyzing and understanding of the current buyers’ purchasing behaviors where marketers and e-tailers should perhaps make their first move towards the development of a more fully integrated marketing and communication plan. The Internet buyers were the consumers who had purchased a product through the Internet. Based on these findings, the Internet buyers were mostly single with some income and lived off-campus. They had a computer and Internet access, considered their Internet skills as good, and had more years of Internet using experience as opposed to any of the groups who had not made an online purchase. Internet buyers had a positive attitude toward the consumer and marketing factors of Internet purchasing and they also showed a higher intention for future online shopping than Internet non buyers.

VII. CONCLUSION

The Internet, as a retail outlet, is moving from its infancy used by only a few to a market with significant potential. There has been remarkable growth in Internet sales, but there is evidence which suggest that there are many consumers shopping with intent to buy at retail websites who for some reason do not complete the transaction.

Due to the rapid development of the technologies surrounding the Internet, a company that is interested in selling products from its web site has constantly to search for an edge in the fierce competition.

To attract all four groups of consumers to Internet buying, e-tailers will need to tailor specific parts of his or her marketing campaign to meet the specific demands and needs of each group.

They need to understand that just as in brick and mortar retailing the Internet customer is not a homogeneous group. It represents a variety of individuals with different attitudes and online shopping intentions. E-tailers need to focus on what the consumers want in exchange for their money, time, and effort not only in terms of product and customer service but also Internet experience.

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