

“Consumer Buying Behavior In Digital Era”

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Abstract:

Indian population is broadly divided into Urban and Rural part. Urban population is growing at a very faster rate. According to World Bank, urban population was 32.37% in India in 2014. According to Barclay’s report, irony is that the urban areas may contribute around 75% to India’s GDP by 2020. The major reason for this is government’s policies of developing infrastructure and allied services and a dramatic advancement in Information Technology. The focus can be concentrated on Information Technology. HTC, a Taiwanese handset manufacturer launched smartphone in India in 2009. The smartphone market in India grew 23% in Q1 of 2016 with over 220 million users. With this scenario, digital marketing is also popularizing in India. Asia pacific region is expected to become a leader in e-commerce by 2018 with India as a major contributor. Online retail sales in India shoots up to 17.5 billion USD in 2016 from 2.3 billion USD in 2012. This is a clear indication that Indian customers are likely to incline towards digital purchase. By 2017 around 42 million digital buyers are expected in India, which is just around 65% of internet users! This shows that there is a wide scope for digital marketing in India in near future. Amazon has launched its first online shopping website jungle.com in India in 2012, which was just for prices comparison and not to purchase items directly online. The number of online shopping sites in India has increased rapidly over a period past of 5 years. Customers prefer buying products online as the products will be directly delivered to their doorsteps, and the buying process is also very easy- just few clicks away! Another major reason of online purchase is comparison of prices with other sellers and getting best buying prices.

Though there is a long road ahead for e-tailing in India, but its rapid growth rate will definitely change the future of buying behavior of Indian customers. This paper will be putting some light on the buying behavior of the consumer through a collection and analysis of primary data and also with reference to some secondary data.

(Key Words: Infrastructure & Allied Services, Digital Marketing, Online Retailer, Digital purchase)

Introduction:

Consumers change from year to year; it might be slight variation, it might be huge. Today, they are more accessed to information than ever before. Buying behavior of consumers is highly determined by their environment, motivation and information they have about a product / service. It has significantly changed due to the use of digital technology.

In today's digital era, the use of internet has increased tremendously. Today internet has become a most favorite channel to communicate, find entertainment, to buy and sell products and many more other activities. In year 2015, internet users were 27% of the total population of India which is expected to increase to about 55% by end of year 2016. This increase within one year is almost more than 100% and even expected to grow at a much faster rate by 2020.

With the availability of faster communication options using World Wide Web services, e-commerce is acting as an intermediary between the manufacturers / service providers and end users. According to industry body of Internet and Mobile Association of India (IMAI), e-commerce in India is expected to double by end of year 2016 as compared to last 2 years. Social media penetration is one of the most influential factors which are popularizing online purchase as there are 62.8 million Facebook users in India, which are representing around 68% population of internet users.

Review of literature:

Online shopping is a process where buyers buy products online. Marketers are also using various innovative marketing strategies to promote their products and services. Online shopping is common in many developed as well as in developing countries apart from India. Although an internet connection is required for online shopping, one can even use leased internet services and place a purchase order online. Apart from internet users, e-commerce still has a major scope in India as a considerable chunk of population is not yet using internet services. While buying products online, consumers shows a particular type of behavior, which can be tapped by online retailers and grow their business further.

Some of the top online shopping sites in India are : Flipkart, Amazon, Snapdeal, Homeshop 18, Jabong, Myntra, Junglee, e-bay, Yepme, Shopclues and many more.

Many past research studies in this regards have been done. The results of these studies are interesting to have a look at them. As per past studies, gender, marital status, household income, education, age etc. are some of the factors which affect online purchase decision. Many past researchers found the same factors affecting online shopping behavior of consumers, not only in India but also thought globe. Apart from these factors, there are some of the stimulating factors to online purchase such as – price discounts, convenience, variety, product comparison, price comparison etc. In case of youth, social media is acting as one of the influencing factors for online purchase decision. This Paper will try to highlight some factors that influence the buying decision as well as the buying pattern of online buyers.

Over the past few decades the internet has developed into a vast global market place for the exchange of goods and services in the world. In many countries the internet has been adopted as an important medium, offering a wide assortment of products with 24 hours availability and wide area coverage.

Objectives of the Study:

- To study Consumer buying behavior towards digital purchase.
- To study factors which affects consumer’s online purchase decision.
- To study relevance between various factors affecting online purchase pattern.

Research Methodology:

The research work is based on the empirical observations and primary data collected through survey. In order to achieve the objectives of the study, primary data is collected through a ‘structured non-disguised’ questionnaire. A pilot study was conducted with 20 samples to pre-test the questionnaire and required changes are made in the questionnaire accordingly. Sample was drawn with the help of ‘Deliberate Sampling Method’ to specifically cover youth respondents.

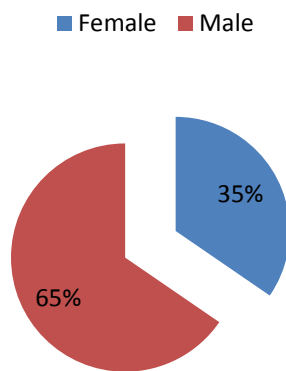
Sample size : 162

Sampling Universe: Vasai-Virar Municipal Corporation Region

In this paper, the collected data is represented graphically using pie-charts and the interpretations are made after studying the data distribution pattern.

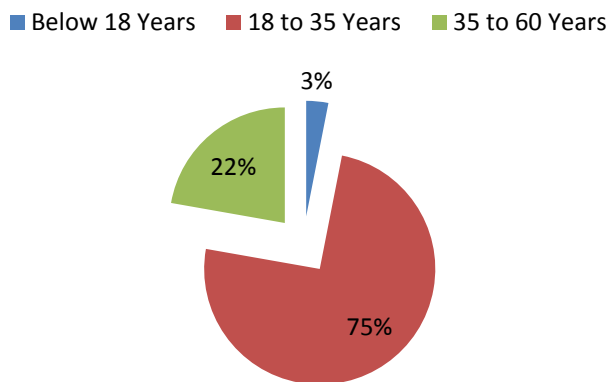
Analysis of Study:

Gender



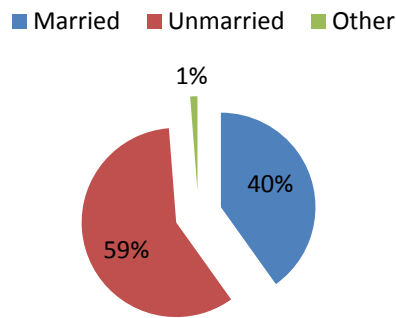
Data was collected from 162 respondents, of which 65% are males and 35% are females. Out of which only 2 females and 3 males responded that they do not purchase product online. This clearly shows the penetration of online purchase habit of youth.

Age Group



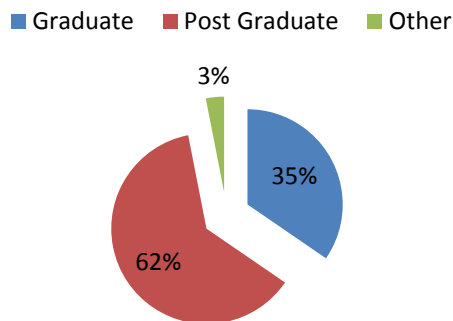
75% of the total respondent's age is between 18 to 35 years. 22% are between 35 to 60 years. This indicates the majority of youth.

Marital Status



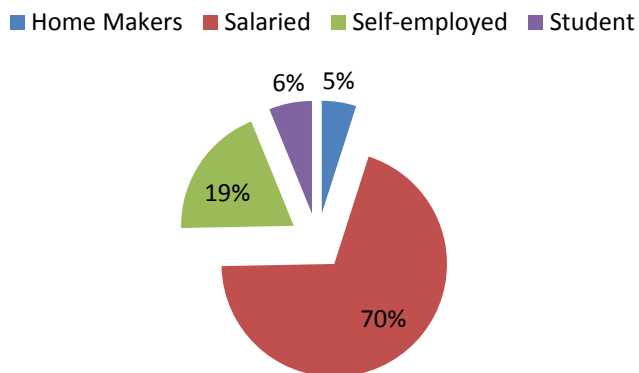
Out of total respondents, 40% are unmarried and 59% are married. Irrespective of the marital status, 97% responded that they are purchasing products and services online. This shows that marital status is not a factor that affects online purchase decision of customers.

Graduation Type



Since deliberate sampling technique was used for sampling, data is collected majorly from youth. 35% of them are graduate and 62% post graduate.

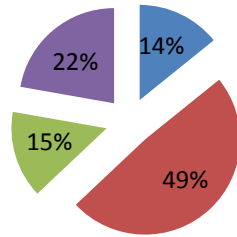
Job Type



Majority of the respondents are salaried (70%), 19% are self-employed, 6% are still studying and 5% are homemakers-mostly the females. Being earning or non-earning, 97% of total respondents are online buyers.

Average Monthly income

■ Less than rupees 15,000 ■ Between 15,000 to 30,000
■ Between 30,000 to 50,000 ■ Above 50,000

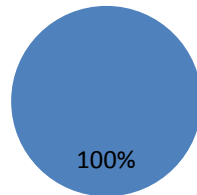


Average monthly income of respondents is majorly varying between rupees 15,000 to rupees 30,000 as shown in adjacent pie chart. Though this average monthly income does not affect the online purchase decision, but it surely affects the frequency of purchase and spending behind this purchase.

Using Internet Services

■ Yes ■ No

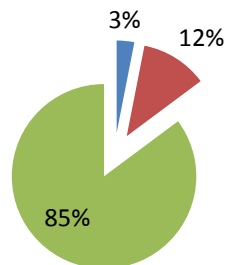
0%



In today's digital world- the respondent whether being a male or female, being married or unmarried, earning or non-earning- 100% of the respondents uses internet services.

Devices Used to Access Internet

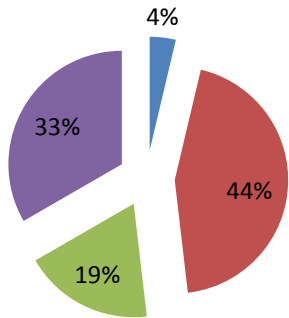
■ Desktop PC ■ Laptop ■ Smartphone



85% respondents are using smartphones to access internet. This technology (smartphones) which is being developed in telecommunication sector is acting as a catalyst to online purchase.

Type of Data Pack Used

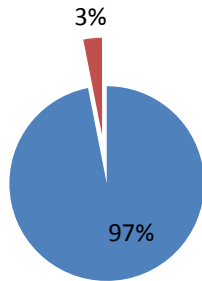
■ 2-G Data ■ 3-G Data ■ 4-G Data ■ Wi-fi



Only 4% respondents are using 2-G data packs. Rest 96% is using high-speed data access packages like 3-G, 4-G and Wi-fi. This high-speed access of internet provides online buyers easy access of shopping websites as well as hurdle free online payments.

Online Purchase

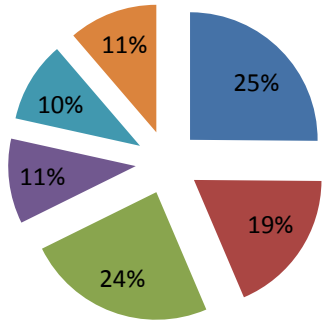
■ Yes ■ No



97% responded that they are purchasing products and services online.

Factors Influencing Online Purchase

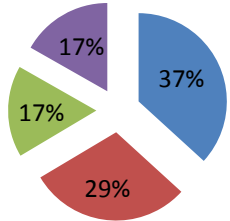
- Ease & Convenience of Shopping
- Time Saving
- Discounts
- Comparison of Prices
- Variety
- Cash on Delivery



Nearly 24% respondents are attracted towards online purchase because of discounts on selling prices. Another influencing factors are- ease of shopping (25%) and time-saving (19%). The other factors which decides the behavior of online buyers are- comparison of prices, variety, cash on delivery etc.

Preferred Shopping Website

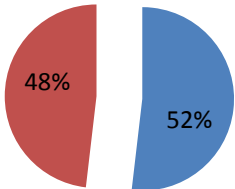
- Flipkart
- Amazon
- Snapdeal
- Other



The shopping preferences towards online shopping websites are as follows: Flipkart (37%), Amazon (29%), Snapdeal (17%) and others (17%)

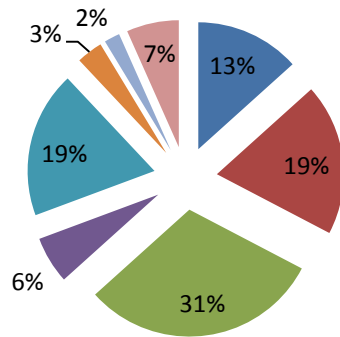
Online Purchase Through

- Mobile App
- Website



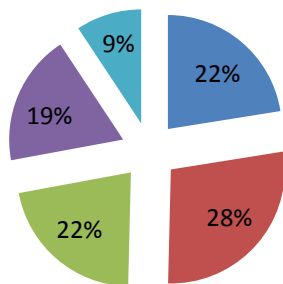
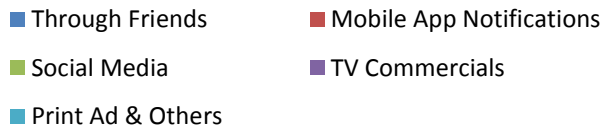
52% of the respondents have installed online sellers App in their smartphones. Sellers can easily reach to their end users and promote their products and services in today's digital era.

Preffered Product Category



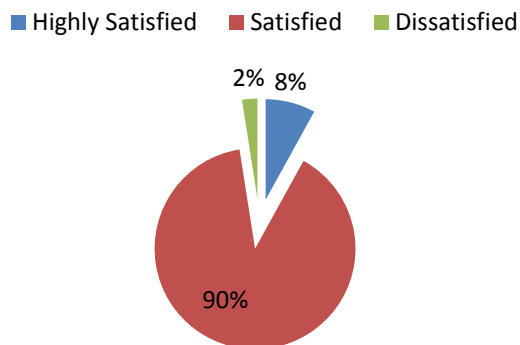
Respondents are majorly buying laptops and smartphones (31%) and home appliances (13%) online. Other favorite category is apparel (19%) and travel (19%). There is less purchase of books, jewelry, grocery etc.

Notifications of Offers



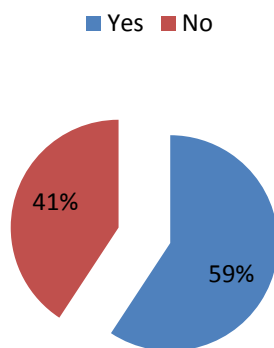
Buyers are notified by seller through mobile Apps they have installed in their smartphones (22%). But the most influencing factor here is social networking and through friends (44%). This indicates that increased use of internet as well as social media is influencing buying behavior of online buyer.

Satisfaction Level in Online Purchase & After Sales Service



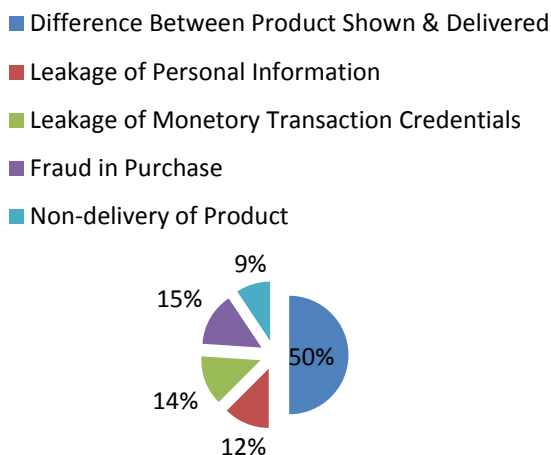
90% online buyers are satisfied whereas 8% are highly satisfied with online purchase and after sales service by online seller. This clearly indicates the success of online business and scope to further develop online purchase habits of customers in digital era.

Fear in Online Transaction



Though 97% responded that they purchase online, 59% of them have registered a fear in their mind while transacting online.

Reason of Fear



The major fear in the consumer's mind during online purchase is the difference between the product shown on website and the delivered one. The major reason for this fear could be various terms and conditions of seller. The other reasons responded are shown in the adjacent pie chart.

Findings:

Though there are certain issues related to security in the online transactions and some problems with delivery and transaction process, customers are likely to continue buying products and services online in future. The results obtained have shown that majority of respondents (97%) are in favour of online shopping and 3% are not in favour. Increased use of internet and social media are increasing online purchase. Customers are more inclined towards buying mobiles, laptops, electronics goods, travelling tickets, hotel bookings, apparel. Less preference is given to products like books, CDs, jewelry, grocery etc.

Conclusion:

The proposed study is descriptive and made its attempt to understand the behavior of Consumer towards online shopping. The data analysis has given clear indication of increasing significance of online buying of the consumers. The ease and convenience of shopping and the discounts available has made shopping convenient for consumers buying online. The majority of consumers buying online are youngsters and the majority of goods and services demanded are laptops, mobile phones, electronic goods and booking of travelling tickets and hotels. The major fear in the consumer's mind during online purchase is the difference between the product shown on website and the delivered one. By improving after sales service, providing more secured payment options, timely delivery of products can boost the online shopping of consumers.

Since the study shows that people are more likely to buy products and services online, there is much scope for the online sellers to grab customers who are not yet using internet services.

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