



A Qualitative Study of the Role of E- Commerce and Internet Marketing in Online Purchasing Trends in India

KEYWORDS

Namrta Kumari

Research Scholor Noida International University Greater Noida

Dr Amit Kumar Pandey

Associate Professor Galgotia Institute of Management and Technology Greater Noida

ABSTRACT *This paper gives an overview of ecommerce and internet marketing, discusses the global and Indian online trends, and identifies the various reasons behind the online purchases and the impact of select reasons on genders, specific to Indian online shoppers. Moreover study is focused on the Indian context and buyers who believe and shown their faith in online purchasing. But still a countable number is having a hitch in their mind for the online purchasing.*

INTRODUCTION

Change is an integral part of our life. This may not sound amusing, but what is of significance today is the pace at which change occurs in any society. Ideas become obsolete before getting internalized, while products enter the decline phase even before getting into the maturity phase. In the last few years we have seen a dramatic increase in the e-commerce business in India. Few local brands are in the consolidation spree and commanding a majority of the overall market share, whereas foreign players are eyeing for a chunk of Market share. Last year, we have seen the arrival of the global giant like Amazon. in, which because of the policy norms started business with a marketplace format in the Indian Market, and growing their reach by penetrating into the market everyday by offering more than 1.5 crores products online. The local brands like Flipkart, Snapdeal, India times, Myntra, etc, are also giving a head on competition to their competitors. With the competition growing every day and the new kind of services offered by the e-commerce companies, the business has become more dynamic than ever and its going to get more complex in coming years. The facilities like Cash on Delivery, Scheduled delivery, Free return and Exchanges has brought a new dynamism and convenience to the Indian consumers. The companies are also getting more interested than ever to know their consumers. Brand loyalty has become a utopian concept in this era of competition. So it became imperative to understand the needs and demand of the consumers. With the growth of the sector increasing at the very high rate, more information is needed for devising the strategies to tap the market. The complex buying behavior of the consumers needs to be unveiled.

Finding a way into India's vast but vexing market has long frustrated foreign retailers. Now, overseas investors are pouring billions of dollars into e-commerce ventures that are circumventing the barriers holding back retail powers such as Wal-Mart and Ikea. Some investors see India as the world's next big e-commerce opportunity, with the upcoming mammoth public stock offering of Chinese online giant Alibaba hinting at the potential. Online shopping is still in its infancy in India at \$2.3 billion of an overall \$421 billion retail market in 2013, according to research firm Crisil. But it is growing fast and the potential of reaching a mostly untapped market of 1.2 billion people has sparked a funding-and-expansion arms race. Flipkart, a Bangalore-based company founded in 2007 by two former

Amazon employees, last month announced it had raised \$1 billion (Rs. 6,000 crore at 1 dollar = 60 rupees) in mostly foreign capital after building its registered users to 22 million. A day later, Amazon raised the stakes with founder Jeff Bezos saying the company would pour \$2 billion into developing its India business. Snapdeal.com, whose investors include eBay Inc, has raised at least \$234 million in the past year, and media recently reported that Tata Sons chairman emeritus Ratan Tata is considering a personal investment in the company. The flood of overseas capital comes even though foreign investment in online retailing is not permitted in India, which would seem an even more stringent barrier than the local product sourcing requirements that caused Wal-Mart and Ikea pull back on plans to build megastores. However, e-commerce businesses that are partly or wholly foreign owned have found a way to work around the rules to offer books, clothes and electronics on their sites. It may be a while before the big investment outlays translate into profits. Most of the billions raised by e-commerce businesses will be plowed back into building up the companies, from acquiring warehouses to developing shipping networks and also offering deep discounts to squeeze smaller players out of the market, said Ajay Srinivasan, director of Crisil Research. "Financial muscle ensures you are able to withstand the initial few years when you are not going to be making money and you'll be burning cash," Mr Srinivasan said. "It also allows you to offer better deals to customers to build market share." The battle is playing out on TV and in newspapers. India's e-commerce revenue has grown explosively over the past three years despite only 11 per cent of Indians having access to the Internet, according to a report by KPMG and the Internet & Mobile Association of India. Online sales are growing at more than 50 per cent annually and are on track to reach \$8.3 billion by 2016, Crisil estimates. KPMG estimates that e-commerce could contribute 4 per cent of India's GDP by 2020, compared to a projected 10 per cent for the country's IT and call-center outsourcing industry. Such big potential for online retail is made possible in part by India's continued restrictions on big box retailers that have Indians starved for choice.

OBJECTIVES

- 1) To identify the reasons of increasing online Purchasing trends in India.
- 2) To understand various reasons vis-a-vis gender of the

online purchasers in India.

LITERATURE REVIEW

Economist's article on online trends (2000) says that though currently three quarters of all Ecommerce takes place in United States and the country accounts for 90% of commercial web sites, the situation is likely to change in near future. Roger.O.Crockett (2000) opines that, no longer is the web primarily a hang out for the techno-nerds. Net demographics are quickly coming to match the world's diversity. Combined business week and Harris polls conducted by USA reveals that 46 per cent of those who use the internet are women, up from 37 per cent three years ago. Danielle Guay and Jim Between (1998) say that the computer hard ware and software industry is slowly but steadily losing it's position as the number one industry in the internet commerce sales revenue. According to Lenkeeler (1999), interactivity turns the traditional concept of advertising upside down by putting the buyer in driver's seat. As now, customers are deluged with data, they can have greater control over buying process. He adds that, the audience is not captive any more and marketers are going to have to work harder to entice them. The information provided by marketers is to be content rich and user friendly. The International Data Corporation (IDC, 2005) conducted a study on popular E-Commerce sites. The results showed that the biggest concern of most website operators were customization and personalization to sites. Internet and Mobile Advertising Association of India (IAMAI, 2006) reports that among Indian online purchasers, 85% are males and 15% are females. McNair(1978), Rosenburg and Hirschman(1980) and Scheiderman (1980) share the belief that electronic shopping would become the dominant mode of shopping by 2025

Research Methodology

The study has been conducted with the objective of finding out the major reasons for becoming online purchasers and the impact of select reasons vis-a-vis gender of the online purchasers in India. The population for the study consists of online purchasers of Indian origin. The total online purchasing population in India is around 40,000,000. A structured questionnaire was mailed to 4,000 online purchasers in the country. A total of 88 online purchasers responded to the mailed questionnaires. The respondents have been selected using non-probability sampling technique of convenience sampling. The sources of data include both primary and secondary. The primary source includes the online purchasers of Indian origin, while the secondary source includes the reports, theses, journals, magazines etc. The secondary data is collected from various sources, which includes NASSCOM, Government Statistics (Reports), Computer journals like Dataquest, PC Quest, Computers Today and online resources etc. From the primary source, once the data is collected and coded, the analysis of the data has been done in the following manner. In the first step, the frequencies of the responses of each item, under different coding categories and the percentages have been computed. In the second step, the Mean and Standard Deviation for the frequencies of each item have been computed. In the third step, cross-tabulation is done between selected items and the gender of the respondent, to find out the relationship between them. Finally, Chi-square analysis is done to study the relationship between a particular item and the gender of the respondents and appropriate interpretation is inferred from the chi-square test results.

Changing trends in online purchasing:

The respondents were asked about the reasons which encouraged them to go for online purchasing and their responses are as shown in Table 1. From the Table 1, it is clear that 18.2 per cent of the respondents strongly agreed with the view that the reason for going online is Convenience. 31.8 per cent agreed with this view, while 9.1 per cent did not agree and 27.3 per cent neither agreed nor disagreed, the rest strongly disagreed with this view. 36.4 per cent of the respondents strongly agreed with the view that the reason for going online is for Ease of Usage. 4.5 per cent agreed with this view, while 22.7 per cent neither agreed nor disagreed, 27.3 per cent did not agree, the rest strongly disagreed with this view. 50 per cent of the respondents strongly agreed with the view that the reason for going online is for Speed/Saving of Time. 31.8 per cent agreed with this view, and the rest neither agreed nor disagreed with this view. 13.6 per cent of the respondents strongly agreed with the view that the reason for going online is Reliability. 40.9 per cent agreed with this view, 27.3 per cent neither agreed nor disagreed, 4.5 per cent disagreed and the rest strongly disagreed with this view. 18.2 per cent of the respondents strongly agreed with the view that the reason for going online is for deals offered by the company. 31.8 per cent of the respondents strongly agreed with the view that the reason for going online is for gathering information. 45.5 per cent of the respondents strongly agreed with the view that the reason for going online is that it wide range of choice or Variety. 18.2 per cent of the respondents strongly agreed with the view that the reason for going online is that it provides for easy payments mechanism. 4.5 per cent of the respondents strongly agreed with the view that the reason for going online is for its delivery of products and services. 22.7 per cent of the respondents strongly agreed with the view that the reason for going online is for availability of a wide range of products, which can be accessed very conveniently.

From the above Table 1, it can also be observed that the reason, "Speed", which means the saving of time, is considered as the most important reason for going online with a mean of 4.318 and a standard deviation of 0.766. It was followed by Information and Variety with a mean of 4.0. Delivery of Products/Services has been rated relatively less important with a mean of 3.045 and a standard deviation of 1.071.

Association between Genders and online purchasing

From the above discussion, it has been inferred that the reasons Speed, Information and Variety are considered to be most important reasons by the respondents for going online. To study the association between the gender and the above mentioned reasons for going online, cross-tabulation between the gender and the select reason is done and chi square analysis is carried out, and it is presented as follows.

Conclusion and Suggestions

Among the various reasons, which are encouraging the consumers to shift from traditional purchasing to online purchasing, the reasons Speed, which ensures a lot of saving of time, is considered as the most important. It is followed by Information, which enables the consumers to gather wide range of information regarding the products and services, as also where they are available and about the deals on the products. It is followed by Variety, which enables the consumers to search for wide range of products. The factors hindering the diffusion of online purchas-

ing in India are unreliable payment mechanisms, security issues, improper delivery mechanisms and poor infrastructural facilities.

The online service providers are advised to provide a wide range of information, variety and also enable a speedy processing of the entire transaction. They are also advised to install reliable payment mechanisms, look into the safety and security concerns of the customers and establish and improve the delivery mechanisms and strongly communicate the same. These measures will go a long way in the diffusion or proliferation of online purchasing in India.

REFERENCE

- Danielle Guay and Jim Ettwein, Internet Commerce Basics, Electronic Markets, Vol. 8, No 1-1998, pp. 12-15. | • Bennett Gold LLP, Chartered accountants (2002), 'Lump of Coal for Ecommerce' Donna L. Hoffman, Thomas P. Novak, 'A New Marketing Paradigm for Electronic Commerce', Internet Marketing, pp. 63-69. | • Efrain Turban, Jae Lee, David King, H. Mickeal Chung, 'Electronic Commerce A Managerial Perspective', Pearson Education, 2001, pp. 28. | • Gary P. Schneider, James T. Perry, 'Electronic Commerce', Thomson Asia Pte Ltd, 2004, pp. 2-12. | • Hoffman, Donna and Thomas P. Novak (1995), 'Marketing in Hypermedia Computer Mediated Environments: Conceptual Foundations,' Project 2000 Working Paper No. 1. Owen Graduate School of Management, Vanderbilt University. | • Hoffman, Donna L. and Thomas P. Novak. 1996, "Marketing in Hypermedia computer mediate Environments: Conceptual Foundations," Journal of Marketing 60 (July): 50-68. | • Katz, E. and P.F. Lazerfeld (1955), Personal Influence, Glencoe: Free Press. | • Lasswell, H.D. (1948), "The structure and Function of Communication in Society", in The Communication of Ideas, Bryson, ed., New York: Harper and Brothers. | Len keeler, Cyber Marketing, AMACOM, 1995, pp. 168-169. | • NASSCOM, 15 September, 2006, 'What's Next: The New Realities in eCommerce', www.nasscom.in. NASSCOM, 16 Sep, 2006, 'Industry Bets on e-Commerce', | • Ravi Kalakota, Andrew B. Whinston, 'Electronic Commerce, A manager's Guide, Pearson Education', 2004, pp. 4-5. Robert A. Perterson, Sridhar Balasubramanian, Bart J. Bronnenberg, 'Exploring the Implications of the Internet for Consumer marketing', Internet Marketing, Harcourt, pp. 120-145. | • Roger O. Crockett, A web that looks like the world, Business Week, March 22 1999, pp. 25. |