

Influencing Factors for Online Purchase – A Case Study of Delhi & NCR Region of India

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Abstract— India is gaining importance as a high potential lucrative market for global retail players. Recent economic reforms in India bring consumers the benefits of using Internet for shopping. In this study it has been shown the factors effecting online purchase including the perceived risks. The report also brings an idea about the growth of internet and its impact of online shopping are reflected. Previously identified factors are taken into consideration and proposed hypothesis are tested. The statistical tool used in this study is SPSS 18.0. Hypothesis is tested using co-relation analysis. Factor analysis is used to test the reliability of the questionnaire framed for primary data.

Index Terms— Online purchase, Organized Retailers, Consumer Behavior, Buying pattern, Kirana

I. INTRODUCTION

Development of Internet has a strong impact on the world marketing environment and the Internet has given new dimension by providing the companies with ability to expand their business through e-commerce (Alkailani and Kumar, 2011). Recently internet has become a popular medium to promote information search, choice, and purchase decision. Business-to-consumer (B2C) electronic commerce requires use of Internet to the market and sells their products and services to individual consumers. The cyber technology offer consumers an additional channel for information search, service and purchasing, as well as they also increase choice, convenience, among retailers and reduction in cost (George, 2002). One of the major reason for online shopping is it provide time window avoiding crowds with 24x365 hours of shopping (Karayanni, 2003). The Internet also makes wide range of products and services available to consumers globally where people can buy or sell virtually anything, anywhere at any time, (Quelch and Klein, 1996). Internet not only created a new marketing dimension but it also meets the consumer needs and wants in a new manner. By providing effective information in online environments consumer search costs will be reduced which will lead to consumers making an optimal purchase decision. Recently it has been observed that the consumer are switching more towards online shopping as compared to past so it is necessary to identify consumer need and serve them better by designing the best website and delivering the post purchase service (Vijayasaraty and Jones, 2000). With the recent change in the buying patten there is change in consumer demand and supply has been

observed. It is also mentioned that with the advent of the technology some threats also arose which later on created dissonance in the customer mind. There are some factors which has a positive impact on consumer buying decision where as there are some factors which has a negative impact on consumer buying decision online which are further discussed in detail in this study. During the recent years most of the study was been made on shopping attitudes and behavior most of them have tried to identify factors which influence consumer behavior. In this study the attempt has been made to identify factors influencing online purchase.

II. REVIEW LITERATURE

Perceived behavior Related Factor

(Kotler, P. 2000) in his book mentioned that there are five steps involved in normal online purchase process. Firstly when the consumer identifies his or her needs for a product or service, then he moves to online and search for the required information. After gathering product information, the consumer evaluates the product with other available options. (Li & Zhang, 2002) in his study stated that online shopping behavior relates to the customer's psychological state regarding the accomplishment of online buying. Gozukara et al. (2014), in their study explained that the first dimension refers to the consumer's attitude towards a particular utilitarian motivation which includes (convenience, variety seeking, and the quality of merchandise, cost benefit, and time effectiveness). The second dimension includes happiness, fantasy, escapism, awakening, sensuality & enjoyment)

Convenience Related Factor

(Wang et al., 2005) in his study stated that convenience of the internet has a deep impacts on consumers' willingness to buy online. (Hofacker, 2001) in his study mentioned that online shopping is available for customers around the clock in comparison to traditional stores which opens at defined time. (The Tech Faq, 2008) in his research said that 58 percent chose to shop online because they could shop after-hours, while the traditional stores are closed. He further added that 61 percent of the respondents selected to shop online as they want to avoid crowds and ques, especially during weekend's & holiday. (Hermes, 2000) in his study said consumers not only look for products, but they also look for online services. He further said few companies have online customer services available 24 hours and 365 days. Hence, even after business hours the customers can resolve their queries and get necessary support from customer care.

Perceived Risk:

(Pallab, 1996) in his study stated that, consumers are worried that the Internet has less security with respect to the using of credit cards while disclosing personal information while making the purchase online and other factor is purchase without physically examining the products is another cause of dissonance. Financial risk is the perception in consumers

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mind that customer will be going to lose money while making the product work properly. (Maignan & Lukas, 1997) further defined as potential loss of money which includes consumers' sense of insecurity regarding online usage of credit card, which has been observed as major evidenced of obstacle to online purchases. (Baber et al. 2014) further added the third perceived value which includes ease of use, and usefulness of the product which is another dimension that covers perceived risk and determines consumer's behavior towards online shopping. (Li & Zhang 2002) in his research mentioned that there are two different types of perceived risk which are involved in determining consumer's buying behavior during online shopping process which include financial risk, time risk, and product risk. He further added that the other category of perceived risk are e-transactions including privacy and security. Many researchers including (Samadi & Nejadi, 2009; Kumar & Dange, 2014; Hassan et al. 2006; Subhalakshami & Ravi, 2015) mentioned that perceived risk like product risk, financial risk, non-delivery risk, time risk, information risk, social risk, privacy risk, and personal risk have a negative impact on online shopping. (Monsuwe et al. 2004) in their study contributed trust and security on e-retailer are other positive shopping experience which builds consumer's trust on e-retailers and reduce the perceived risk.

Return Policy:

(Forrester Consulting April 2008) in the report it has been mentioned that retailers associate a flexible returns policy with "free" returns as it is critical to note that customers generally associate with flexible returns policies with "hassle-free" returns. Resulting, retailers actually empowered to engage in as many more tactics other than simply prepaid returns labels which further can both serve their margin of objectives, as well as provide customers with comfort and security during their online shopping.

Cognitive Factor

Study by (Eroglu, Machleit, & Davis, 2003) found that consumer is influenced by the amount of information on a retail Web site which affective response (i.e., pleasure).

Scope of the Study:

The scope of this research is limited to the state of the region of Delhi and NCR.

Objective of the Study:

1. To evaluate online retailing in Delhi and NCR region of India.
2. To evaluate and access influencing factors in purchase, from online retailers in Delhi and NCR region of India.

Limitation of the Study:

The biggest limitation of the study is that the sample is taken from the shoppers shopping at malls. The optimal sample for the research is online customers purchasing online. But due to non availability of email id due to disclosure policy of the online retailers limited the research.

Research Methodology:

The present study is descriptive cross sectional study in nature. The methodology is designed to examine influencing factors responsible for online purchase from online retailers in Delhi and NCR region of India. The focus is made to

examine the determinants of influencing the buying behavior of consumer from online retailers. Explanatory study was made and was taken into consideration with the quantitative research strategy. The study is based primary as well as secondary data.

Sample Area

Table 1

Sr. No	Name of Mall	Address
1.	Ambience Mall	Delhi
2.	Ansal Plaza	Delhi
3.	Gurgaon Central Mall	Gurgaon
4.	DLF Mall	Noida
5.	Ansal Crown Plaza	Faridabad

Sampling

In order to identify factors effecting purchase from online retails the customer with age 14 years and above was selected as respondents to questionnaire. The primary data was collected from five malls, purposively selected from Delhi and NCR region. 500 questionnaires were distributed to the consumers of the said malls who were identified shopping but only 412 completely filled questionnaires were taken for analysis. The collected data was analyzed in SPSS 18.1. Chi Square test; co-relation and factor analysis were used for data analysis and data integrity. The initial target was to focus the consumer who was purchasing online but due to non disclosure policy of personal details by the online retailers the email id and personal details were not available, hence the sample was taken from the respondents who were shopping in malls.

Research Hypothesis:

H0: Convenience related factor has no significant impact on buying decision.

H1: Convenience related factor has significant impact on buying decision.

H0: Perceived risk has no significant impact on buying decision.

H1: Perceived risk has no significant impact on buying decision.

H0: Return Policy has no impact on buying decision.

H1: Return Policy has impact on buying decision.

H0: Perceived behavior related factor has no impact on buying decision.

H1: Perceived behavior related factor has impact on buying decision.

H0: Cognitive factor has no significant impact on buying decision.

H1: Cognitive factor has significant impact on buying decision.

H0: Perceived benefits have no impact on buying decision.

H1: Perceived benefits have impact on buying decision.

Data Analysis & Interpretation

Number of internet users in the Asia Pacific region as of January 2016, by country (in millions)

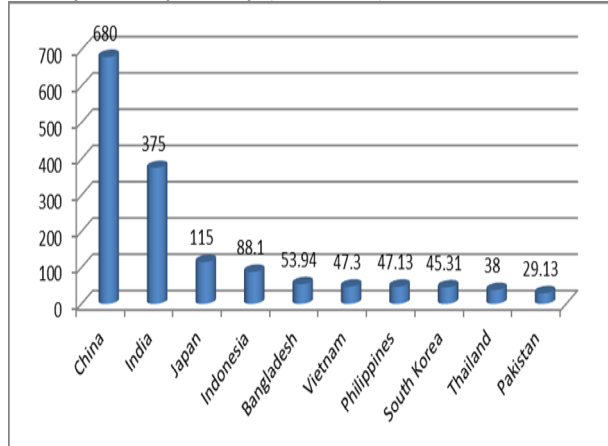


Figure 1 Source: India; eMarketer, 2014 to 2015

As shown in the figure India stands second in whole Asia – Pacific in terms of number of internet users. As per statistics we can see that 680 million internet users are from China. India consist 375 million internet users in 2016.

Internet User Statics

Year	Internet Users**	Penetration (% of Pop)	Total Population
2016*	462,124,989	34.8 %	1,326,801,576
2015*	354,114,747	27 %	1,311,050,527
2014	233,152,478	18 %	1,295,291,543
2013	193,204,330	15.1 %	1,279,498,874
2012	158,960,346	12.6 %	1,263,589,639
2011	125,617,813	10.1 %	1,247,446,011
2010	92,323,838	7.5 %	1,230,984,504
2009	62,166,128	5.1 %	1,214,182,182
2008	52,431,671	4.4 %	1,197,070,109
2007	46,597,582	4 %	1,179,685,631
2006	32,602,386	2.8 %	1,162,088,305
2005	27,327,370	2.4 %	1,144,326,293
2004	22,259,583	2 %	1,126,419,321
2003	18,692,542	1.7 %	1,108,369,577
2002	16,765,756	1.5 %	1,090,189,358
2001	7,076,031	0.7 %	1,071,888,190
2000	5,557,455	0.5 %	1,053,481,072

Source Internet: Live Source
Digital buyer penetration in India from 2014 to 2019, data in percentage

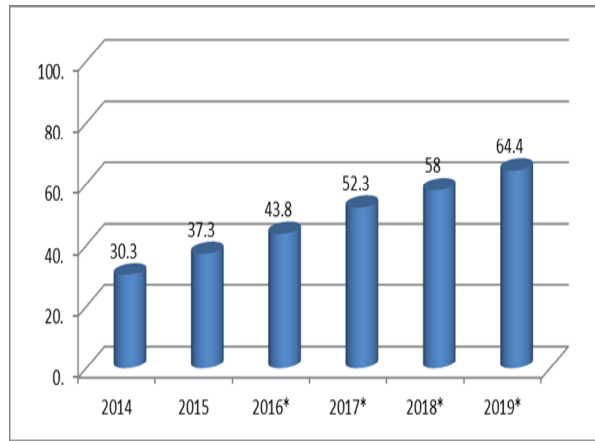


Figure 2 Source: India; eMarketer; 2014 to 2015

As shown in the figure Indian online marketing is continuously growing. In 2014 the total online sales was 30% which grew to 37.3% and expected to grow by 43.8% in 2016. Further it is also expected to grow by 64% by 2019.

Retail e-commerce sales in India from 2012 to 2018 (in billion U.S. dollars)

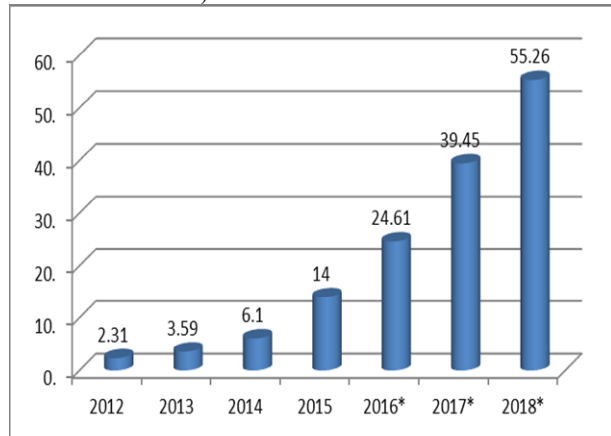


Figure 3 Source: India; eMarketer; 2012 to 2015

India has witnessed a consistent increase in e sales in past few years. It reached to 14 million in 2014 as compared to the e sail in 2012. It is expected to reach 24.61 billion (USD) by 2016 and expected to reach 55.26 billion (USD) by 2018

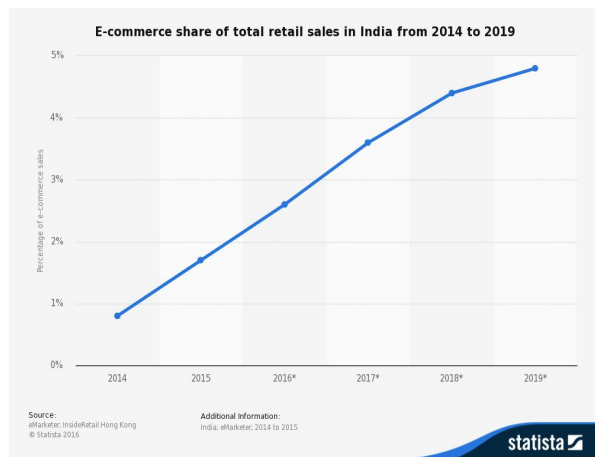
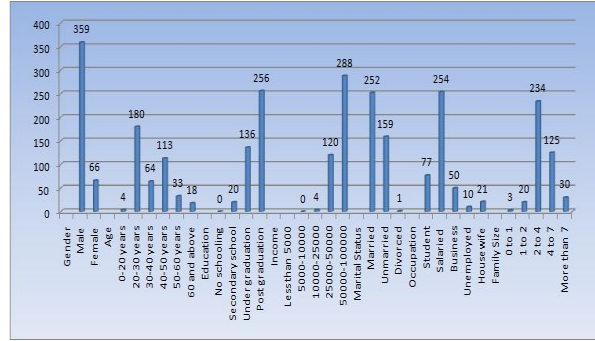


Figure 4 Source: India; eMarketer

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This statistic shows retail e-commerce sales as a percent of total retail sales in India from 2014 to 2015, and a forecast until 2019. In 2015, e-retail sales accounted for 1.7 percent of all retail sales in India, this figure is expected to reach 4.4 percent in 2019.

Demographic Variables:



Figure

Source: Primary Data (Questionnaire)

4

Table2: Factor loadings Cronbach's alpha

Variables	Factor loadings	Factor Loading	Cronbach's alpha
Convenience Related Factor	Easy to find the products.	0.866	0.898
	It is easy to select product online.	0.731	
	Easy to purchase products online.	0.868	
	Products are delivered at door step.	0.787	
	Online purchase saves time.	0.913	
Perceived Risk	Mode of payment is secured.	0.789	0.810
	No variation in quality of product as displayed.	0.746	
	Online Retailers keep my information confidential.	0.697	
Return Policy	Easy return policy available for defected products.	0.930	0.860
	Availability of free return shipment service available.	0.800	
Perceived behavior Related Factor	Availability of computer at home / office.	0.788	0.844
	Availability of Internet at home / office.	0.756	
	Availability of Credit Card / Net banking.	0.797	
Cognitive Factor	Friends and relatives are using online purchasing system.	0.703	0.840
	Products delivered to family and friends are standard.	0.647	
	Impressive advertisement made by online retailers.	0.915	
Perceived Benefits	It offers discounts on products.	0.910	0.684
	It keeps me update about the details of product features and price.	0.521	

Reliability Analysis for Questionnaires: First the reliability test for all six variables was carried out using SPSS 18.0. The Cronbach's Alpha of the reliability test for convenience related factor is 0.898, for perceived risk the value is 0.810, the value for the return policy is 0.860, the value for the perceived behavior related factor is 0.844, for cognitive factor the value is 0.840 and for perceived benefits the value is 0.684. All the alpha value are above 0.6 which means that the questionnaire is reliable.

Table 3: Correlation with buying decision

Variables	Pearson Coefficient	Significance (p)
Convenience Related Factor	0.307	0.005
Perceived Risk	0.333	0.002
Return Policy	0.200	0.072
Perceived behavior Related Factor	0.188	0.253
Cognitive Factor	-0.424	0.007
Perceived Benefits	0.265	0.016

Table 4: Hypothesis Testing

Hypothesis	Intercept	R Square Co-efficient	p-value	Hypothesis Outcome	Conclusion

H1	2.601	0.170	0.005	Since p value is less than 0.05. Alternative hypothesis is accepted.	Convenience related factor has influence over online shopping.
H2	2.915	0.045	0.002	Since p value is less than 0.05. Alternative hypothesis is accepted.	Perceived risk has influence over online shopping.
H3	2.788	0.156	0.072	Since p value is greater than 0.05. Null hypothesis is accepted.	Return Policy do not have any significant influence over online shopping.
H4	2.221	0.261	0.253	Since p value is greater than 0.05. Null hypothesis is accepted.	Perceived behavior related factor do not influence on online shopping
H5	2.223	0.091	0.007	Since p value is less than 0.05. Alternative hypothesis is accepted.	Cognitive factor has influence on online shopping.
H6	2.751	0.098	0.016	Since p value is less than 0.05. Alternative hypothesis is accepted.	Perceived benefits influence online shopping behavior.

In the above table a Pearson correlation test, a significant correlation test was shown between the buying behavior and product display.

CONCLUSION

From the above study it could be concluded that online retailing is growing with the greater speed. Consumer buying pattern is changing with respect to time. The traditional consumer who used to shop local markets and unorganized retailers *kirana* as mentioned in the previous report “*Impact of organized retailing on consumer behavior with Special Reference to Uttrakhand*” and other reports (references mentioned in last of the report) depicted that consumer buying pattern has been changed in the last two decades. Satisfied consumers from Kirana (unorganized retailers) are tending towards to organized retails and further they are being delighted by benefits provided by online retailers. The previous study proved that convenience related factors, perceived risk related factors, return policy related factors, perceived behavior related factors, cognitive factors and perceived benefits are predominant factors which influence buying behavior of a consumer. The current study proposed 6 hypothesis based on previous studies and being tested in current context of online retailing in current scenario. The current study advocated the influencing factor in online retailing except the policy related factors & perceived behavior related factors which do not influence online purchase. On the other hand we can see that in recent year India ranked second in number of internet users in the Asia Pacific region as of January 2016. Digital buyer penetration in India also increased from 2014 to 2016 and expected to grow by 2019. Retail e-commerce sales in India also grew from

2012 to 2016 and expected to grow by 2018. E Commerce share also increased and expected to increase in near future.

Future Work to be carried out / Upcoming Research Paper: A journey from Kirana to a Click – A comprehensive report to a New Era.

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