

Project Dissertation

E-SERVICE QUALITY A KEY DETERMINANT OF ONLINE PURCHASE BEHAVIOR

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2K13/MBA/02

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Certificate from the Institute

This is to certify that the Project Report titled “E-Service Quality A Key Determinant Of Online Purchase Behavior”, is a bonafide work carried out by Mr. Aditya Dhankhar of MBA 2013-15 and submitted to Delhi School of Management, Delhi Technological University, Bawana Road, Delhi-42 in partial fulfilment of the requirement for the award of the Degree of Masters of Business Administration.

Signature of Head (DSM)

Prof. P.K. Suri

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Seal of Head

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Declaration

I, Aditya Dhankhar, student of MBA 2013-15 of Delhi School of Management, Delhi Technological University, Bawana Road, Delhi-42 declare that the dissertation on “E-Service Quality A Key Determinant Of Online Purchase Behavior “ submitted in partial fulfillment of Degree of Masters of Business Administration is the original work conducted by me.

The information and data given in the report is authentic to the best of my knowledge.

This Report is not being submitted to any other University for award of any other Degree, Diploma and Fellowship.

Place:

Aditya Dhankhar

Date:

Acknowledgement

The following Dissertation "E-Service Quality A Key Determinant Of Online Purchase Behavior" was successfully completed under the guidance of Ms. Meha Joshi, Asst Professor, Delhi School of Management, DTU.

I would also like to thank my mentor Mr. Sahil Malik at Delhi School of Management for providing me with teachings and learning that enabled me to contribute positively.

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Aditya Dhankhar

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EXECUTIVE SUMMARY

This study will be conducted to determine the impact of E-Service Quality on the online purchase behavior of the customers. As, the competition is increasing at a tremendous rate, On one hand, there is a need to tap new segment of customers and increasing the customer base, on the other hand, there is a need to retain the existing set of customers. Therefore the companies need to look forward to the factors which might affect the customer experience.

A questionnaire will be prepared with questions related to online purchase experience and questions related to service quality.

Methodology

Data Collection

The samples in this research will contain consumers who have had transactions at e-shops. But, due to the inability to be certain of the population number, there was no way to be certain of the number of people who practice e-shopping. As a result, this research will employ convenience sampling and e-questionnaires, and prepared questionnaires on Google forms and released them there from.

Data Analysis

After collecting the data, an analysis of the responses will be done with the help of Microsoft Excel and Google Form responses sheet.

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CHAPTER 1

INTRODUCTION

1.1 Introduction of the Project

With the swift global expansion in electronic commerce (e-commerce), businesses are trying to gain a competitive advantage by using e-commerce to interact with customers. E-commerce or eCommerce, is nothing but trading in products or services using computer networks, such as the Internet. E-commerce businesses may employ some or all of the following:

- Online shopping web sites for retail sales direct to consumers
- Providing or participating in online marketplaces, which process third-party business-to-consumer or consumer-to-consumer sales
- Business-to-business buying and selling
- Gathering and using demographic data through web contacts and social media
- Business-to-business electronic data interchange
- Marketing to prospective and established customers by e-mail or fax (for example, with newsletters)
- Engaging in pretail for launching new products and services

Internet shopping has been widely accepted as a way of purchasing products and services. It has become a more popular means in the Internet world ((Bourlakis et al., 2008)). It also provides consumer more information and choices to compare product and price, more choice, convenience, easier to find anything online ((Butler and Peppard, 1998)). Online shopping has been shown to provide more satisfaction to modern consumers seeking convenience and speed ((Yu and Wu, 2007)). On the other hand, some consumers still feel uncomfortable to buy online. Lack of trust, for

instance, seems to be the major reason that impedes consumers to buy online. Also, consumers may have a need to exam and feel the products and to meet friends and get some more comments about the products before purchasing. Such factors may have negative influence on consumer decision to shop online.

In this research, it has been tried to identify the effect of one of the major factors that push a consumer towards online shopping and their purchase style and behaviour accordingly.

The online purchase behaviour of customers can be subdivided into two main categories: Motivations that lead consumer to buy online and Factors that Impede Consumers from online Shopping.

The factors that come under the Motivations that lead consumer to buy online come under four main categories:

- *Convenience:* It is seen that convenient of the internet is one of the impacts on consumers' willingness to buy online (Wang et al., 2005). Online shopping is available for customers around the clock comparing to traditional store as it is open 24 hours a day, 7 days a week (Hofacker, 2001; Wang et al., 2005). Consumers not only look for products, but also for online services. Some companies have online customer services available 24 hours. Therefore, even after business hours, customers can ask questions; get necessary support or assistance, which has provided convenience to consumers (Hermes, 2000).
- *Information:* The internet has made the data accessing easier (Wang et al., 2005). Given customers rarely have a chance to touch and feel product and service online before they make decision, online sellers normally provide more product information that customers can use when making a purchase (Lim and Dubinsky, 2004). Customers put the weight on the information that meets their information needs (Keency's, 1999). In addition to get information from its website, consumers can also benefit from products' reviews by other customers.
- *Available products and services:* E-commerce has made a transaction easier

than it was and online stores offer consumers benefits by providing more variety of products and services that they can choose from (Lim and Dubinsky, 2004; Prasad and Aryasri, 2009). Consumers can find all kinds of products which might be available only online from all over the world. Most companies have their own websites to offer products or services online, no matter whether they already have their front store or not.

- *Service quality of E-retailer:* Since online stores are becoming a hit with the customers, the quality of service also becomes an important part. Price comparison, payment options, delivery efficiency, after sales service; all come under the quality of service provided. These help a consumer in pushing towards online shopping.

Accordingly, the Factors that impede consumers from online shopping can be summarised as:

- *Security:* Since the payment modes in online shopping are most likely made with credit card, so customers sometime pay attention to seller's information in order to protect themselves (Lim and Dubinsky, 2004). Customers tend to buy product and service from the seller who they trust, or brand that they are familiar with (Chen and He, 2003). Online trust is one of the most critical 70 issues that affect the success or failure of online retailers (Prasad and Aryasri, 2009). Security seems to be a big concern that prevents customers from shopping online (Laudon and Traver, 2009).
- *Intangibility of online product:* Some products are less likely to be purchased online because of the intangible nature of the online products. For example, customers are less likely to buy clothes through online channel (Goldsmith and Flynn, 2005) because they have no chance to try or examine actual product (Comegys et al., 2009). Customers viewing a product on computer screen can show a different effect than actually seeing it in the store (Federal Trade Commission, 2003). In sum, customers cannot see, hear, feel, touch, smell, or try the product that they want when using online channel. In many cases, customers prefer to examine the product first and then decide whether or not they want to buy (Junhong, 2009).

- *Social contact*: While some customers likely to be free from salesperson pressure, many online shopping would feel difficult to make a choice and thus get frustrated if there is no experienced salesperson's professional assistance (Prasad and Aryasri, 2009). Moreover, some customers are highly socially connected and rely on other peoples' opinions when making purchase decision tend. There are also consumers who sometimes shop at traditional store because they want to fulfil their entertainment and social needs which are limited by online stores (Prasad and Aryasri, 2009).
- *Dissatisfaction with online shopping*: Customers' past online shopping experience often affect their future purchase decision. In online shopping, for example, they may get unwanted product or low quality products, product does match what is described or expected (Comegys et al., 2009).. The product may be fragile, wrong, or not working. Some online sellers may not agree to refund those products even though it is not what the customer wanted. Delivery is another thing that affects online purchasing decision. Slow or late shipping, for instance, makes customer walk away from online shopping (Comegys et al., 2009).

After identifying the major factors that affect the consumer purchase behaviour, further research has been done by taking into consideration one of the main factors which is- *E-service Quality*. A detailed study of this factor helps in recognising its impact on customer purchase decision.

Before moving to E- service quality, it is important to understand what E-services are. E-service can be defined as the electronic provision of services to customers (Saanen, Sol & Verbraeck, 1999). It is a Web-based service delivered through the Internet (Reynolds, 2000; Sara, 2000). According to Surjadjaja, Ghosh & Anthony (2003), an e-service operation is one where all or part of the interaction between the service provider and the customer is conducted through the Internet. Businesses with the most knowledge, experience and success in using e-commerce are beginning to realize that the key determinants of success or failure are not merely web site presence and low price but also include the electronic service quality (e-service quality).

E-service is an emerging and rapidly growing area with the advancement of technology. It is conceptualized as a division of e-commerce and can be demonstrated as new technological innovation. E-services are today considered as the building blocks for the service oriented architecture. E-Services as a broad field of inquiry includes considerations of both delivered service and delivery mode. It is more useful for service-based offerings that comprise information and access to information for making more standard goods-related e-Commerce purchases.

E-services are a consequence of networked technologies. E-services are defined as services that are produced, provided or consumed through the use of technological networks such as Internet-based systems and mobile solutions. E-Services can be produced by governments, businesses and consumers and can be accessed via a wide range of information appliances.

The three main characteristics of e-services are:

1. The service is accessible via the Internet or other electronic networks
2. The service is consumed by a person via the Internet or other electronic networks
3. There might be a fee that the consumer pays the provider for using the e-service, or it may be free as in case of government services.

Traditionally, Services are based on personal interactions, mainly face-to-face interactions, but in e-services, the production, consumption or provision of services takes place through the intermediation of Internet-based or mobile networks. Most common e-services are e-ticketing, online banking or online retailing. Other forms of e-services are e-learning such as online courses or online medical advice, e-libraries providing electronic access to journal articles or book chapters and information and location services.

The advent of e-services has raised a number of challenges for knowledge intensive service organizations. In e-services the key determinants of success or failure are not

just the web presence or low price rather how companies are able to offer and deliver high quality services. Price and promotion are no longer drawing the purchase decisions of consumers. Consumers are also evaluating the e-service quality (e-SQ). E-service quality is the extent to which e-commerce providers effectively and efficiently manage customer interactions involving searching, shopping, purchasing and order fulfilment. E- Service quality is defined as seven dimensions that form two-scales: a core-SQ scale and a recovery scale. Four dimensions of core e- SQ are efficiency, reliability, fulfilment and security.

Many researchers have been studied consumer buying patterns and trends. Consumer satisfaction level is determined by the quality of services/e-service, the price level and the purchase process. Nine service quality factors that affect E- Service Quality are:

1. General feedback on the web site design
2. Competitive price of the product
3. Merchandise availability
4. Merchandise condition
5. On-time delivery
6. Merchandise return policy
7. Customer support
8. E-mail confirmation on customer order
9. Promotion activities

Since all these terms cannot be measured or analysed easily and quantified, service quality becomes a vague and abstract construct that is difficult to explain. The SERVQUAL model, developed by Parasuraman has been widely tested as a means of measuring customer perceptions of service quality. The SERVQUAL model contains 5 dimensions:

1. Assurance
2. Tangibles
3. Responsiveness
4. Reliability
5. Empathy

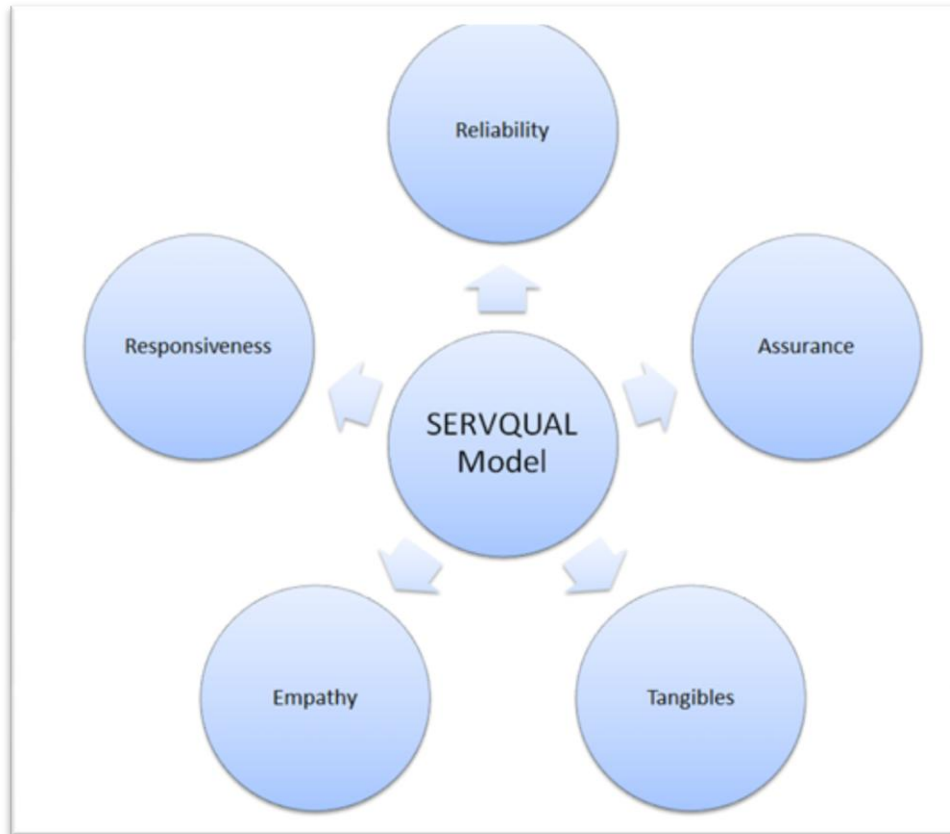


Figure1.1: Dimensions of SERVQUAL Model

Furthermore, during the past decade, SERVQUAL model has been tested for measuring service quality in e-commerce settings. Previous studies on the measurement of e-service quality focused only on the application of the SERVQUAL model by rewording the original scale items. However, in the service quality field, the researchers need to pay more attention to customer evaluations of e-services, because methods which basically measures service quality differ between e-commerce and physical marketplace service.

As to the actual product sold in e-Services provision, Ryan and Valverde(2005) examine customer motivations and customer behavior related to e-Services purchase and utilization. Motivated by the growing interest in online commerce, particularly e-services, they focus their study on examining the factors that contribute to the e-service, the relationships among these factors and the consumers' behavior and attitude toward e-services. After examining all the e-service quality dimensions they concentrated on website design, reliability, trust

responsiveness and personalization, and furthermore examining how the research model based on these dimensions work, which are significantly related to customer purchase intentions. E-service quality thus helps a lot in framing the consumer decision and determining the purchase behaviour.

1.2 Objectives of the study

The objective of this study is to obtain an insight into the purchase behaviour of consumers based on a major determinant of success of E-commerce that is E-Service Quality.

It is expected that the survey will generate actionable insights from the participants and a thought process would be stimulated around the impact of service quality provided by the online retailers to their customers.

The study has been conducted to answer the following:

1. Whether the participants prefer online shopping or traditional shopping?
2. What are the parameters for selection of a particular online retail website?
3. How do the consumers prioritise the factors involved in measuring the E-service quality?
4. Frequency of online shopping.

We are looking up to the primary data collected through structured questionnaire mailed to the respondents and have been able to collect 68 responses.

CHAPTER 2

LITERATURE REVIEW

2.1 E-Commerce

E-commerce refers to the purchase and sale of goods and/or services via electronic channels such as the Internet. E-commerce was first introduced in the 1960s via an electronic data interchange (EDI) on value-added networks (VANs). The medium grew with the increased availability of Internet access and the advent of popular online sellers in the 1990s and early 2000s.

As with traditional commerce, there are four principal categories of e-commerce: B2B, B2C, C2B and C2C.

- B2B (Business to Business): This involves companies doing business with each other. One example is manufacturers selling to distributors and wholesalers selling to retailers.
- B2C (Business to Consumer): B2C consists of businesses selling to the general public through shopping cart software, without needing any human interaction. This is what most people think of when they hear "e-commerce." An example of this would be Amazon.
- C2B (Consumer to Business): In C2B e-commerce, consumers post a project with a set budget online, and companies bid on the project. The consumer reviews the bids and selects the company. Elance is an example of this.
- C2C (Consumer to Consumer): This takes place within online classified ads, forums or marketplaces where individuals can buy and sell their goods. Examples of this include Craigslist, eBay and Etsy.

Seven unique features of E- Commerce are:

- Ubiquity: Internet/Web technology is available everywhere: at work, at home, and elsewhere via mobile devices, anytime.

- Global Reach: The technology reaches Commerce across cultural and across national boundaries, around the earth.
- Universal standards: There is one set of technology standards, namely Internet across the globe.
- Richness: Information richness refers to the complexity and content of a message (Evans and Wurster, 1999). Traditional markets, national sales forces, and small retail stores have great richness: they are able to provide personal, face-to-face service using aural and visual cues when making a sale.
- Interactivity: Unlike any of the commercial technologies of the twentieth century, with the possible exception of the telephone, e-commerce technologies allow for interactivity, meaning they enable two-way communication between merchant and consumer
- Information Density: The Internet and the Web vastly increase information density—the total amount and quality of information available to all market participants, consumers, and merchants alike.
- Personalization/Customization: E-commerce technologies permit personalization- merchants can target their marketing messages to specific individuals by adjusting the message to a person's name, interests, and past purchases. The technology also permits customization— changing the delivered product or service based on a user's preferences or prior behaviour.

2.2 Consumer Behavior

Consumer Behavior is the study of individuals, groups, or organizations and the processes they use to select, secure, use, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and the society. It blends elements from psychology, sociology, social anthropology, marketing and economics. It attempts to understand the decision-making processes of buyers, both individually and in groups such as how emotions affect buying behaviour. It studies characteristics of individual consumers such as demographics and behavioural variables in an attempt

to understand people's wants. It also tries to assess influences on the consumer from groups such as family, friends, sports, reference groups, and society in general.

The various factors that affect consumer behavior can be categorized into 4 areas: Cultural, Social, Personal and Psychological.

1. Cultural Factors

Consumer behavior is deeply influenced by cultural factors such as: buyer culture, subculture, and social class.

- *Culture*: Basically, culture is the part of every society and is the important cause of person wants and behavior. The influence of culture on buying behavior varies from country to country therefore marketers have to be very careful in analyzing the culture of different groups, regions or even countries.
- *Subculture*: Each culture contains different subcultures such as religions, nationalities, geographic regions, racial groups etc. Marketers can use these groups by segmenting the market into various small portions. For example marketers can design products according to the needs of a particular geographic group.
- *Social Class*: Every society possesses some form of social class which is important to the marketers because the buying behavior of people in a given social class is similar. In this way marketing activities could be tailored according to different social classes. Here we should note that social class is not only determined by income but there are various other factors as well such as: wealth, education, occupation etc.

2. Social Factors

Social factors also impact the buying behavior of consumers. The important social factors are: reference groups, family, role and status.

- *Reference Groups*: Reference groups have potential in forming a person attitude or behavior. The impact of reference groups varies across

products and brands. For example if the product is visible such as dress, shoes, car etc then the influence of reference groups will be high. Reference groups also include opinion leader (a person who influences other because of his special skill, knowledge or other characteristics).

- *Family:* Buyer behavior is strongly influenced by the member of a family. Therefore marketers are trying to find the roles and influence of the husband, wife and children. If the buying decision of a particular product is influenced by wife then the marketers will try to target the women in their advertisement. Here we should note that buying roles change with change in consumer lifestyles.
- *Roles and Status:* Each person possesses different roles and status in the society depending upon the groups, clubs, family, organization etc. to which he belongs. For example a woman is working in an organization as finance manager. Now she is playing two roles, one of finance manager and other of mother. Therefore her buying decisions will be influenced by her role and status.

3. Personal Factors

Personal factors can also affect the consumer behavior. Some of the important personal factors that influence the buying behavior are: lifestyle, economic situation, occupation, age, personality and self concept.

- *Age:* Age and life-cycle have potential impact on the consumer buying behavior. It is obvious that the consumers change the purchase of goods and services with the passage of time. Family life-cycle consists of different stages such young singles, married couples, unmarried couples etc which help marketers to develop appropriate products for each stage.
- *Occupation:* The occupation of a person has significant impact on his buying behavior. For example a marketing manager of an organization will try to purchase business suits, whereas a low level worker in the same organization will purchase rugged work clothes.

- *Economic Situation:* Consumer economic situation has great influence on his buying behavior. If the income and savings of a customer is high then he will purchase more expensive products. On the other hand, a person with low income and savings will purchase inexpensive products.
- *Lifestyle:* Lifestyle of customers is another import factor affecting the consumer buying behavior. Lifestyle refers to the way a person lives in a society and is expressed by the things in his/her surroundings. It is determined by customer interests, opinions, activities etc and shapes his whole pattern of acting and interacting in the world.
- *Personality:* Personality changes from person to person, time to time and place to place. Therefore it can greatly influence the buying behavior of customers. Actually, Personality is not what one wears; rather it is the totality of behavior of a man in different circumstances. It has different characteristics such as: dominance, aggressiveness, self-confidence etc which can be useful to determine the consumer behavior for particular product or service.

4. Psychological Factors

There are four important psychological factors affecting the consumer buying behavior. These are: perception, motivation, learning, beliefs and attitudes.

- *Motivation:* The level of motivation also affects the buying behavior of customers. Every person has different needs such as physiological needs, biological needs, social needs etc. The nature of the needs is that, some of them are most pressing while others are least pressing. Therefore a need becomes a motive when it is more pressing to direct the person to seek satisfaction.
- *Perception:* Selecting, organizing and interpreting information in a way to produce a meaningful experience of the world is called perception. There are three different perceptual processes which are selective attention, selective distortion and selective retention. In case of

selective attention, marketers try to attract the customer attention. Whereas, in case of selective distortion, customers try to interpret the information in a way that will support what the customers already believe. Similarly, in case of selective retention, marketers try to retain information that supports their beliefs.

- *Beliefs and Attitudes:* Customer possesses specific belief and attitude towards various products. Since such beliefs and attitudes make up brand image and affect consumer buying behavior therefore marketers are interested in them. Marketers can change the beliefs and attitudes of customers by launching special campaigns in this regard.

2.3 E-Service Quality

E-service quality can be defined as overall customer evaluations and judgments regarding the excellence and quality of e-service delivery in the virtual marketplace.

(Santos, 2003).

Research over the past two decades has demonstrated that service quality influences consumption decisions, but only recently these findings have been applied to e-commerce (Yang and Jun, 2002; Wolfinbarger and Gilly, 2003).

For example, service quality measures have been applied to assess the quality of virtual community web sites (Kuo, 2003), satisfaction with e-commerce channels (Devaraj et al., 2002), and determinants of web site success (Liu and Arnett, 2000).

Online shopping is a complex process that can be divided into various sub-processes such as navigation, searching for information, online transactions, or customer interactions. Customers are unlikely to evaluate each sub-process in detail during a single visit to an online store, but rather will perceive the service as an

overall process and outcome (van Riel et al., 2001).

Furthermore, for online customers, high standard e-service quality is the means by which the potential benefits of the internet can be realized (Yang, 2001). Because it is much easier to compare product technical features and prices online than through traditional channels, e-service quality becomes a key factor for customers (Santos, 2003). Online customers thus expect equal or higher levels of service quality than traditional channels customers.

2.4 Service Quality Dimensions

Parasuraman et al. (1988) conceptualize service quality as the relative perceptual distance between customer expectations and evaluations of service experiences and service quality using a multi-item scale called the SERVQUAL model. The SERVQUAL model includes the five dimensions of tangibles (physical facilities and the appearance of personnel), reliability (ability to perform the promised service dependably and accurately), responsiveness (willingness to help customers and provide prompt service), assurance (employee knowledge base which induces customer trust and confidence), and empathy (caring and individualized attention provided to customers by the service provider).

The SERVQUAL scale recently has been widely used to measure information system service quality (Pitt et al., 1997; van Dyke et al., 1999; Carr, 2002; Jiang et al., 2002).

The SERVQUAL scale also was employed to measure e-commerce system service quality (Devaraj et al., 2002; Kim and Lee, 2002). Related studies on e-service quality have tested the SERVQUAL scale and used it to measure service in various contexts, including web-based service (Kuo, 2003; Negash et al., 2003), internet retail (Kaynama and Black, 2000; Barnes and Vidgen, 2001), and electronic banking (Zhu et al., 2002). Most research on e-service quality measurement has focused on rewording the SERVQUAL scale items. However, challenges in measuring web-based service quality exist due to the differences between web-based and traditional customer service (Li et al., 2002).

Parasuraman and Grewal suggested that research is needed on whether “the definitions and relative importance of the SERVQUAL dimensions change when customers interact with technology rather than with service personnel”. Moreover, several studies have proposed that the SERVQUAL scale items must be reformulated before they can be meaningfully used in the online shopping context (van Riel et al., 2001; Santos, 2003). Thus, based on the SERVQUAL model with consideration of the characteristics of the online shopping context should be partly reformulated. Additionally, previous studies have suggested that perceived service quality positively influences customer satisfaction and purchase intentions (Rust and Zahorik, 1993; Martensen et al., 2000). Nevertheless, in the context of online shopping, few studies have examined the usefulness of relative service quality dimensions in predicting overall service quality, customer satisfaction and purchase intentions.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 Defining the problem

Defining the problem and research objectives is often the hardest step in the research process. Thus, the formulation of the research problem will be done in respecting the general problem of the dissertation which is *“how does the service quality of any online shopping site impacts the consumer purchase behaviour?”* Indeed, the analysis has to give answers to questions such as *“do e-commerce sites use any kind of special technique to increase their service quality and if so then what?”* In short, it is sought to know how this tool, which is known in a theoretical way, is used in the real professional world.

3.2 Nature of Research

Descriptive research, also known as statistical research, describes data and characteristics about the population or phenomenon being studied. Descriptive research answers the questions who, what, where, when and how.

Although the data description is factual, accurate and systematic, the research cannot describe what caused a situation. Thus, descriptive research cannot be used to create a causal relationship, where one variable affects another. In other words, descriptive research can be said to have a low requirement for internal validity.

The nature of this project requires the respondent to generate actionable insights and make the managers delve into the topic of discussion even after the survey is done. The respondents had been assured of the use of the data collected through

the survey for an official study purpose and that no individual references will be tracked.

3.3 Research methods

Generally, research methods fall into two major groups, qualitative and quantitative. According to Gummesson (2005), the objective of quantitative research is to develop and employ mathematical models, theories and/or hypotheses pertaining to natural phenomena. The process of measurement is central to quantitative research because it provides the fundamental connection between empirical observation and mathematical expression of quantitative relationships. In the case of the report and according to the research objectives, a quantitative method is not adapted because the research is not going to measure phenomena or create statistics.

A qualitative approach objective is to collect information with the help of discussion and observation of the studied subject. It will help the researcher to measure a small sample of customers or companies' views and to focus on gathering information in depth, explores feelings, motivations, purchase drivers and inhibitors, purchase behaviour, and much more such as exploring restaurants feelings for a promotional tool. A qualitative method is a good method to work on attitudes, values, perceptions and motivation of the researched public (of restaurant for instance) with the main objective of understanding them deeply. According to those premises, it has been decided to develop a qualitative research method.

3.4 Medium

The medium used for conducting the study through an online structured questionnaire. The questionnaire was developed after careful consideration of the objective of the study. The data was collected through primary source.

3.5 Data Collection

The samples in this research were general consumers who have had transactions at e-shops. But, due to the inability to be certain of the population number, there was no way to be certain of the number of people who practice e-shopping. As a result, this research employed convenience sampling and e-questionnaires, and prepared questionnaires on google forms and released them there from.

This research conducted survey by questionnaires, which were posted on various major forums with 70 valid questionnaires returned. In the basic information on the 68 subjects, analysis was made in terms of gender, age, education, averaged monthly earning or allowance, , internet using time, number of times of e-shopping each year, averaged consumption of each e-shopping and so on.

3.6 Nature of questions asked

The questionnaire consists of open ended, dichotomous, rating and 5 point rating scale questions. The questions are closed (providing a number of alternative answers), and forced-choice (providing a number of alternative answers) . Within close questions, different types of questions can be found, like list questions, offering the respondents a list of responses, and in contrast category questions, designed so that respondent's answer can fit only one category. Moreover, rating questions are used to collect opinion data with the Likert-style rating scale, where the respondent is asked how he or she agrees with a statement. The weights allotted to the options on Likert scale are as follows:

Weights allotted:	Strongly Agree	5
	Slightly Agree	4
	Neutral	3
	Slightly Disagree	2
	Strongly Disagree	1

3.7 Data Analysis

After collecting the data, an analysis of the responses was done with the help of Microsoft Excel and Google Form responses sheet.

Weighted average was used as the measuring tool and pivot tables were prepared to understand the various trends of the responses. Likert scale was used where strongly agree was given 5 points and strongly disagree is equal to 1 point.

A comparison between Myntra.com and Jabong.com was done to know which site is leading the lifestyle segment.

CHAPTER 4

DATA ANALYSIS AND FINDINGS

4.1 Data Analysis

68 respondents filled the questionnaire, out of which 49 were males and 19 were females.

The analysis for each question is explained below:

1. Out of 68, Only 6 Respondents mentioned that they have never done online shopping.

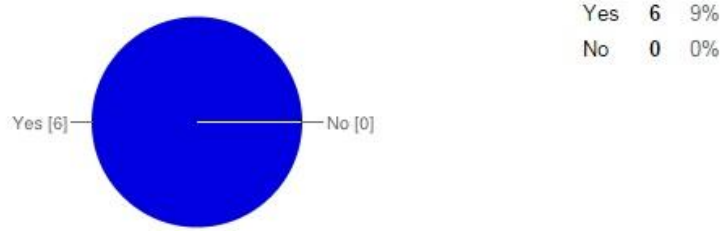
1. Have you ever done Online Shopping?



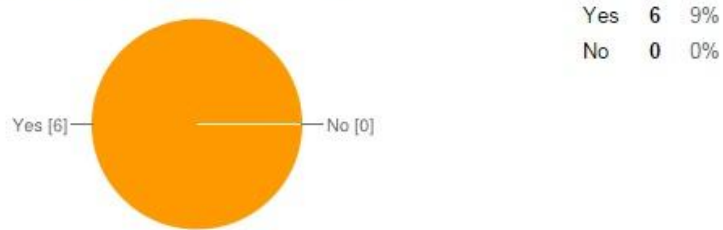
Yes	62	91%
No	6	9%

2. Those 6 Respondents were aware of the E-Commerce websites and are optimistic towards online shopping in coming future.

2. Are you aware of the following sites(Jabong, Myntra, Amazon, Ebay, Flipkart etc) ?



3. Would you like to shop Online in future?



3. Most respondents were between age group of 21-25. Also, almost 40% of those respondents shop more than 10 times a year. Whereas, no respondent aged more than 35 has ever done online shopping.

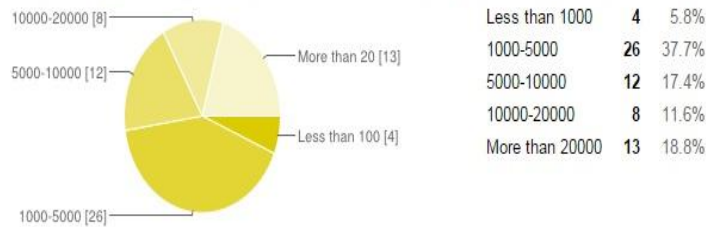
So, the companies must design their catalogue keeping in mind the age group 21-25 and must try to understand why age group of 35 are not very enthusiastic about the online shopping and still preferring traditional shopping.

	A	B	C	D
1	Age	21-25		
2				
3	Row Labels	Count of 1. How many times did you have online shopping during last 12 months(April'14-March'15)?		
4		0 - 2	4	
5		10 and more	20	
6		2 - 5	16	
7		5 - 10	10	
8		(blank)		
9		Grand Total	50	
10				
11				
12				
13				
14				
15				
16				

	A	B	C	D
1	Age	35 +		
2				
3	Row Labels	Count of 1. How many times did you have online shopping during last 12 months(April'14-March'15)?		
4		(blank)		
5		Grand Total		
6				
7				
8				
9				
10				

4. More than 1/3 respondents are shopping in between 1000-5000. So, companies need to look forward towards this segment of customers and try to tap them and motivate them to spend more.

2. Select an approximate maximum amount you have spent in this period on online purchase of Lifestyle Products.



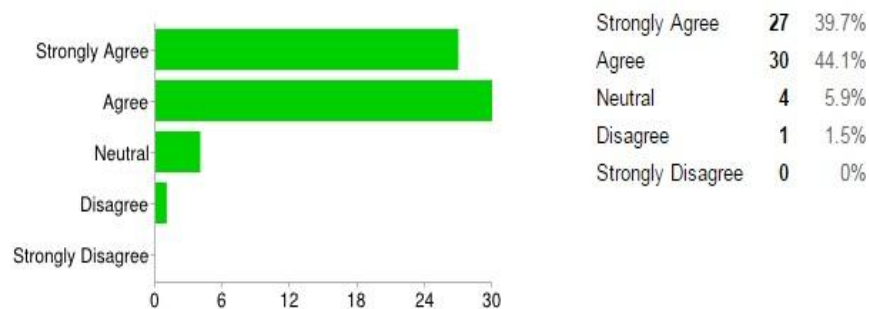
5. Following questions have been analyzed on the basis of Weighted average where strongly agree = 5 points and strongly disagree = 1 point.

- a) Shopping on internet saves time

Weighted average = 4.6

This signifies that maximum customers believe that online shopping saves time. So, companies with more filters and faster transactions are likely to emerge as the winner.

Shopping on internet saves time [3. Select your level of agreement to the following questions.]

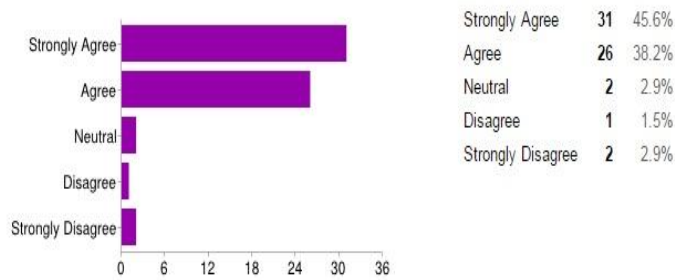


- b) Time Flexibility

Weighted average = 4.2

This signifies large section of people believe it is an advantage to be able to shop anytime. So, companies can launch special offers when people are going to or returning from offices.

It is a great advantage to be able to shop at any time of the day [3. Select your level of agreement to the following questions.]

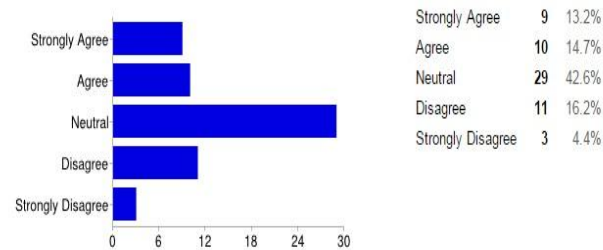


c) Preference between online and traditional shopping

Weighted average = 3.0

This signifies that online shopping is gaining people’s confidence and they are neutral when it was asked that they prefer traditional shopping over online shopping.

I prefer traditional/conventional shopping to online shopping [3. Select your level of agreement to the following questions.]

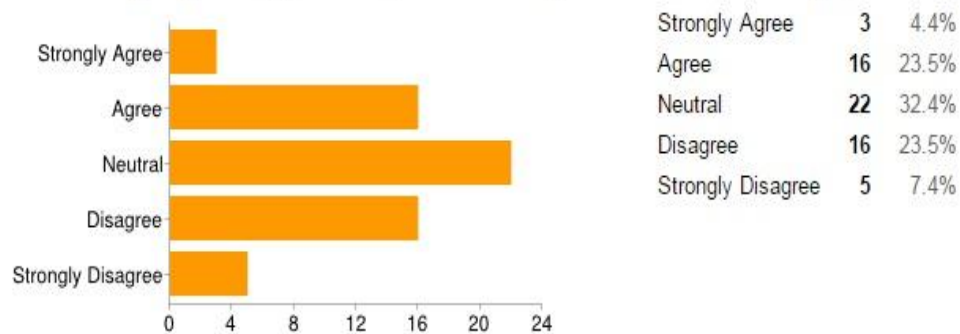


d) Perceived Risk

Weighted Average = 2.8

This signifies people are showing trust in online shopping and don’t find it risky

Online shopping is risky [3. Select your level of agreement to the following questions.]

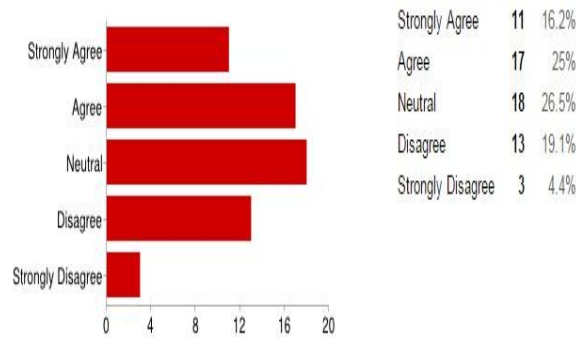


e) Comparison between online and traditional shopping

Weighted Average = 3.2

This signifies people are very much neutral regarding the fact that online shopping can supersede traditional shopping. They believe both have their own advantages.

Online shopping will eventually supersede traditional shopping [3. Select your level of agreement to the following questions.]

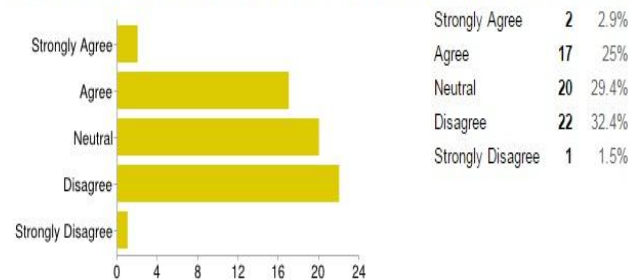


f) Delivery Time

Weighted Average = 2.9

This signifies that the delivery time of products doesn't take much time and customers are very much satisfied with it.

A long time is required for the delivery of products and services [3. Select your level of agreement to the following questions.]

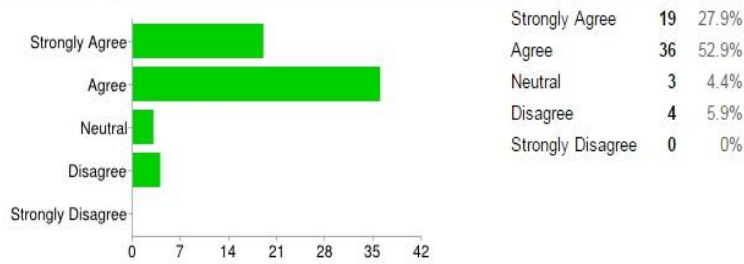


g) Catalogue

Weighted Average = 4.0

This signifies people believe that internet offers a very broad range of products. Companies with more variety at reasonable price and good quality of products can excel.

Selection of goods available on the internet is very broad [3. Select your level of agreement to the following questions.]

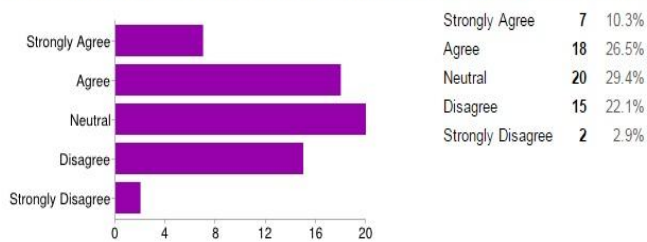


h) Accuracy of description

Weighted Average = 3.1

This signifies people are not very optimistic about the description of products available on the internet. So, companies must strictly provide the accurate information about the products.

The description of products shown on the websites are very accurate [3. Select your level of agreement to the following questions.]

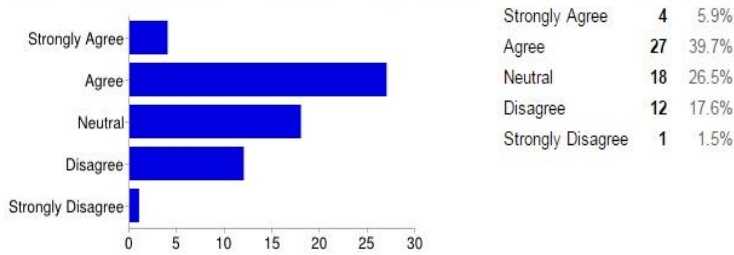


i) Product information

Weighted Average = 3.3

Again this signifies customers are not very much pleased with the information provided, so complete and accurate information should be provided as if product is not upto the information customer might switch to rival company.

The information given about the product on the site is sufficient [3. Select your level of agreement to the following questions.]

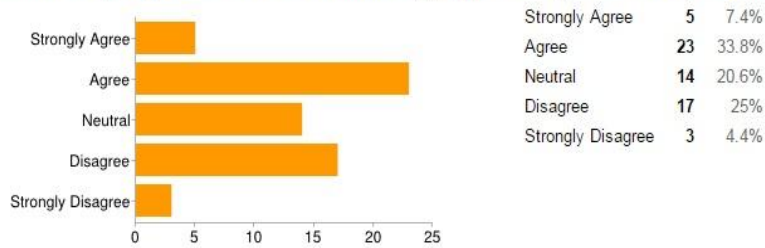


j) Security

Weighted Average = 3.0

Although online shopping is gaining popularity but customers still believe that traditional shopping is more secure than online shopping. So, companies need to win customers' confidence on this parameter.

Online shopping is as secure as traditional shopping [3. Select your level of agreement to the following questions.]

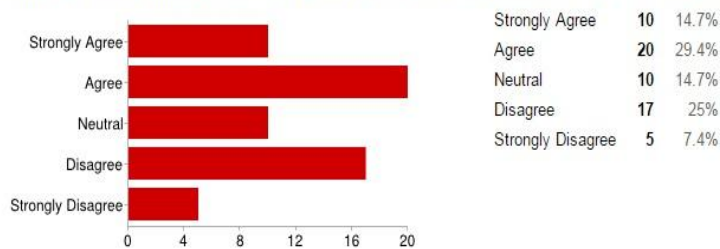


k) Credit Card Details

Weighted Average = 3.1

As mentioned in the previous point, customers' are not very confident about the security of online shopping and are still hesitant to provide their credit card details online.

While shopping online I hesitate to give my credit card no. [3. Select your level of agreement to the following questions.]

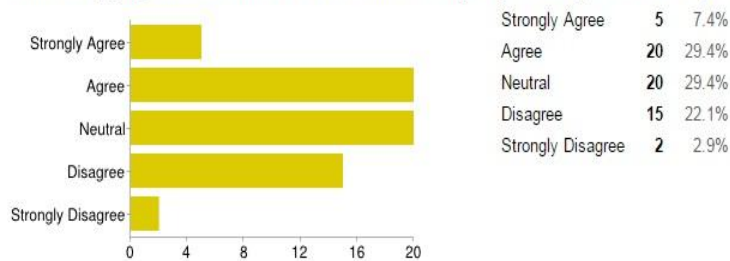


1) Infrastructure of online shopping

Weighted Average = 3.0

Customers' believe that online shopping infrastructure in India is not underdeveloped but they don't even believe that it is developed that means it is still in its developing stage and as the time passes it will develop eventually.

Online shopping infrastructure in India is underdeveloped [3. Select your level of agreement to the following questions.]

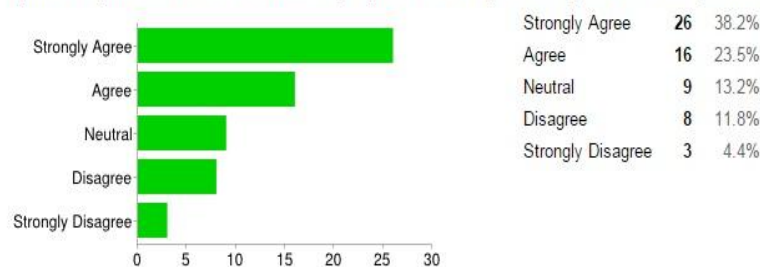


m) Preferred delivery medium

Weighted Average = 3.8

This signifies that people prefer to buy using COD as they are not very confident of online transactions and are hesitant to provide credit card details online as found above.

I prefer to purchase if Cash on Delivery option is there [3. Select your level of agreement to the following questions.]

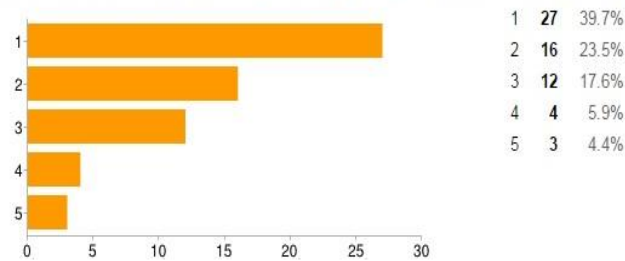


6. When respondents were asked to rank the following features i.e. Social Media Integration, Privacy, Credibility, Design and Customer Friendly on the basis of their importance, Maximum no. of respondents marked Privacy and security as the most important factor while credibility was the second.

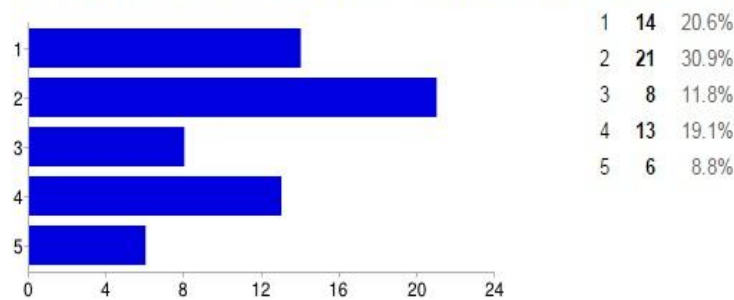
Although, 16% respondents marked social media integration as their first choice but overall it stood last.

Privacy and credibility are the most important factors of a good online shopping site. So, companies not only should look for more and more merchandise but should also make some plans to improve their credibility and instill in customers the confidence that there site is very much secure.

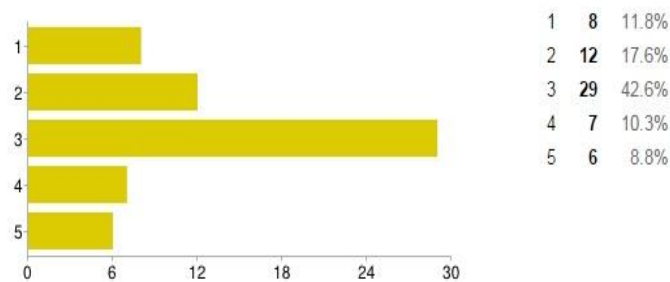
Privacy and secure checkout [Features you think are necessary for an online shopping site(Rank wise preference)]



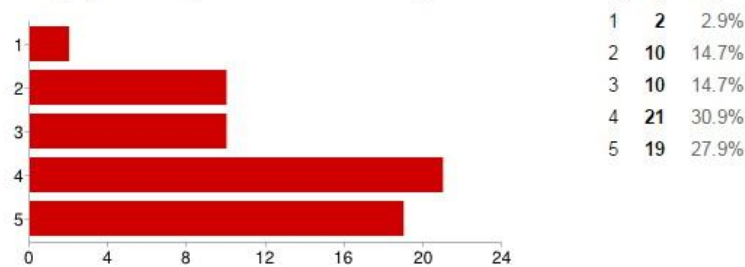
Credibility [Features you think are necessary for an online shopping site(Rank wise preference)]



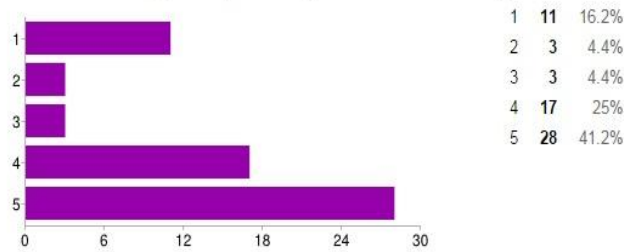
Customer friendly [Features you think are necessary for an online shopping site(Rank wise preference)]



Design [Features you think are necessary for an online shopping site(Rank wise preference)]

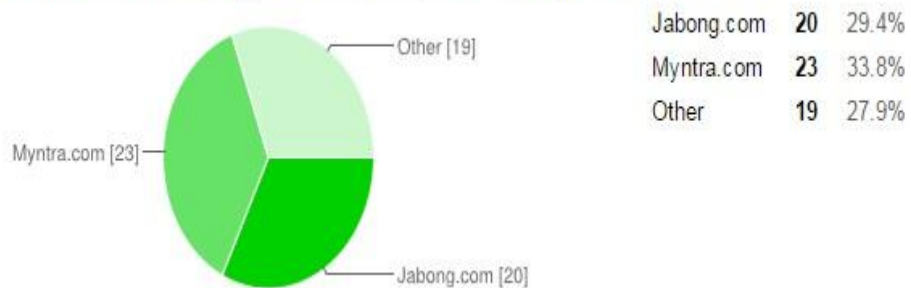


Social media integration [Features you think are necessary for an online shopping site(Rank wise preference)]



7. When asked which site the customers prefer for their lifestyle purchases the responses were almost equal for Jabong.com and Myntra.com which concluded that the customers today are not loyal to any particular site and can purchase from any site which provides better offers and discounts and good product. So, companies need not only to tap new customers today but also look for retention of customers.

Which website do you prefer for Lifestyle Product purchases?



8. As mentioned, today retaining customers is as important as tapping new customers so identifying whether E-service quality is a factor which can help companies to retain their customers.

So, I tried to identify why customers choose a particular site and why not their rival sites. Also, why customers switch from one site to another categorizing the questions in the following categories:

- 1) Website Design
- 2) Reliability
- 3) Responsiveness
- 4) Trust

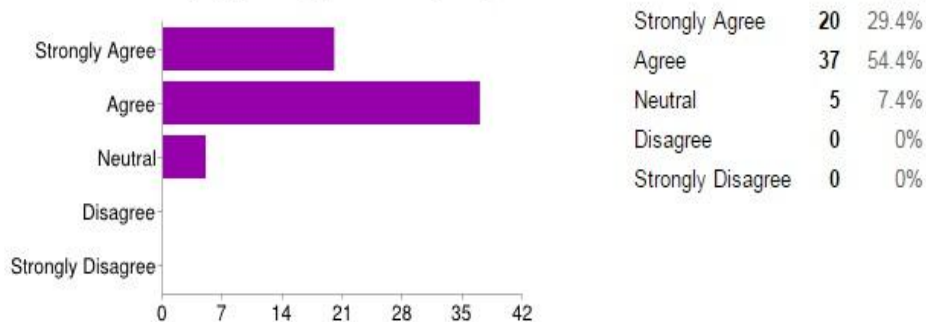
- 5) Personalization
- 6) Customer Satisfaction
- 7) Purchase Intentions

a) Website Design

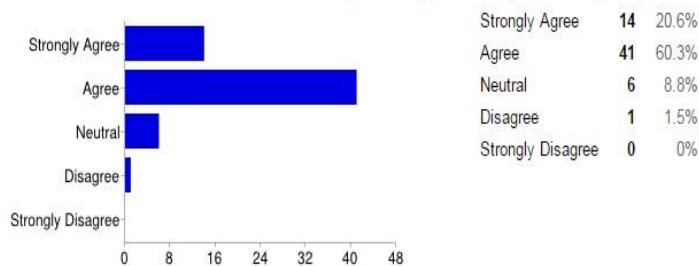
As evident from the responses, the website design forms the backbone of any online shopping site. In all 3 questions the Weighted average was approximately 4.0 which suggests that the respective website the customers have chose is visually appealing, has a strong user interface and also provides quick and easy transactions.

So all the top e-retailers must focus on regular improvement and development of their website as it is the website only which is providing the business and the only interface between user , company and the products company offering.

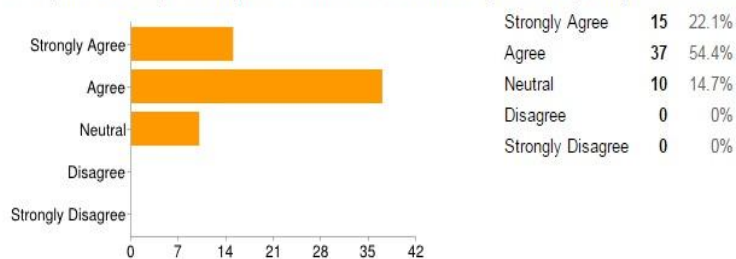
The site is visually appealing [Based on your previous answer, Answer the following questions]



The user interface of the site has a well-organized appearance [Based on your previous answer, Answer the following questions]



It is quick and easy to complete a transaction on the site [Based on your previous answer, Answer the following questions]

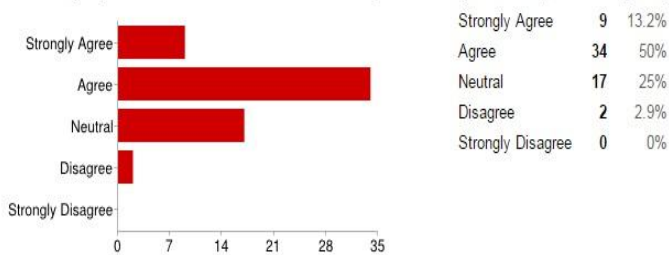


b) Reliability

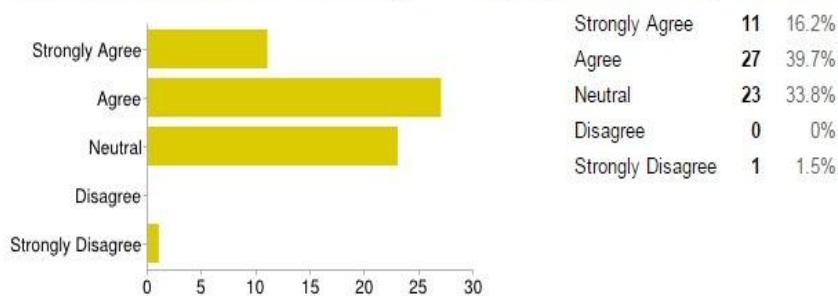
Reliability is another important determinant of E-service quality. With an average Weighted score of 3.8, results show that adequate security, error free transactions and a helping customer care are very important while choosing a website.

Although, these are the backend operations still a company needs to give proper attention to these things. As, a company might have a very broad catalogue and heavy discounts but if the transactions are not secure and customer care is not supportive then a company is not likely to survive.

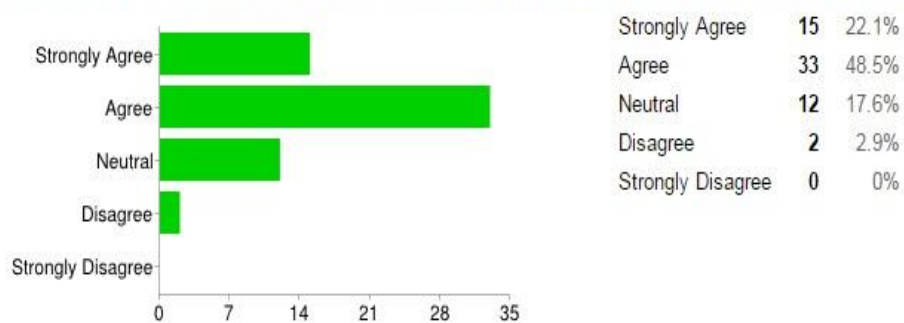
The company shows a sincere interest in solving customer problems [Based on your previous answer, Answer the following questions]



Transactions with the site are error-free [Based on your previous answer, Answer the following questions]



The site has adequate security [Based on your previous answer, Answer the following questions]



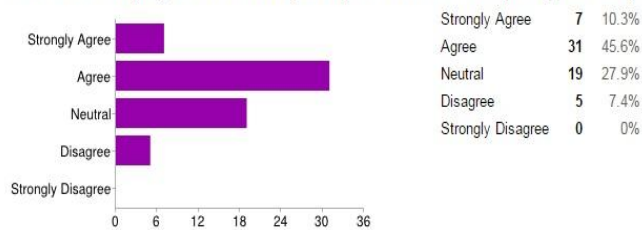
c) Responsiveness

In simple words, responsiveness is the willingness or readiness of the employees to provide answers.

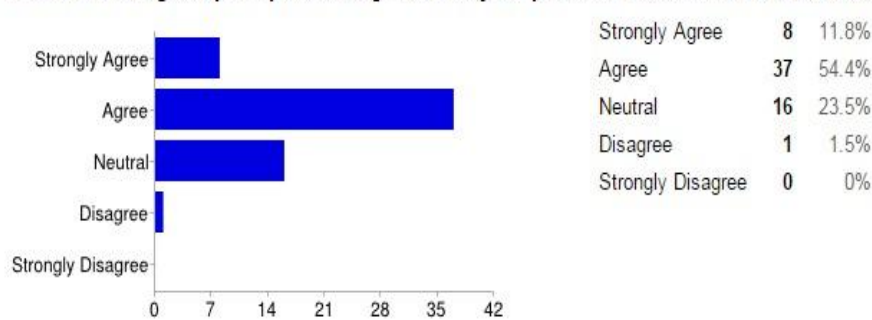
According to the respondents, with an average Weighted score of 3.7 responsiveness is also an important factor for selecting an site.

If a company fails to provide adequate support to the customers or does not provide prompt services then in long run the company is likely to suffer.

I believe the company is never too busy to respond to customer requests [Based on your previous answer, Answer the following questions]



I think the site gives prompt service [Based on your previous answer, Answer the following questions]



d) Trust

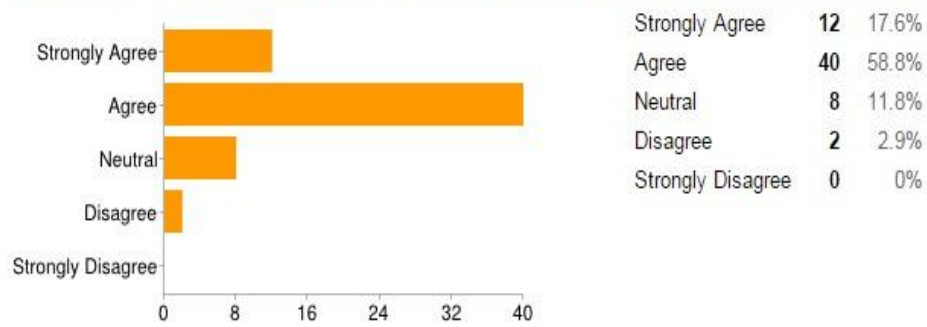
According to the respondents, trust is also an important factor with an average Weighted score of 3.9.

In the emerging e-commerce industry, a company needs to be trustworthy.

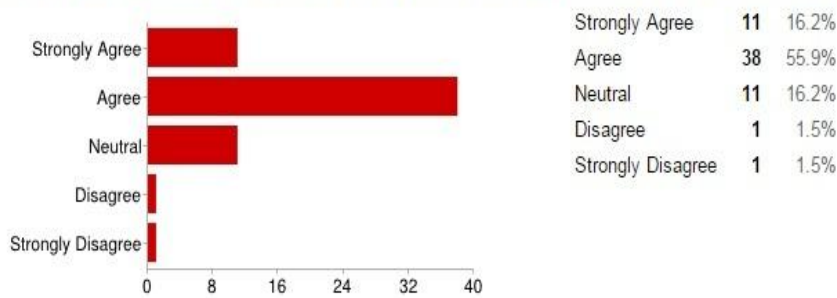
Many companies provide fake and duplicate products which breaks a customer's trust and negative publicity of the company is spread out which ultimately affect the sales.

So companies need to check whether the product is genuine or not before delivering.

I believe the site is trustworthy [Based on your previous answer, Answer the following questions]



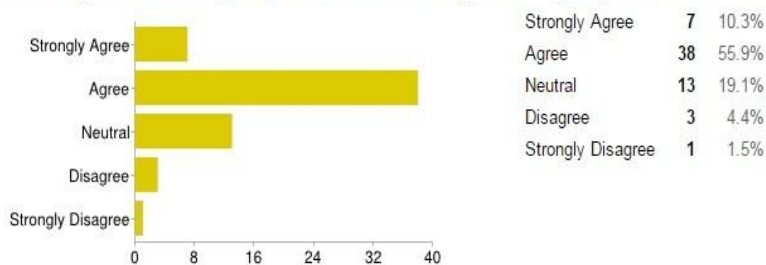
The site instills confidence in customers [Based on your previous answer, Answer the following questions]



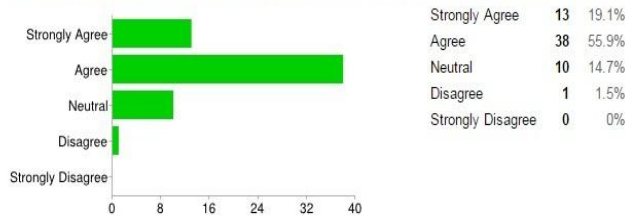
e) Personalization

With an average Weighted score of 3.8, it is evident that providing customers a feeling that they are an integral part of the website gives customers immense pleasure i.e. sites recommend customers with the products based on their previous purchases and also sending mails to customers based on their choice is also important.

The site provides the targeting e-mail to customers [Based on your previous answer, Answer the following questions]



The site provides the recommendation of products by customers' preferences [Based on your previous answer, Answer the following questions]

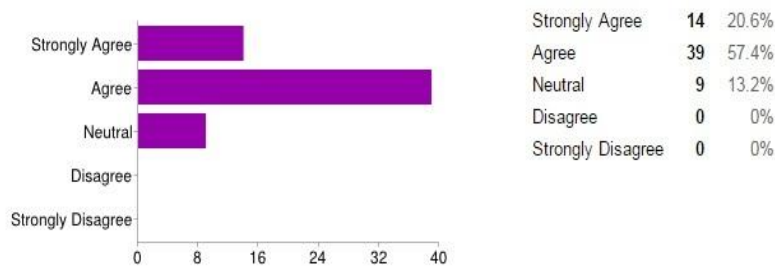


f) Customer Satisfaction and Purchase Intentions

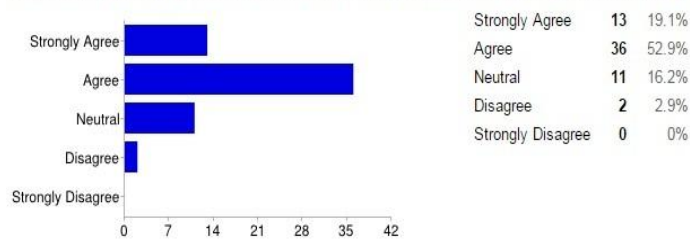
With an average Weighted score of 4.0, as expected the customers are very much satisfied with the site they use for their purchases and are likely to use that site in near future also.

So, it is evident that companies which can live upto all these dimensions are likely to retain their customer base.

Overall, I am satisfied with site's online experience [Based on your previous answer, Answer the following questions]



If I purchase lifestyle products in the next 30 days, I will use this site [Based on your previous answer, Answer the following questions]



Almost every customer wants to recommend the site to their friends and a good word of mouth is very important for every company to survive this survival for the fittest situation arising in the e-commerce industry today.

Would you recommend this site to your friends?



9. Now a comparison between Jabong.com and Myntra.com will be drawn on the basis of these dimensions and their Weighted average will be compared.

Dimension / Site	Myntra.com	Jabong.com
Website Design	4.18	4.25
Reliability	3.93	3.96
Responsiveness	3.77	3.72
Trust	3.90	3.87
Personalization	4.0	3.82

From the results it is clear that both the sites are very much close in every dimension and there is no clear winner and both the sites are leading in few dimensions.

Although the difference is very low but when this sample becomes large this small number may change the trends of the Gross Net Value of a company to a huge extent.

So, Following are the results:

- 1) Jabong.com leads in the website design dimension.
- 2) Jabong.com leads in the reliability dimension.

- 3) Myntra.com leads in the responsiveness dimension.
- 4) Myntra.com leads in the trust dimension.
- 5) Myntra.com leads in the personalization dimension.

When asked about the overall satisfaction Myntra.com beats Jabong.com with Weighted average score of 4.2 and 4.0 respectively but when asked will you purchase in near future then Jabong.com leads with weighted score of 3.95 over Myntra.com's 3.77.

4.2 Findings and Recommendations

An attempt has been made to understand the online purchase behavior of the consumers and the impact of E-Service quality on their buying behavior.

Key Findings

Key findings of the study:

- Large population of India is shopping online.
- Online shopping is very popular among the youth but not so popular above 35 people.
- People prefer online shopping because of various factors such as it saves times, allows to shop anytime, huge catalogue , complete information about a product etc.
- Cash on delivery is the preferred payment medium as a lot of people don't find online transaction secure.
- Privacy and security is the main concern of the buyers.
- E-service quality dimensions play an important role while selecting a site for shopping.
- Jabong.com and Myntra.com are neck to neck in the lifestyle industry. Both leads in certain dimensions of E-Service quality.

Conclusion

This research shows that online shopping is having very bright future in India. Perception towards online shopping is getting better in India. With the use of internet, consumers can shop anywhere, anything and anytime with easy and safe payment options. Consumers can do comparison shopping between products, as well as, online stores.

Companies need to develop strategies to better address the responsiveness, trustworthy and reliability of website services. These may help a company to retain their existing set of customers as these dimensions form the backbone of a good site. If a company can lead in all the dimensions it can clearly emerge as the winner.

Website design and trust are the most important dimensions of E-Service quality.

Jabong.com leads in the front end operations where Myntra.com leads in the backend operations.

Recommendations

1. Develop a suitable marketing plan to encourage consumers over the age of 35 to shop online.
2. People over 35 are not very enthusiastic about the online shopping.
3. Companies must try to provide accurate product description as product delivered with false information might piss off a customer and can lead to spread of negative word of mouth.
4. Provide special offers for the use of credit/debit cards for payments and try to instill confidence in the customers that online transaction is very safe.
5. Companies must try to keep the age group 21-25 happy as these people are the ones who shop the most and companies can reward some kind of offers for referring the sites to friends.
6. Myntra.com needs to improve its website design and must insure the transactions are error free.
7. Jabong.com needs to improve their post purchase operations like customer query handling etc.

4.3 Limitations of the Study

Although this study sheds much needed light on what young Indian consumers think about online shopping, there are several limitations that could be addressed in further research.

The universe being large, the study has some limitations that serve as impediments for 100% accuracy in analysis.

- 1) The sample size is only of 68 people, so the sample may not be truly representative of the population.
- 2) The research is carried out with a focus on the young population, the results may be different in case if older age groups are included.
- 3) The area in which research is carried out is also limited, and the results may vary in case of different areas.
- 4) The research is carried out in lifestyle market only so the conclusions may or may not be generalized for all other products.

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- Service Quality and Value, *Journal of Consumer Research*, vol. 17 (March), 375-384

ANNEXURE

Questionnaire

1. Gender
 - Male
 - Female

2. Age group
 - 20-25
 - 26-30
 - 30-35
 - Above 35

3. Have you ever done online shopping?
 - Yes
 - No

4. If no, have you heard of the sites- Jabong, Myntra, Amazon, Flipkart etc?
 - Yes
 - No

5. How many times have you done online shopping in the past 1 year?
 - 0-2
 - 2-5
 - 5-10
 - More than 10

6. Select a maximum approximate amount that you have spent in the past 1 year in online shopping
 - Less than 1000
 - 1000-5000
 - 5000-10000
 - 10000-20000
 - More than 20000

7. Select your level of agreement on the following questions: {Strongly Agree, Agree, Neutral, Disagree, Strongly Disagree}
- Shopping on internet saves time.
 - It is a great advantage to be able to shop during any time of the day
 - I prefer traditional shopping over online shopping
 - Online shopping is risky
 - Online shopping will eventually supersede traditional shopping
 - A long time is required for delivery of goods and services in case of online shopping
 - Selection of goods available online is very broad
 - The descriptions of products shown on websites are very accurate
 - The information given about the products on site is sufficient
 - Online shopping is as secure as traditional shopping
 - While shopping online, I hesitate in providing my debit/ credit card details
 - Online shopping infrastructure in India is underdeveloped
 - I prefer to purchase if cash on delivery option is available
8. Features you think are necessary for an online shopping site (Rank preference wise)
- Credibility
 - Privacy and secure checkout
 - Design
 - Social media integration
 - Customer friendly
9. Which websites do you prefer for purchasing lifestyle products:
- Jabong
 - Myntra
 - Others
10. Factors affecting the particular website selection (Based on above question state your level of agreement) {Strongly Agree, Agree, Neutral, Disagree, Strongly Disagree}
- Website Design
 - The site is visually appealing
 - The user interface of the site has a well organized appearance
 - It is quick and easy to complete a transaction on the site

- II. Reliability
 - a. The company shows a sincere interest in solving customer problems
 - b. Transactions with the site are error free
 - c. The site has adequate security

 - III. Responsiveness
 - a. I believe the company is never too busy to respond to customer requests
 - b. I think the site gives a prompt service

 - IV. Trust
 - a. I believe the site is trustworthy
 - b. The site instills confidence in customers

 - V. Personalization
 - a. The site provides targeting email to the customers
 - b. The site provides recommendations as per customer preferences

 - VI. Customer Satisfaction and Purchase Intention
 - a. Overall, I am satisfied with the site's online experience
 - b. If I purchase lifestyle products in the next 30 days I will use this site
11. Would you recommend this site to your friends?
- Yes
 - No