



The Factors Influencing Online Shopping Behaviors of Consumers in Tamil Nadu

G.Arasuraja

PhD Research Scholar,Research and Development Centre, BharathiarUniversity,Coimbatore - 641046

Dr. V. Kubendran

Professor,Bharathiar School of Management and Entrepreneur Development (BSMED),Bharathiar University,Coimbatore - 641046

ABSTRACT

The study looks at the factors that drive people to online shopping as well as the behavior of online shoppers; the study also looks at the influence of website design, product videos and information on shopping behavior. The influence of demographics is also studied on shopping behavior.

KEYWORDS

online shopping; online shoppers; shopping quality; website layout; informed shopper; impulsive shopper

INTRODUCTION:

Increasing penetration of internet and the variety of payment options available to consumers has contributed to the rapid adoption of online shopping. Moreover the current demonetization scheme introduced by the Indian government has forced people to go cashless.

Search engines are now taking search traffic on themselves, with people preferring to start their search on the search engine rather than a specific comparison site (Moran& Hunt,2014).Research on experienced repeat online shoppers shows that consumer trust is very important to online commerce and this trust is built through the belief that the vendor will not misuse personal information and that safety mechanisms are built into the website (Gefen,Karahanna,& Straub,2003).Two factors of website quality (usability and information quality, visual appeal and image, were found to influence online apparel shopping(Jones, & Kim,2010).

India has a large base of internet users world (Deloitte, 2014). The online shopping rage has compelled many traditional retailers to go online(Capoor,2015).With the number of online players in the retail market increasing by the year, the behavior of online shoppers is of critical interest to internet companies.

Considering that these variables seem to influence online shopping behavior, they have been included in the theoretical framework. Order value and conversion rate were included as they provided quantitative parameters to assess the effectiveness of parameters influencing online shopping.

The study was initiated to study the factors influencing online shopping behaviors of consumers in Tamil Nadu.

- THE STUDY HAS THE FOLLOWING OBJECTIVES:**
1. Profile of the Online Shopper
 2. The Source information
 3. Role of search engines
 4. Website design ,product videos and services offered affecting online purchase
 5. Role of networking sites in online shopping
 6. Reasons for online behavior.

RESEARCH METHODOLOGY

The study being sponsored by an online shopping site, the survey questionnaire was mailed to 857 shoppers randomly (using random tables) from all over India. The response rate

was 20% and a total of 571 complete digitally filled in questionnaires were received.

THE FINDINGS OF THE STUDY ARE OUTLINED BELOW:
Table 1.1 Age Distribution of Online shoppers

AGE	FREQUENCY	PERCENTAGE
18-24	103	18.1
25-34	123	21.5
35-44	126	22.1
45-54	120	21
55-64	53	9.3
65 and above	46	8
Total	571	100

The study indicates that 25 to 54 year olds are the most active online shoppers. A more recent study in the US seems to support these findings. In this study, it was found that 23% of online shoppers fall in the 35 to 44 age group and 24% fall in the 45 to 54 age group. (Smith, 2015)

Table 1.2 Gender Distributions of Online Shoppers

Gender	Frequency	Percentage
Male	337	59.1
Female	234	40.9
Total	571	100

The study shows slightly more males as compared to females indulging in online shopping. Other studies support this finding. Li et al (1999) conclude that men are interested to use more than one channel to shop. Awad and Ragowsky (2008) say that men do not get emotional about shopping.

Doolin et al (2005) mention the value women place on traditional shopping and the socialising associated with it. Hasan (2010) believes that men are more interested in online shopping because they tend to consider shopping very rationally as a concept of buying what one needs in the best possible way. Dennis and McCall (2005) argue that men are more involved in online shopping because of the technological element.

Table 1.3 Income Distributions of Online Shoppers

Income(in Rs)	Frequency	Percentage
Less than 30,000	75	13.1
31,000 – 49,999	87	15.2
50,000- 74,999	162	28.4
1,00,000 or more	247	43.3
Total	571	100

The data indicates that higher income groups are more drawn to online shopping. Punj(2011) conclude that higher income groups are more attracted to the time saving features of on-line shopping.

Table 1.4 Education Distribution of Online shoppers

Education	Frequency	Percentage
Less than plus 2	20	3.5
Completed High School (plus 2)	106	18.6
UG	183	32
PG	262	45.9
Total	571	100

The data indicates a predisposition of more educated people to indulge in online shopping. Other studies do not support this finding. Richa(2012) emphasizes that education has no influence on online shopping behavior.

Table 1.5 Purchase of Online Product Categories

Product Category	Frequency	Percentage
Digital Content & Subscriptions	101	19.2
Consumer Electronics	122	21.3
Flowers,Greetings& Gifts	138	24.2
Computer Hardware	104	18.3
Apparel & Accessories	97	17.0
Total	571	100

Popular categories of products seem to be consumer electronic and gifts. Other popular categories purchased are digital content, hardware and apparel. Nanji(2013) show the popular categories to be consumer electronics, followed by books, apparel, household goods and office supplies. This study seems to broadly support the findings of the current study.

Table 1.6 Information Sources for online shopping

Search Avenues	Frequency	Percentage
Social Networking Sites	29	05
Shopping Comparison Sites	63	11
Online Product/Retailer Review	69	12
Retailer Emails	80	14
Coupon sites	97	17
Search Engine	234	41
Total	571	100

Search engines and coupon sites seem to be the major source of online shopping sites. 94% of consumers were found to do some kind of research, before they made a purchase online and 61% of online shoppers were found to use search engines to discover information (Li,2013).

Table 1.7 Distributions of Informed Consumers

Level of Consumer	Frequency	Percentage
Far above Average	171	30
Above Average	166	29
Average	137	24
Below Average	69	12
Far Below Average	2	05
Total	571	100

The study indicates a good level of informed online shoppers. A study on online shoppers(Gladson,2011)shows that 75% of US internet users research grocery and personal care products. Google has shown a 288% increase in search for coupons over 2010 and 2011. With broadband penetration now over 63% in the US, shoppers are well in control of the information they receive(Gladson,2011). Social networking sites are also expanding their influence. Peer driven reviews of brands are posted in sites like facebook and twitter and influence brand choice.

Table 1.8 Performance of search engines in driving traffic to online shopping

Search Engines	Frequency	Percentage
Google	500	87.5
Bing	29	5.1
Yahoo	29	5.0

Facebook	6	1.0
Twitter	5	1.2
Others(Guruji, Isohunt, pipl, etc)	2	0.4
Total	571	100

Google is found to be the most popular search engine, driving traffic to online shopping sites. A study (IpsosmediaCT, 2014) on search engines and their role in driving traffic to online shopping sites and stores shows how search engines, the most popular being Google, play an integral role in driving online shopping.

Table 1.9 Search Engine Results: Pattern of viewing Pages

Pages Viewed	Frequency	Percentage
First Page only	104	18.3
First and Second Page	458	80.2
Third and above Pages	9	1.5
Total	571	100

The study shows that most shoppers view the first and the second page of the search engine results. However a study by Condilife(2014) contradicts this finding and reveals that the second page is a wasteland and it is rare that people go to the second or third page for searches.

Table 1.10 Conversion Rate and Average Order Value-Frequency of buying a product after using a particular source of information

Information Source	Conversion Rate (%)	Average Order Value (in Rs)
Google	2.5	250.15
Bing	2.8	256.62
Yahoo	2.9	261.24
Facebook	1.5	252.59
Twitter	0.2	271.12
Others(Guruji, Isohunt, pipl, etc)	0.1	-

Surprising, the study shows a higher conversion rate for Yahoo and Bing as compared to google. The average order value is highest for twitter, followed by yahoo. The differences are however too small to be relevant. There don't seem to be any studies that have done such a comparison of conversion rate and average order value.

Table 1.11Impulse Shopper distribution

Impulse shopper status	Frequency	%Distribution
Far Below Average	126	22
Below Average	103	18
Average	137	24
Above Average	97	17
Far Above Average	114	20
Total	571	100

Impulse shopping has been found to be average to far below average in online shopping. This corroborates another study(Ryan,2013) that found 40 percent of survey respondents spending more money than planned in retail stores, while only 25 percent reporting doing so when shopping online.

Table 1.12Shoppers' opinion about retailer use of shopping data

Opinion	Frequency	Percentage
Don't want retailers to track my purchase history	176	30.8
Don't want retailers to know anything about me	155	27.1
Make recommendations based on what I bought before	92	16.1
Know what I purchased on any channel	86	15.0
Know what I put in my online shopping cart	62	10.9
Total	571	100

The study shows that shoppers value their privacy and many don't like retailers tracking their purchase history and many also not wanting retailers to know anything about them. But

while shoppers are concerned about their safety and privacy online this does not seem to be stopping them from online shopping as 71% of U.S. adults were found to buy products online(Enright,2012)

Table 1.13 Online shopping behaviors

Statement	Agree Frequency- Each Out Of 571	Agree Percentage Each Out Of 100
Website Layout can make a difference in whether I shop here	451	79
I usually only shop at my favorite website because I know what kind of service I will receive	371	65
I usually only shop at my favorite website because I know that they have the brands I like	411	72
For relatively expensive items, I'll shop at different stores to make certain I get the best price	337	59
I shop around a lot to take advantage of specials or bargains	394	69
I always look out for special offers	377	66

The data shows that layout of an online shopping site is important as also the brands they stock.

Table 1.14Product Videos as Online Shopping Aids

Statement	Agree	Percentage – Each Out Of 100
I am more confident when I watch a product video in advance of making a purchase online and therefore less likely to return that product	337	59
I have more confidence in the purchases I make after I watch related onsite videos	365	64
I am willing to stay on a website longer because the retailer or brand manufacturer makes product videos available	371	65
I am more engaged with a retailer or brand manufacturer as a result of videos they make available about products they sell	308	54
I am more likely to return to a retailer who integrated video into their website experience	257	45
I purchase more products on websites that allow me to learn about them via video	223	39
I spend more time on websites where video is present	308	54
I purchase products on websites as a result of being influenced by videos on these sites	217	38

Product videos seem to play a big role in online shopping and on site videos make shoppers more confident and increase their time of stay on a site

Recommendations & Conclusion:

With the online share of retail expanding phenomenally in the last decade, it is right to see how these online shoppers expect from online shopping sites.

The study shows active online shoppers are found in the young to middle aged age groups as 25 up to 50 year olds are found to indulge in online purchases. The study shows more males buying online as compared to females. Males being less emotional and more utilitarian are more suited to online shopping than females. Higher income groups and the more educated are more drawn to online shopping probably because of the time saving aspect of online shopping. Electronics, digital content, apparel, books, gifts are found to be the popular product categories. Shoppers were found to do some research before shopping online, through search engines or other sites. This makes shopper more confident of their purchase. Most online shoppers make informed purchases. Social networking sites and the availability of internet has driven the information availability. Online shoppers are found to use Google more than any other search engine. Cart abandonment being a major challenge in online shopping, was one of the objectives of this study. The study shows shipment costs and 'not ready to purchase' as the major reasons for cart abandonment. Impulse shopping is also found to be below average. Shoppers are concerned about privacy issues but this does not stop them from shopping online. The quality of the website as well as product videos has a strong influence on purchase and retailer loyalty.

The study thus, while corroborating findings of earlier studies, provides more insights than other studies on aspects such as comparison of search engines, cart abandonment and website quality driving online shopping.

References:

1. Awad, N.F. and Ragowsky, A. 2008. 'Establishing Trust in Electronic Commerce Through Online Word of Mouth: An Examination Across Genders', Journal of Management Information Systems / Spring 2008, Vol. 24, No. 4
2. Blanca Hernández, Julio Jiménez, M. José Martín, (2011) "Age, gender and income: do they really moderate online shopping behaviour?", Online Information Review, Vol. 35 Iss: 1, pp.113 – 133
3. Capoor,(2015). Moving from offline to online retail.IBEF Blogs Perspectives on India.Retrieved from <http://www.ibef.org/blogs/moving-from-offline-to-online-retail>.
4. Colwyn,S.,(2015). The 6 main reasons for Cart Abandonment. Retrieved from <http://www.smartinsights.com/conversion-optimisation/checkout-optimisation/reasons-cart-abandonment-digitalinsights/>
5. Condliffe, J.,(2014). If you're Browsing the Second Page of Google Results, You're Desperate. Retrieved from <http://gizmodo.com/if-youre-browsing-the-second-page-of-google-results-y-1529538929>
6. Deloitte,(2014). Clicking Through Growth.Online Retail in India. Retrieved from <http://www2.deloitte.com/in/en/pages/consumer-business/articles/online-retail-in-india.html>
7. Dennis, C. and McCall, A. 2005. The Savannah Hypothesis of Shopping, Business Strategy Review, Wiley Online Library, Volume 16, Issue 3
8. Doolin, B., Dillon, S., Thompson, F. and Corner, J.L. 2005. Perceived Risk, the Internet Shopping Experience and Online Purchasing Behaviour: A New Zealand Perspective, Volume 13, Issue 2
9. Enright,A.,(2012). Consumers worry about online privacy, but shop anyway. Retrieved from <https://www.internetretailer.com/2012/05/11/consumers-worry-about-online-privacy-shop-anyway>
10. ET,(2006). What is Online Shopping? Economic Times. Retrieved from http://articles.economictimes.indiatimes.com/2006-12-25/news/27439230_1_online-shopping-online-presence-online-purchase