



Factors influencing online customer purchase behavior

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ABSTRACT

Nowadays, with the rapid development of Internet technology, online shopping is becoming common and even inevitable among Indian people in different age. Consumers choose online shopping which is another shopping channel that is more convenient and express than the traditional shopping pattern, and these also attracts more and more people sell products online, from chain store to small individual business. To stand out, it is useful for sellers to find out what factors affect a potential consumer's purchasing behaviour of online shopping. Consumer behaviour study how consumers choose between products or services when facing more than one alternative. The objective of this study was to investigate the factors affecting Indian consumers' online purchasing decisions and behaviour on fashionable products. In-depth interviews were conducted with experienced online shoppers aged from 18 to 35 for this study to provide more insights into the study and provide a basis for the design of questionnaire. The questionnaire was carried out with 120 respondents in Central, SRM, and Anna University from January to February 2015. Three factors from the objective factors, including price, product quality and web trust, are found significant to affect the consumers' online purchase behaviour. Thus, it is suggested that online sellers should pay more attention on the service.

KEYWORDS : Online shopping, Purchase behavior, Online marketing

Introduction:

E-Commerce is gaining momentum globally with Asian economies like China, India and Indonesia being the fastest growing e-commerce markets. E-commerce in India is growing at a fast pace with an estimated size of Rs.43,930 crore in FY13 and a CAGR of 43.8% (FY08-13). As per the internetworldstats.com – The top 20 countries in the internet by number of users as on June 30, 2012, India ranks 3rd after China and US. The e-commerce industry is mainly dominated by the travel segment which accounts for more than 70% of the transactions of industry and e-retail's share in e-commerce stands at approximately 12.5%. In spite of the robust growth, the e-commerce industry is still in a nascent stage with significant e-commerce ventures being started by young first-time entrepreneurs. The Confederation of Indian Industry (CII) report estimates the volume of e-commerce to grow to Rs.1000 billion in the year 2017.

Consumer decision making means a consumer make a choice between more than one option of goods or services. The study of consumer decision making concerns how consumer make decision between those alternatives (Peter and Olson, 1999). A large amount researches about consumer decision making put the focus on the cognitive process. Consumers decision making process was described as complicated with many factors generate problem recognition before a series of actions was initiated to reach a result (Erasmus et al., 2001). Consumer decision making process describes the steps of a consumer's decision making. Consumers first identify their needs and then collect information, evaluate the alternatives and finally make the purchase decision. All these actions are determined by both psychological and economical factors, and are affected by environmental factors like cultural, group, and social values (Klein and Yadav, 1989). The paper addresses the factors affecting customer behavior who use online purchase. The paper is organized in such a way that next section is about objectives of the study followed by methodology. Following to it is result discussion and findings from the study.

Need of the study:

The online marketing management tries to solve the basic problems of consumers in the area of consumption. To survive in the market, a firm has to be constantly innovating and understand the latest consumer needs and tastes, but in online marketing companies are not in touch with customer directly. It will be extremely useful in exploiting marketing opportunities and in meeting the challenges that the Indian market offers. It is important for the marketers to understand the buyer behaviour due to the following reasons.

- The study of consumer behaviour for any product is of vital importance to marketers in shaping the fortunes of their organisations.
- It is significant for regulating consumption of goods and thereby maintaining economic stability.
- It is useful in developing ways for the more efficient utilisation of resources of marketing. It also helps in solving marketing management problems in more effective manner.
- Today consumers give more importance on environment friendly products. They are concerned about health, hygiene and fitness. They prefer natural products. Hence detailed study on upcoming groups of consumers is essential for any firm.
- The growth of consumer protection movement has created an urgent need to understand how consumers make their consumption and buying decision.
- Consumers' tastes and preferences are ever changing. Study of consumer behaviour gives information regarding colour, design, size etc. which consumers want. In short, consumer behaviour helps in formulating of production policy.
- For effective market segmentation and target marketing, it is essential to have an understanding of consumers and their behaviour.

Objectives:

- To find out the factors influencing the intention of online shopping,
- To provide useful information for online shops in marketing decision making,
- To analyze the importance of online selling in marketing decision in fashionable products

Methodology:

The questionnaire designed based on the information collected from the in-depth interview and to investigate the subjective and objective factors that affect consumers' online purchase behaviour. The questionnaire was carried out in Central, SRM and Anna University from January to February 2015. For selecting samples, the simple random sampling method was used, which means each individual is chosen randomly and each people has the same probability of being chosen. Totally 150 set of questionnaires were distributed and 120 set of questionnaires were returned, the respondent rate is 86%. The chosen location can allow the research to collect data from people with different ages and background. The questionnaire on factors affecting online purchase decision and behaviour contains four parts with 58 questions. In the questionnaire, the likert scale was used with five

categories. In which, 1 stands for Strongly Disagree; 2 stands for Disagree; 3 stands for Neutral; 4 stands for Agree and 5 stands for Strongly Agree. After collected the data from the respondents, SPSS20.0 for windows was used for data analysis, primary data analysis and descriptive statistics.

Result and Discussion:

In the questionnaire survey, 120 respondents including students and working class at different ages were surveyed. The proportion of male and female respondents was 58.7% and 41.3% respectively. The majority of the samples (87.4%) were from the age group 21 – 30, and the one fifth of the samples (10%) was ages below 20 and fewer less than 3% were ages between 41 – 50. No one was from the age group above 50. In the samples, 43.6% respondents' education level were bachelor degree, and less than one third (32%) of respondents' post graduate level. were form 7. Respondents who were form 5 or below have 11.6% and respondents in associate degree or high diploma were 12.8%. Majority of the samples (94.1%) were students, and 5.9% of the samples were from the faculty members in the education industry. This may because the samples are mainly formed by youngsters. Following are the findings and interpretations of the study.

5.1 Factors influencing online purchase:

The increasing popularity and proliferation of online shopping has stimulated widespread research aimed at understanding what influence consumers' online shopping behavior. More recently, research has begun to focus on consumer site commitment, online shopping satisfaction and e-loyalty (online repurchasing) (e.g. Ha, 2006; Li et al., 2006; Massad et al., 2006; Park and Kim, 2006). Synthesizing studies in this area from 1994 through 2002, Cheung et al. (2005) provided a critical and comprehensive review of the theories and empirical results of consumer online behavior. The theory of planned behavior (TPB), theory of reasoned action (TRA), and technology acceptance model (TAM) were identified as the dominant conceptual bases in the surveyed literature. Five major categories of determinants of consumer online behavior were identified:

1. Consumer characteristics such as consumer demographics, attitude, motivation, perceived risk and trust.
2. Product characteristics such as price and product type.
3. Merchants and intermediate characteristics such as brand, service, privacy and security control.
4. Environmental influences such as exposure, market uncertainty, and competition.
5. Medium characteristics such as ease of use and information quality.

Table 2. One Way anova between factors influencing online purchasing and group of professionals

Factors	Channel						F value	P value
	Diploma	UG	PG	Associate degree	Research	Faculties		
Intermediate characteristics	1.11 ^a (.32)	1.31 ^{ab} (.51)	1.51 ^{abc} (.87)	2.11 ^c (1.36)	1.89 ^{bc} (1.41)	1.45 ^{ab} (.84)	4.28	<0.001**
Medium characteristics	1.80 ^{ab} (1.10)	1.82 ^{ab} (1.15)	2.12 ^{ab} (1.2)	2.67 ^b (1.58)	2.32 ^{ab} (1.37)	1.68 ^a (.84)	2.43	0.034*
Consumer characteristics	1.34 ^a (.48)	1.07 ^a (.25)	1.53 ^a (.96)	1.44 ^a (.72)	2.42 ^b (1.26)	1.45 ^a (.79)	9.94	<0.001**
Environmental influences	1.23 ^a (.42)	1.43 ^{ab} (.88)	1.51 ^{abc} (.95)	2.00 ^{bc} (1.5)	2.21 ^c (1.43)	1.26 ^a (.55)	4.00	0.001**
Product characteristics	3.40 ^b (1.03)	1.20 ^a (.4)	1.10 ^a (.29)	3.44 ^b (1.42)	4.37 ^c (.95)	1.11 ^a (.31)	262	<0.001**

One-way between-groups analysis of variance is conducted to explore Factors affecting online purchase on six different groups of people in the university namely diploma, UG, PG, Associate degree, Research and Facilities by the Life Orientation test (LOT). Since the P value is less than 0.01, the null hypothesis is rejected at the 1% level of significance. Hence, it is concluded that there is a significant difference between the above factors with the six groups of people. Post-hoc comparisons using the Tukey HSD test between researcher and Medium characteristics indicated that the mean score for Group 1 (M=1.11) is significantly different from Group 4 (M=2.11). Despite

To evaluate the and rank the factors we have used friedman testing of SPSS 20.0. Among the five factors product characteristics ranks first which could be observed from table below

Table 1 Ranking of factors influencing online purchase

Particulars	Mean rank	Rank	Chi square value	P value
Intermediate characteristics	2.40	IV	969.52	0.001**
Medium characteristics	3.29	III		
Consumer characteristics	3.45	II		
Environmental influences	1.71	V		
Product characteristics	4.15	I		

The above table shows that the Product characteristics ranks first among all other factors with a mean rank of 4.15. The price and type of pricing in online attracts the customers towards purchase of products in online. Ranking second is the consumer characteristics with a mean rank 3.45. The online purchasing pattern largely varies with the characteristics of customer. Largely through the demographic set up they are into, risk taking ability and perceived ease of usage. The third is Medium characteristics such as ease of use and information quality with a mean rank 3.29. The people having thrust to gain information use more online purchasing. But loss can occur at sometimes due to lack of information and mis-interpreted data. The respondents feel that Intermediate characteristics and external factor play very minor role in the determination of online purchase which ranks last among all factors with a mean rank of 2.40 and 1.71 respectively.

Null Hypothesis

Factors affecting online purchase do not vary with different groups of the people in the study area.

One Way Anova

There are six different groups of people in the university namely diploma, UG, PG, Associate degree, Research and Facilities which is the independent variable. The different factors of service rendered to farmers are treated as dependent variable.

reaching statistical significance, the actual difference in mean scores between the groups is quite small. The effect holding, calculated using eta squared, is 0.05. The Product characteristics varies with different people. Post-hoc comparisons using the Tukey HSD test for technical guidance indicated that the mean score for Group 5 (M=2.42) is significantly different from all other groups. From the analysis it is found that service level has significance with people of contract and others. Contract channel provide their own information and technology. This makes the online channel distinct service wise. Post-hoc comparisons using the Tukey HSD test between storage, transportation

facility and distribution channel indicated that the mean score for Group 6 ($M=1.26$) is significantly different from Group 5 ($M=2.21$) and Group 1 ($M=3.4$). Post-hoc comparisons using the Tukey HSD test between absence of middlemen indicated that the mean score for Group 2 ($M=1.2$), Group 3 ($M=1.1$), Group 6 ($M=1.11$) is significantly different from Group 1 ($M=3.4$) and Group 4 ($M=3.44$) which is significant with Group 5 ($M=4.37$).

Conclusion and Recommendations:

From the result, both subjective factors and objective factors has influence on consumers' online purchase decision and behaviour. Thus, when an online seller wants to be success, he or she needs to understand those factors and implement the appropriate strategy. As most of the online consumers are price sensitive, consumers needed to promote a suitable pricing strategy to satisfy the needs of consumers. Not only by setting a lower price of the product, sellers can also create price advantage through indirect price. Sellers can provide free delivery charge for the product and also give out some small gift of last seasons' product to consumers, to increase their purchase intention. It is suggested that sellers used the pictures and photos taken by themselves rather than from magazine or promotion photos of the product. This is because consumers tend to have higher trust and better feelings on photos of the actual products. Besides, consumers will have a relatively bad feeling once they realize the real product they received is different from the one in the photo. Sellers with better quality of product can increase consumers' loyalty. It is recommended that online sellers should also focus on web trust which has a significant influence on consumers' online purchase behaviour and decision. Sellers can increase web trust through designing the layout of their web site, a proper layout and design of the website can provide good image to consumers and increase their trust.

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