

## Online Purchase Behaviour Among Youth in India



### Management

**KEYWORDS :** Online shopping behaviour, E commerce consumer behaviour, E-retailing, Students and Youth, India.

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### ABSTRACT

*The youth constitute a hefty proportion of Internet users. Improved technology has enabled wider internet penetration in the country and with the widespread of smartphones, online shopping have gained momentum, across a huge leap from US\$1.6 billion in 2012 to US\$8.8 billion in 2016. The objective of this study is to explore the underlying factors that promote online shopping among youth. Both motivating and hindering factors are identified and factors affecting choice of particular e-commerce portal is identified. Managerial implications are also discussed.*

### 1.0 Introduction

Ever since the launch of Amazon and Ebay, e-commerce activities have had gained momentum among all cross sectional users of the internet. Internet has changed the way how consumers would buy and sell products. India has an average internet user base of about 250 million as of June 2014. India's e-commerce business has leaped by more than 80 percent in 2013 and the drive is likely to in the coming years, with projections to reach \$50-70 billion by 2020 (Gyanendra, 2014). Though the size of India's e-commerce market in 2013 was around \$13 billion, it accounts to only a small percentage of total sales happening in the country. Globally, total online sales reached \$1.22 trillion in 2013 and China accounted for more than \$200 billion. India is a prospective and lucrative market for e-commerce players. India is also anticipated to be the third major e-commerce marketplace in the world following the US and China (Leslie, 2014)

### 2.0 Significance of the study

Youth account for the major share of online consumers. According to Mubin(2012) youth are the foremost buyers who would purchase products through online options. Butler and Peppard (1998) study explored the association between age and Internet shopping and found that younger consumers were more inclined to shop online. Studies reveal that more than 40% of online consumers are between 20 and 49 years of age (Slyke et al., 2005). Most of the empirical research conducted in exploring online shopping behaviour had not focused on shopping behaviour of youth in particular. This study attempts to understand the antecedents of online purchase among youth and attempts to identify the hindering factors and further explores those factors particular to the e-commerce website, which would drive in more customers to shop online, in Indian context.

### 3.0 Review of Literature

Various theoretical models on shopping behavior ,Technology Acceptance Model, Theory of Reasoned Action or Innovative Diffusion Theory etc.( Shergill and Chen ,2005), have been used to explore the underlying psyche of online shopping. There are many factors that would motivate a consumer towards online purchase - access to detailed information, competitive prices, greater choice and convenience ((Kumar, Lang & Peng, 2005, Zhou, Dai & Zhang, 2007). Online shopping is significantly influenced by reference groups, peers, family members and their recommendations (Foucault & Scheufele, 2002).Online shopping enables better product and price comparisons, as compared to traditional shopping (Alba et al., 1997). Final purchase is mainly based on dimensions like how , price and product comparison services, transaction costs like delivery time, delivery costs, ease of placing orders, personal information security etc. (Alba et al., 1997). Studies also reveal that gender, age, income level and educational qualification are significant factor that influence how one would use and adopt technology (Slyke et al., 2005)

### 4.0 Objectives of the study

1. To explore the demographic profile of young online consumers.
2. To understand the online purchase pattern of youth.
3. To identify the motivating and hindering factors, in online purchase.
4. To identify the factors that contributes towards choosing a particular e-commerce portal.

### 5.0 Research Methodology

The research design is primarily descriptive in nature. Sample selection was judgmental in nature, as to collect data from students in both graduation and non-graduation courses, in both arts and science streams. The study was conducted among students from the Cochin University of science and technology (CUSAT) campus, Kerala, and India.

### 5.1 Data Collection

The survey was conducted using a self-completion questionnaire method, whereby questionnaires are handed out to respondents for self-completion and returned to the researcher immediately. In an effort to encourage high response, the questionnaire was accompanied by a cover letter which assured the respondents of confidentiality.

### 6.0 Data Analysis

#### 6.1 Sample Profile

The population of the study comprised of 110 students of CUSAT campus of which 85 were science students and 79 were arts students. 63.63% (70) of the students were in the age group of 20-25 years, while 36.36% (40) belonged to the age group of 25-30 of which 70 were males and 40 females. Majority of the sample belonged to the family income group of 'between Rs 30,000 to Rs 60,000.

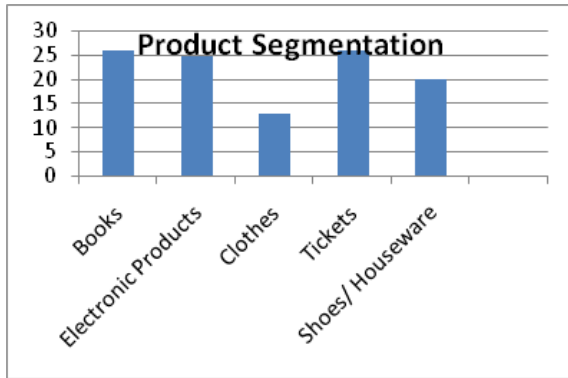
#### 6.2 Results and Discussion

Majority of the respondents have purchased products online, with the highest frequency of 'once in six months'. 72.7 % (80) of respondents have been shopping online since five years and 27.3% (30) have been shopping online since less than a year.

How frequently do you buy online?	Frequency	Percentage
Frequently or at least once a month	50	46%
Once in three months	20	18%
Once in six months	40	36%
Once a year		
Grand Total	164	100%

**Table 1: Frequency of online purchase**

Of the 110 respondents, 27% purchased electronic products, 22% purchased books, 36% shopped Shoes, House ware, Tickets and 12% purchased clothes.



**Figure 1: Product Segmentation**

63.3 % or respondents didn't visit a retail store before they made an actual purchase, whereas 36.4% made their final purchase decision only after visiting a brick and mortar shop. 77(70%) respondents visited approximately two or three online stores before making an online purchase, whereas 33 respondents visited more than four or five online stores, before actual purchase.

Majority of the respondents (45.5%) were made aware of online purchase options through referrals, family and friends. 27.3% were informed through online advertisements and 27.3% were attracted to e-stores through offline advertisements. 63.6% of the respondents referred other websites for product reviews before they made an actual purchase. 18.2% made use of price comparisons options and 9.1% went with product ratings provided within the web portal and another 9.1% of respondents referred to friends and family to make final purchase decision.

From the table given below, it is evident that lower prices are the most lucrative factor( 54.54%) that drive a consumer towards online shopping. 31.8% of consumers opt e-tailing for convenience and time saving reasons.5.4% respondents shop online for items that are not locally available. Rising fuel prices, heavy traffic in urban areas, and parking space constraints have all led consumers to purchase their goods online. Value-added services like free shipping, product returns, product and price comparison and user reviews have driven the change in preference from offline to online shopping.

Motivational factors towards online purchase decision	Frequency	Percentage
Lower Price	60	54.54%
Convenient& saves time	35	31.8%
Fast Shipping of products	0	0
Trust with online store	5	4.5%
Not available in local store	6	5.4%
Friend Referral	4	3.6%
Grand Total	110	100%

**Table 2: Motivational factors towards online purchase decision**

Refund policies contribute the most (35%) as barrier towards actual online purchase, followed by payment security issues (25%). In India, e-tailers are yet to cover many more areas, with 'delivery not available in your location', a hurdle towards online shopping (22%).

What are the main barriers which keep you away from Shopping Online?	Frequency	Percentage
Payment security issues	23	20.92%
Refund policy	38	34.54%
Delivery not available in your location	21	19.10%
Mistrust with the online store	5	4.54%
Difficult payment procedure	0	0.00%
Poor network performance	2	1.80%
Shipping issues	12	11%
Value added tax / customs duty	3	2.70%
Fear of theft of personal information	6	5.40%
Grand Total	110	100%

**Table 3: Barriers in realizing online purchase**

Overall website quality of a web page is one of the most considerable factors that persuade online shopping. Shergill and Chen (2005) recognized that web site design characteristics are the dominant factor which influences consumer perception of online purchase decision making. Ranganathan and Ganapathy (2002) identified that information content, design, security and privacy features of the website influence purchase decision. The study reveals that large variety of products are valued most by online-shoppers, followed by detailed product information and company profile.

#### Most preferred feature that would attract you in choosing an e-commerce portal.

Website Feature	Frequency	Rank
Company profile & brand identity	13	3
Security certificated	6	6
Customer service	1	10
Detailed product information	19	2
Large selection of products	39	1
Terms and conditions of website	2	8
Cost of delivery	5	7
Speed of delivery	4	8
Simplicity of purchase process	0	-
Protection of privacy information	12	4
Ability to track your shopping history	7	5
Website response speed	3	9

**Table 4 : Preferred online portal features**

#### Practical implications

The above results give direction to the managers and vendors of e-commerce websites as it helps in framing strategies to make online shopping a more user friendly experience. Also as in India online shopping is still in its nascent stage, the study gives ample insight into that what the apprehensions and expectations of Indian web shoppers are. The penetration of courier services is critically important to boost online shopping as deliveries are mostly done through them ( Gyanendra, 2014) Portals should offer payment types that most appeal to consumers today. By doing so, these businesses place themselves to make the most of on growing online expenditure as infrastructure issues are addressed.

#### Conclusion

The growth potential of the online retail fragment in India is attracting many leading international market players to invest in

India. For instance, Amazon has made a whopping investment of \$2 million and more players are set to enter the lucrative Indian market. The entry of international players has increased the competition in the segment. The findings regarding motivators and barriers to online purchase clearly indicate that lower price and convenience can act as strong motivators while refund policy and security and privacy concerns were the biggest barriers to online shopping. The fact that an average online user, especially the youth, is spending more time online gives various market players the opportunity to draw more users to their websites through innovative marketing strategies. Portals should gain competitive by focusing on both psychological and infrastructural needs, as to deliver efficient and effective service, thereby help build sustainable development of e-commerce in India.

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