

DRIVERS OF CONSUMER PREFERENCE FOR ONLINE SHOPPING

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Report on
DRIVERS OF CONSUMER PREFERENCE FOR ONLINE
SHOPPING

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of

MASTER OF BUSINESS ADMINISTRATION



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UNIVERSITY SCHOOL OF MANAGEMENT AND
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CERTIFICATE

This is to certify that the Major Research Project Report “**Drivers of Consumer Preference for Online Shopping**” is the bonafide work of “**Mansi Solanki** (Roll No. 2K17/MBA/728) and **Mudita Chawla** (Roll No. 2K17/MBA/731)”, 2nd Year students of Master in Business Administration of University School of Management and Entrepreneurship (USME), East Delhi Campus, Delhi Technological University (DTU), Delhi carried out under my supervision.

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DECLARATION

We hereby declare that the Major Research Project Report entitled “**Drivers of Consumer Preference for Online Shopping**” submitted by us to the University School of Management and Entrepreneurship (USME), East Delhi Campus, Delhi Technological University (DTU), Delhi in partial fulfillment of the requirement for the award of the degree of Master in Business Administration (MBA) is a record of bonafide project work carried out by us under the guidance of Asst. Prof. Harleen Kaur. We further declare that the work reported in this project has not been submitted and will not be submitted, either in part or full, for the grant of any other degree or diploma in this institute or any other institute or university.

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We perceive this prospect as a big milestone in our career progress. We will strive to use gained skills and knowledge in the best possible way, and we will continue to work on their improvement, in order to accomplish desired career objectives.

Sincerely,

Mansi Solanki

Mudita Chawla

EXECUTIVE SUMMARY

The objective of this study is to examine the factors affecting the consumer preference for online shopping. A model explaining the effect of different factors on online shopping intentions and behavior is established based on the Theory of Planned Behavior. The model is then verified empirically in this study with a survey. Data collected from 106 consumers indicate that subjective norms, attitude, and beliefs concerning the consequences of online shopping have significant effects on consumers' intentions to buy online. Behavioral control and intentions significantly influenced online shopping behavior. The results also provide strong support for the positive effects of personal innovativeness on attitude and intentions to shop online. The implications of the findings for theory and practice are discussed. Also, the different e-commerce sites like Amazon, Flipkart, Snapdeal were compared and ranked through an Analytic Hierarchy Process (AHP) model using the drivers of consumer preference for online shopping.

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1. INTRODUCTION

1.1. INDUSTRY PROFILE

Introduction

The e-commerce has altered the means by which business is done in India. The Indian e-commerce market is expected to grow to US\$ 200 billion by 2026 from US\$ 38.5 billion as of 2017. Much progress of the industry has been prompted by increasing internet and smartphone infiltration. The ongoing digital transformation in the country is expected to increase India's total internet user base to 829 million by 2021 from 560.01 million as of September 2018. India's internet economy is expected to double from US\$125 billion as of April 2017 to US\$ 250 billion by 2020, majorly backed by ecommerce. India's E-commerce revenue is expected to jump from US\$ 39 billion in 2017 to US\$ 120 billion in 2020, growing at an annual rate of 51 per cent, the highest in the world.

Market Size

Propelled by rising smartphone penetration, the launch of 4G networks and increasing consumer wealth, the Indian e-commerce market is expected to grow to US\$ 200 billion by 2026 from US\$ 38.5 billion in 2017. Online retail sales in India are expected to grow by 31 per cent to touch US\$ 32.70 billion in 2018, led by Flipkart, Amazon India and Paytm Mall.

During 2018, electronics is currently the biggest contributor to online retail sales in India with a share of 48 per cent, followed closely by apparel at 29 per cent.

Investments/ Developments

Some of the major developments in the Indian e-commerce sector are as follows:

- Flipkart, after getting acquired by Walmart for US\$ 16 billion, is expected to launch more offline retail stores in India to promote private labels in segments such as fashion and electronics. In September 2018, Flipkart acquired Israel based analytics start-up Upstream Commerce that will help the firm to price and position its products in an efficient way.

- Paytm has launched its bank - Paytm Payment Bank. Paytm bank is India's first bank with zero charges on online transactions, no minimum balance requirement and free virtual debit card
- As of June 2018, Google is also planning to enter into the E-commerce space by November 2018. India is expected to be its first market.
- E-commerce industry in India witnessed 21 private equity and venture capital deals worth US\$ 2.1 billion in 2017 and 40 deals worth US\$ 1,129 million in the first half of 2018.
- Google and Tata Trust have collaborated for the project 'Internet Saathi' to improve internet penetration among rural women in India
- According to EY, E-commerce and consumer internet companies in India received more than US\$ 7 billion in private equity and venture capital in 2018.

Government initiatives

Since 2014, the Government of India has announced various initiatives namely, Digital India, Make in India, Start-up India, Skill India and Innovation Fund. The timely and effective implementation of such programs will likely support the e-commerce growth in the country. Some of the major initiatives taken by the government to promote the e-commerce sector in India are as follows:

- In order to increase the participation of foreign players in the e-commerce field, the Indian Government hiked the limit of foreign direct investment (FDI) in the E-commerce marketplace model for up to 100 per cent (in B2B models).
- In the Union Budget of 2018-19, government has allocated Rs 8,000 crore (US\$ 1.24 billion) to Bharat Net Project, to provide broadband services to 150,000-gram panchayats
- As of August 2018, the government is working on the second draft of e-commerce policy, incorporating inputs from various industry stakeholders.
- The heavy investment of Government of India in rolling out the fiber network for 5G will help boost ecommerce in India.
- In February 2019, the Government of India released the Draft National e-Commerce Policy which encourages FDI in the marketplace model of e-commerce. Further, it states that the

FDI policy for e-commerce sector has been developed to ensure a level playing field for all participants. According to the draft, a registered entity is required for the e-commerce sites and apps to function in India.

Achievements

Following are the achievements of the government in the past four years:

- Under the Digital India movement, government launched various initiatives like Udaan, Umang, Start-up India Portal etc.
- Under the project 'Internet Saathi', the government has influenced over 16 million women in India and reached 166,000 villages
- Udaan, a B2B online trade platform that connect small and medium size manufacturers and wholesalers with online retailers and also provide them logistics, payments and technology support, has sellers in over 80 cities of India and delivers to over 500 cities.
- According to the UN's e-Governance index, India has jumped 11 positions to 107 in 2016 from 118 in 2014.
- The government introduced Bharat Interface for Money (BHIM), a simple mobile based platform for digital payments.

Road Ahead

The e-commerce industry been directly impacting the micro, small & medium enterprises (MSME) in India by providing means of financing, technology and training and has a favorable cascading effect on other industries as well. The Indian e-commerce industry has been on an upward growth trajectory and is expected to surpass the US to become the second largest e-commerce market in the world by 2034. Technology enabled innovations like digital payments, hyper-local logistics, analytics driven customer engagement and digital advertisements will likely support the growth in the sector. The growth in e-commerce sector will also boost employment, increase revenues from export, increase tax collection by ex-chequers, and provide better products and services to customers in the long-term.

Michael Porter's Analysis of the Indian E-Commerce Industry

Porter's five forces of competition framework views the profitability of an industry as determined by five sources of competitive pressure. These forces are threat of substitutes, potential entrants, industry competition, bargaining power of suppliers and bargaining power of buyers. Analyzing the five forces below for eCommerce industry:

- **Bargaining power of Supplier:**

Here, suppliers are the manufacturers of finished products. For any product, there are many suppliers online, so they can't show power on online retail companies. For example, in computers category, there are many suppliers like Dell, Apple, Lenovo, and Toshiba everyone wants to sell their products through online retailers like Flipkart. Selling online saves a lot of money for the manufacturers, and as many people nowadays prefer purchasing product through online stores, Companies cannot afford to lose this channel. So, in this industry the supplier power is low.

- **Bargaining power of Buyer:**

Buyers in this industry are customers who purchase products online. Since this industry is flooded with so many players, buyers are having lots of options to choose. With many competitors like Amazon.com, eBay, Snapdeal etc. customers get a wide range of choices. Customer would prefer the one who would provide goods at reasonable price, deliver it fast and provide them with other benefits like Cash on Delivery, EMI facilities, other offers etc. Here Buyers have more power.

- **Competitive Rivalry:**

Competition is very high in this industry with so many players like Jabong, Snapdeal, Amazon, Homeshop18 etc. Many competitors lead to more choices for the customer to choose from. This also increases the cost incurred by the company to stay in the customer's mind i.e. on Promotions and Advertisements etc. Giving the customer better deals, making customer's experience delightful and continuous innovation can help a company to stay at top even with tons of competitors around. Overtaking Myntra was a very intelligent move by Flipkart done to overcome the competition given by Myntra.

- **Threat of New Entrants:**

Threat of new entrants is very high in this online retail industry because of following reasons:

- Indian government has allowed 51% FDI in multi-brand online retail and 100% FDI in single brand online retail. So, this means foreign companies can come and start their own online retail companies.
- There are very less barriers to entry like less capital required to start a business, less amount of infrastructure required to start business. All anyone need is to tie up with suppliers of products and you need to develop a website to display products so that customers can order products and a tie up with online payment gateway provider like bill desk.
- Industry is also going to grow at a rapid rate. It is going to touch 76 billion \$ by 2021. Industry is going to experience an exponential growth rate. So, obviously no one wants to miss this big opportunity.

- **Threat of substitutes:**

- Substitute for this industry as of now is physical stores. Their threat is low for this industry because customers are going for online purchases instead of going to physical stores as it will save time, effort, and money. With the advent and penetration of internet and smartphones, future in retail belongs to online retail.
- When we compare relative quality, relative price of product a person buys online with physical store, both are almost same and, in some cases, online retail store offers more discounts and this attracts the customer to purchase products online.

PEST Analysis

I. Political Factors

With stable government at center, the political factor seems positive for industrial growth. Moreover, government is promoting **Digital India and Startup India** which will be a booster for eCommerce industry. The government aims to provide fast internet connections for all and connect 250,000 villages in India by 2019. At the heart of this is the Rs.20,000-crore National Optical Fiber Network (NOFN), which aims to utilise the existing fibers of state-run units such as BSNL, Reliance, Airtel and Power Grid to connect gram panchayats and blocks. This provides a huge opportunity for eCommerce companies to exponentially increase their customer base which is currently restricted to major cities only. The government's decision to allow 100% FDI in e-Commerce is also good news for the industry, given its capital intensive, low margin and high-risk character, there aren't many local investors who would put their money on the table into such companies. So overall, we see political situation in India is favorable for eCommerce industry currently.

II. Economic Factors

The economy of India is the seventh-largest economy in the world measured by nominal GDP and the third-largest by purchasing power parity (PPP). The country is classified as a newly industrialized country, one of the major economies, a member of BRICS and a developing economy with an average growth rate of approximately 7% over the last two decades. The long-term growth perspective of the Indian economy is positive due to its young population, corresponding low dependency ratio, healthy savings and investment rates, and increasing integration into the global economy

III. Social Factors

- Improving usage of broadband and high computer literacy.
- Better Comfort level and trust in online shopping for growing online users in India
- More convenience and time saving.
- Increase in female working population and thus less time left in the family to physically go and do the shopping. This is encouraging eCommerce shopping.

- More choices available in eCommerce in less effort as compared to brick and mortar which help consumer compare and make better judgements.

IV. Technological Factors

- Smart phones with internet facilities and increasing features have almost replacing normal phones without internet facilities. This offer huge potential for eCommerce
- Advent of mobile shopping.
- Increasing speed of broadband and mobile internet speed like presently 4G. This offer more ease and comfort to consumer while doing eCommerce shopping.
- Increasing penetration rate of broadband and wireless internet due to economies of scale
- Increasing security in online payment through eCommerce

MAJOR E-COMMERCE COMPANIES

I. AMAZON

Introduction

Amazon is the world's leading online retailer and its success has spurred other physical, brick, and mortar retailers to have an online presence. It is often referred to as the online equivalent of Wal-Mart because of its reach and global footprint as well as its aggressive pricing strategies. Amazon can leverage on several opportunities in the emerging markets and can ensure that its global supply chain of networked warehouses deliver substantial value for itself and its stakeholders. Further, Amazon has to rethink its business model of operating at close to zero margins and the fact that the company has not returned a decent profit in the last five years gives it much room for improvement.

SWOT Analysis

1. Strengths

- a. Being the world's leading online retailer, Amazon derives its strengths primarily from a three-pronged strategic thrust on cost leadership, differentiation, and focus. This strategy has resulted in the company reaping the gains from this course of action and has helped its shareholders derive value from the company.
- b. Amazon primarily derives its competitive advantage from leveraging IT (Information Technology) and its use of e-Commerce as a scalable and an easy to ramp up platform that ensures that the company is well ahead of its competitors.
- c. One of the key strengths of Amazon is that it enjoys top of the mind recall from consumers globally and this recognition has helped it enter new markets, which were previously out of bounds for many e-Commerce companies.
- d. Using superior logistics and distribution systems, the company has been able to actualize better customer fulfillment and this has resulted in Amazon deriving competitive advantage over its rivals.

2. Weaknesses

- a. In recent years, Amazon as part of its diversification strategy has been “spreading itself too thin” meaning that it has allowed its focus to waver from its core competence of retailing books online and allowed itself to venture into newer focus areas. While this might be a good strategy from the risk diversification perspective, Amazon has to be cognizant of losing its strategic advantage as it moves away from its core competence.
- b. As Amazon offers free shipping to its customers, it is in the danger of losing its margins and hence, might not be able to optimize on costs because of this strategy.
- c. Considering the fact that Amazon is an online only retailer, the single-minded focus on online retailing might “come in the way” of its expansion plans particularly in emerging markets.
- d. One of the biggest weaknesses and something that has been oft commented upon by analysts and industry experts is that Amazon operates in near zero margin business models that have severely dented its profitability and even though the company has high volumes and huge revenues, this has not translated into meaningful profits for the company.

3. Opportunities

- a. By rolling out its online payment system, Amazon has the opportunity to scale up considerably considering the fact that concerns over online shopping as far as security and privacy are concerned are among the topmost issues on the minds of consumers. Further, this would improve the company’s margins as it lets it reap the advantages of using its own payment gateway.
- b. Another opportunity, which Amazon can capitalize on, relates to it rolling out more products under its own brand instead of being a forwarding site for third party products. In other words, it can increase the number of products under its own brand instead of merely selling and stocking products made by its partners.
- c. Amazon can increase the portfolio of its offerings wherein it stocks more products than the norm currently which places it in a position of strength and comfort as this can translate into higher revenues.

- d. The fourth opportunity, which Amazon has, is in terms of expanding its global footprint and open more sites in the emerging markets, which would certainly give it an edge in the uber-competitive online retailing market.

4. Threats

- a. One of the biggest threats to Amazon's success is the increasing concern over online shopping because of identity theft and hacking which leaves its consumer data exposed. Therefore, Amazon has to move quickly to allay consumer concerns over its site and ensure that online privacy and security are guaranteed.
- b. Because of its aggressive pricing strategies, the company has had to face lawsuits from publishers and rivals in the retailing industry. The obsessive focus on cost leadership that Amazon follows has become a source of trouble for the company because of the competitors being upset with Amazon taking away the business from them.
- c. Finally, Amazon faces significant competition from local online retailers who are more agile and nimble when compared to its behemoth type of strategy. This means that the company cannot lose sight of its local market conditions in the pursuit of its global strategy.

II. FLIPKART

Introduction

Flipkart Pvt Ltd. is an e-commerce company based in Bengaluru, India. Founded by Sachin Bansal and Binny Bansal in 2007, the company initially focused on book sales, before expanding into other product categories such as consumer electronics, fashion, and lifestyle products. The service competes primarily with Amazon's Indian subsidiary, and the domestic rival Snapdeal. As of March 2017, Flipkart held a 39.5% market share of India's e-commerce industry.

Flipkart is significantly dominant in the sale of apparel (a position that was bolstered by its acquisitions of Myntra and Jabong.com), and was described as being "neck and neck" with Amazon in the sale of electronics and mobile phones. Flipkart also owns PhonePe, a mobile payments service based on the Unified Payments Interface (UPI). In August 2018, U.S.-based

retail chain Walmart acquired a 77% controlling stake in Flipkart for US\$16 billion, valuing it at \$22 billion.

SWOT Analysis

1. Strengths

- a. India's largest E-commerce Retailer: Flipkart is the India's largest E-commerce company & had sold GMV (gross merchandising value) of \$1 billion till now.
- b. Experienced founders: The Founders of Flipkart, Sachin & Binny bansal are Ex-Amazon employees. Having prior experience in the E-commerce industry helped the founders to work strategically and differentiate their business in a highly competitive market.
- c. Acquisition: With its series of acquisitions like Letsbuy.co, chakpak.com, weread.com, Mine360 & the recent one Myntra in 2014 has helped the company to expand in the E-commerce space & used the capabilities and existing resources of acquired companies.
- d. High Brand recall: Flipkart has established itself as a renowned E-commerce company in India through TV ads, online branding and through its presence on social media. Brand activities like the "Big billion day" have really increased the brand recall of the company.
- e. Own Payment gateway & logistic arm: Having its own logistics arm E-kart & payment gateway Pay zippy has helped the company to control its Expenses. Thereby passing the benefits to the end customers.
- f. Exclusive & broad range of products: From having Exclusive rights to launch some products like MotoG MotoX, Xiaomi Mi3 as well as personal designers' segments in garments category, has helped the company to differentiate and localize its offerings.

2. Weaknesses

- a. Limited Distribution channel reach: Although its logistics arm has kept cost's low, the reach has been affected which is a weakness for Flipkart. Due to use of outsourcing, Global giants like Amazon & eBay can deliver the product anywhere in the country. However, Flipkart is still struggling in this field.

- b. Cost of Acquisition: Due to stiff competition in the market & low customer retention, the cost of Acquisition is high because Flipkart acquires a lot of customers through online advertising. As per Flipkart data, the company spends R.s 400/- on acquiring a new customer on an average.
- c. Power in the hand of buyers: Since this industry is flooded with many players, buyers have a lot of options to choose. Switching costs are also less for customers since they can easily switch a service from one online retail company to another. Same products will be displayed in several online retail websites. Product differentiation is almost absent and the fight then begins on the basis of price only.

3. Opportunities

- a. Expansion of business: By targeting other emerging markets company can increase their revenues as well as it can have Economies of scale.
- b. Expanding their Product categories: This will increase their customer base & at the same time will reduce the cost of acquisition and customer switch.
- c. Changing mentality of Indian customers: With increasing numbers of customers getting comfortable with online shopping & increase in numbers of Internet users in India, there is huge potential in this Industry.
- d. Supply chain: By optimizing their supply chain they can compete with the other players & can manage the losing sales on account of not making the product available due to delivery constraints.
- e. Establishing in other developing economies: like Amazon, Flipkart can slowly start expanding out of India and establish operations in other countries as well which will help improve revenues

4. Threats

- a. Competition: Stiff competition from the global players like Amazon, eBay as well as local player like Snapdeal, Tolexo and Shop clues who are continuously trying to eat each other's market share.
- b. Government regulations on the issues related to FDI in multi branding retail has been a big hurdle in the success of the E-commerce industry in India.

II. SNAPDEAL

Introduction

Snapdeal is an Indian e-commerce company based in New Delhi, India. The company was started by Kunal Bahl and Rohit Bansal in February 2010. As of 2014, Snapdeal had 3,00,000 sellers, over 3 crore products across 800+ diverse categories from over 1,25,000 regional, national, and international brands and retailers and a reach of 6,000 towns and cities across the country .

SWOT Analysis

1. Strengths

- a. Visionary leadership under Kunal Bahl.
- b. Constant innovations and good branding.
- c. Vast network of retailers across nation.
- d. Excellent service through convenient processes.
- e. Wide range of deals and transactions to choose from.
- f. Lots of awards and recognition as best startups, e-commerce etc.

2. Weaknesses

- a. Services not available in all cities
- b. Technology led model might collapse if the logistics network is not trained constantly
- c. Small time entrants entering into market share end up as competition.
- d. Cut throat competition from big rivals might end up changing company's policies and work models.
- e. Customers are already finding Flipkart faster by a day or 2, due to its inventory-based model.

3. Opportunities

- a. The markets devoid of internet.
- b. Customers reluctant in shopping online can be persuaded.
- c. Partnerships with bigger corporate houses for bulk selling.
- d. Rural Indian untapped market.
- e. Tier 2 & 3 Cities focus.
- f. MOBILE revolution hitting new figures every year.

1. Threats

- a. Can be subjected to frauds
- b. Risk of being involved into selling of illegal entities
- c. Newly emerging competitive online shopping portals
- d. Big market players like AMAZON and FLIPKART
- e. Threat of Walmart making an entry in India

1.1. OBJECTIVE OF THE STUDY

Shopping online is different from traditional shopping in terms of experience on the part of consumers. Consumers in traditional markets can touch and feel the products before purchasing it and on the other hand in virtual markets products can be assessed visually only. The purpose of this paper is to understand online shopping behavior of consumers.

As businesses look to grow their online retail presence, they need to be aware of the preferences and concerns that drive online shoppers. Preferences for online retailing among consumers may vary from product to product (most of the consumers prefer online retailing for Air ticketing, booking tickets in theatres compared to purchasing of clothes where they feel that personal touch & feel regarding the product is compulsory), person to person and their experiences gained while shopping online. The use of the Internet in our everyday lives has increased each year, this research aims at finding the preference towards online shopping among the consumers who are users of internet and the consumers are aware of online shopping. Also, to compare and rank the different e-commerce sites like Amazon, Flipkart, Snapdeal through an Analytic Hierarchy Process (AHP) model using the drivers of consumer preference for online shopping.

2. LITERATURE REVIEW

Several researchers have tried during the last few years to investigate consumers' perceptions of the obstacles hindering the development of online shopping. Jarvenpaa and Todd surveyed consumer reactions to Web-based stores using a sample of 220 shoppers. They found, for example, that 31% of respondents were disappointed with product variety and 80% had at least one negative comment about customer service on the Web. Spiller and Lohse reported the results of a survey investigating 35 attributes of 137 Internet retail stores to provide a classification of the strategies used in Web-based marketing. Most of their results confirmed the findings of Jarvenpaa and Todd in their survey of consumer reactions to electronic shopping on the WWW. Rhee and Riggins explored the relationship between Internet users' experience with online shopping and their perceptions of how well Web-based vendors support three types of consumer activities: pre-purchase interactions, purchase consummation, and post-purchase activities. They found that consumers with online purchasing experience believe that Web-based businesses support all these three activities. However, users who only seek information about products and services do not regard Web-based business as supporting their informational needs. Several recent studies have explored the predictors of online buying. Liang and Huang for example found that online shopping adoption depends on the type of the product, the perceived risk, and the consumer's experience. Similarly, argued that the two most important obstacles to online shopping are the lack of security as well as network reliability. This conclusion was confirmed by, who found that consumers hesitate to use their credit number for online shopping because they are afraid that the number will be stolen. Another survey conducted by Forrester also found that many consumers consider that lack of security is one of the main factors inhibiting them from engaging in online purchasing. Web page design characteristics were also found to affect consumers' decisions to buy online. Ho and Wu found that homepage presentation is a major antecedent of customer satisfaction. Other antecedents were logical support, technological characteristics (i.e. hardware and software), information characteristics, and product characteristics. Dholakia and Rego investigated the factors that make commercial Web pages popular. They found that a high daily hit-rate is strongly influenced by the number of updates made to the Web site in the preceding three-month period. The number of links to other Web sites was also found to attract visitors' traffic. Lohse and Spiller used a regression model to predict store traffic and sales revenues as a function of interface design

features and store navigation features. The findings indicated that including additional products in the store and adding a FAQ section attract more traffic. Providing a feedback section for the customers lead to lower traffic but resulted in higher sales. Finally, they found that improved product lists significantly affected sales. Lohse et al. conducted a survey to determine the predictors of online buying. They found that the typical consumer leads a wired lifestyle and is time starved. Therefore, they suggested making websites more suitable to buy standard or repeat purchase items by providing customized information to make rapid purchase decisions. The authors also stressed the need for an easy checkout process. Gehrke and Turban presented the results of a literature survey indicating that the main categories for successful Website design are: page loading speed, business content, navigation efficiency, security, and marketing/customer focus. Finally, Raman and Leckenby investigated the factors affecting the duration of visits to Websites. They found that, when subjects attached utilitarian value to Web ads, they tended to spend more time at the Website. Also, Web interaction (the degree to which consumers like and enjoy their Web browsing experience) negatively affected the duration of visit. They explained this rather unexpected result by the fact that individuals, who use the Web very often, are likely to develop efficient navigation patterns and effective search strategies than those who do not use the Web extensively. Therefore, experienced users who enjoy the Web and use it frequently are more likely to spend shorter time in Websites.

STUDY OF MODELS

❖ CONSUMER BUYING BEHAVIOUR

4 Consumer decision process carries five stages, starting with Problem recognition and following Information search, Evaluation of alternatives, Purchase decision and finally Post Purchase behavior. Problem recognition starts with the perception of need and moves towards information search where consumer uses internal and external sources to analyze given information and use that information in the next step of evaluation of alternatives. While evaluating alternatives one assessing values of the products by giving weights. After evaluation of alternatives, consumers move towards purchase decision where they may encounter three possibilities, from whom to buy when to buy and do not buy. Once they have actually made the purchase now it comes to Post-purchase behavior, whether they are satisfied or dissatisfied with the purchase. (Kotler, 2012)

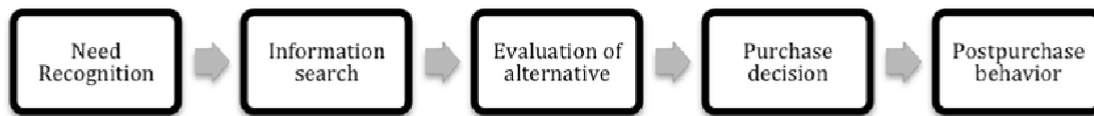


Figure 2.1: Consumer Buying Behaviour Model

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❖ INTERNET SHOPPING AND ITS IMPACT ON CONSUMER BEHAVIOUR

4

Fayu Zheng, 2006, The University of Nottingham Mayer, Davis, and Schoorman (1995) defined trust as, “the willingness of a party to be vulnerable to the activities of another party on the basis of the expectation that the other will execute a particular action important to the trustor, irrespective of the ability to monitor or control that other party” (Cheung and Lee, 2006). This definition is widely recognized and the most frequently cited (Rousseau, Sitkin, Burt, & Camerer, 1998).

People purchase products and services are the most based on their level of trust in this product or services, and sellers either in the physical store or online shops. Online trust is the basic and essential element for building a relationship with customers. A present research shows that online trust is lower level than the face-to-face interactions in the physical store (Cassell and Bickmore, 2000), and the result from Cheung and Lee (2006) shows that trustworthiness of Internet merchant (perceived integrity, perceived competence, and perceived security control) and external environment (third-party recognition and legal framework) have considerable impact on consumer trust in Internet shopping (see figure 2.2). The trustworthiness of E-commerce web site is very relying on the how much privacy security can be provided. For example, a highly technical competence can be a factor to influence the trustworthiness (Singh and Sir Deshmukh, 2000). As mentioned above that the web merchant can provide third-party verification to E-commerce web site, and while this privacy and security strategies are used, customers will think their E-commerce transactions through Internet are secure and thus the site is more reliable to them. Beside this point, if the E-commerce web site can provide the information about their customer services, location of the office, contact telephone number, and a help button on the web site, customers could also increase their trustiness as they can feel that the online retailers is truly exist (Lohse and Spiller, 1998).

customers as they feel that the online retailers exist truly could also increase their trustworthiness

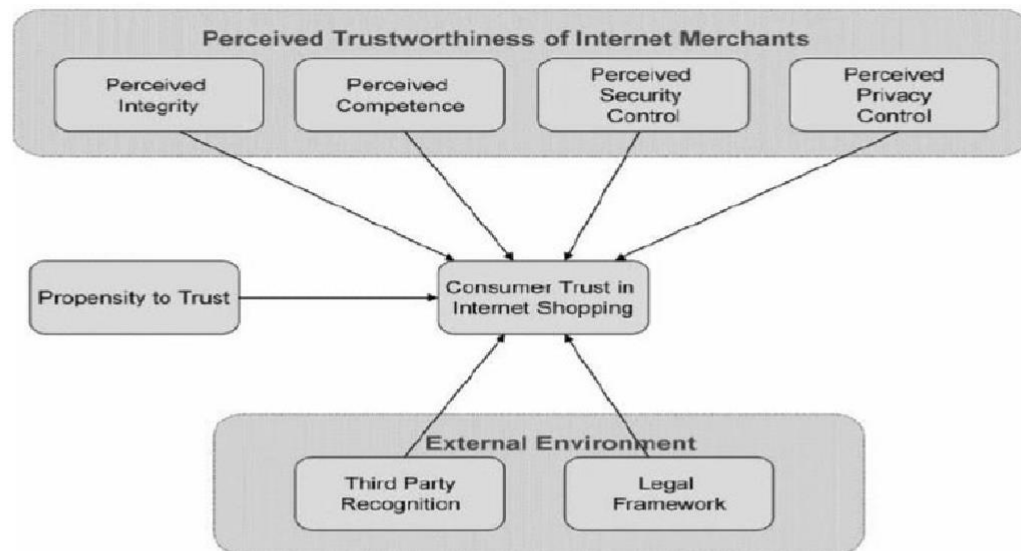


Figure 2.2: An Integrative Model for Consumer Trust in Internet Shopping.

In summary, Internet suggests way which is new for performing business and gives a fresh shopping experience to the customers. So far, there are many rules and conventions too which need to be improved to fit into the online environment. For instance, the security need to be ensured so that the Internet transactions are safe; the web sites must protect the privacy; and the trust transference programs should be in place to gather customer trust in the Internet shopping environment.

❖ DETERMINANTS OF CONSUMER BEHAVIOR IN AN E-COMMERCE ENVIRONMENT

Xiang Xue, B.A. Nankai University, 1999 Li and Zhang's (2002) taxonomy, that was developed based on their analysis, says that there are total ten impacts of relevant factors on online consumer behaviour. These ten factors can be categorized into five independent variables (external environment, demographics, personal characteristics, vendor/service/product characteristics, and web site quality) and five dependent variables (attitude toward online

shopping, intention to shop online, decision making, online purchasing, and consumer satisfaction). The five independent variables are identified as antecedents, which directly determine attitudes towards online shopping. In the antecedents, the vendor/service/product characteristics and website quality are directly impact on consumer satisfaction. The figure clearly shows that the antecedents, attitude, intention, decision making, and online purchasing are series of processing stage. Consumer satisfaction is separated and occurs among at all possible stages depending on the consumer's involvement during the Internet shopping process, and this two ways relationship could influence each reciprocally. (Figure 2.3)

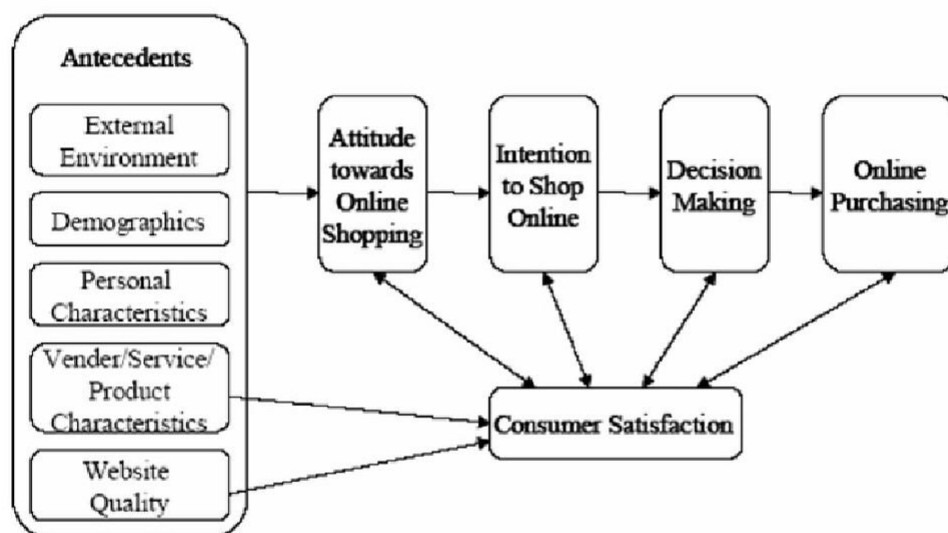
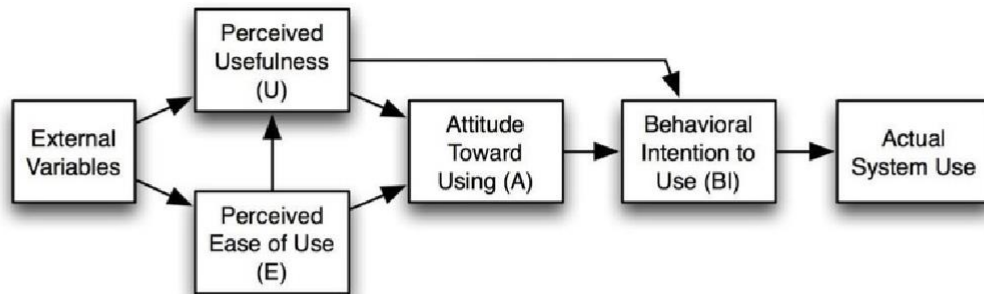


Figure 2.3: Research Model1 of Consumers' Online Shopping Attitudes and Behaviours

There are many studies of online consumer behaviours in recent years, most of them focus on the factors influencing the online consumer behaviours, and the researchers seems to find different factors in different way. Moreover, there is a variety of studies which focus on comparisons between online and offline consumer behaviour in relation to different products has been presented.

❖ TECHNOLOGY ACCEPTANCE MODEL (TAM)



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Figure 2.4: Technology Acceptance Model (TAM): Source: (Davis, 1989)

TAM is basically information system theory that covers how a user accepts and uses a technology. The model deals with the acceptance of information technology. The external factors that influence users to make a decision are- Perceived Usefulness (PU) and Perceived Ease of Use (PEOU). The degree to which a person believes that using a particular system would enhance his or her job performance is Perceived Usefulness (PU) and Perceived Ease of Use (PEOU) is the degree to which a person believes that using a particular system would be free from effort. The main purpose of the TAM is to explain how a user accepts a specific technology. TAM has been applied to measure the impact of perceived web-security, perceived privacy, perceived usefulness and perceived ease of use on online transaction intentions (Teck, 2002). TAM was applied to assess owners/managers intention to adopt web-based supply chain management (Choong, 2003). (Chuttur, 2009). Online shopping Website design, website reliability, customer service and privacy are the four key factors which influence young consumers' perceptions of online shopping. However, there is no significant difference among the various races in terms of online shopping behavior in Malaysia. (Alam, 2005). Youngster is given more important to transaction security, personal privacy, product price, product quality, convenience, accessibility, promotions and advertisement, delivery time, quality comparison and reputation of the company for online shopping (kansra). Overall website quality, commitment factor, customer service and security are the four key factors which influence consumers' perceptions of online shopping. The perception of online shoppers is independent of

their age and gender but not independent of their education & gender and income & gender. (Hau). Online shopping behavior is determined by an array of factors like risk perception, functional value, and utility perception. Consumers' fear of getting exploited online or finding making financial disclosures online risky refers to consumers' overall prejudice about threats online. Consideration about product quality or reliance on the information provided on online shopping sites or finding online transactions cheaper, attractive highlights consumers' sensitivity towards value maximization by buying products online only when offered at attractive rates. (Aindri1a, 2014). Most of the consumer prefer to buy durable goods and consider factors like easy to order, variety, discounts/ offers, save time and avoid long queues. With above analysis, we can thus prove the hypothesis to be positive. (M.Rajesh, 2013). Personal Innovativeness of Information Technology PIIT, perceived security and product involvement have an effect on the attitude towards online shopping, yet the results vary among the different product types. (Keisidou, 2011). There are relationships between the perceived usability, perceived security, and perceived privacy, perceived after-sales service, perceived marketing mix, perceived reputation and consumers' attitude to adopting online shopping in China. However, only marketing mix and reputation were found to significantly influence consumers' attitude to adopt online shopping. (Guo| Jun, 2011). Consumer innovativeness, perceived benefits and perceived risk are important determining factors influencing online shopping and had positive impact on consumer shopping attitude, and perceived risk had a negative impact on consumer online shopping attitude. Moreover, consumer innovativeness, perceived benefits, perceived risk had an indirect effect on the intention of online shopping.

(Shu- Hung, 2012). The advertisement doesn't have an important effect on online shopping. The security and validity of website were widely approved by online consumers. Attractiveness had the minimum influence on online shopping intention. This shows that consumers aren't interested or couldn't believe any advertisement on the internet. It seems that the internet users are overloaded by advertisement spams. (Salehi, 2012). Bellman et al(1999) investigated various predictors for whether an individual will purchase online. These authors concluded that demographic variables, such as income, education, and age, have a modest impact on the decision of whether to buy online, whereas the most important determinant of online shopping was the previous behavior, such as earlier online purchases. (Bellman, 1999). Online shopping in India is significantly affected by various Demographic factors like age, gender, marital status,

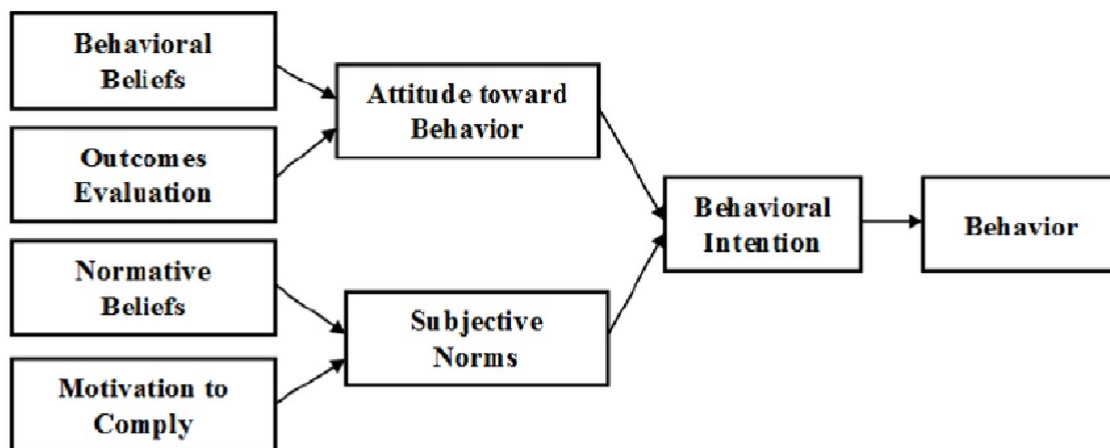
family size and income. The results of the study could be further used by the researchers and practitioners for conducting future studies in the similar area. (Dr.Gagandeep Nagra, June 2013). Namita Bhandari & Preeti Kaushal revealed that the factors like trust, information, convenience, experience, effortless shopping, and bargain because of which consumers do online shopping. (Kaushal, July august 2013). Online shopping in India is significantly affected by various Demographic factors like age, gender, marital status, family size and income. (Richa, 2012)

THEORY OF REASONED ACTION

This theory was developed by Martin Fishbein and Icek Ajzen. According to it, Reasoned Actions adds another element in the process of persuasion, behavioral intention. Rather than attempt to predict attitudes, as does Information Integration theory (and several others), Reasoned Action is explicitly concerned with behavior. However, this theory also recognizes that there are situations (or factors) that limit the influence of attitude on behavior. For example, if our attitude leads us to want to go out on a date but we have no money, our lack of money will prevent our attitude from causing us to go on a date. Therefore, Reasoned Action predicts behavioral intention, a compromise between stopping at attitude predictions and actually predicting behavior. Because it separates behavioral intention from behavior, Reasoned Action also discusses the factors that limit the influence of attitudes (or behavioral intention) on behavior.

The second change from Information Integration theory is that Reasoned Action uses two elements, attitudes and norms (or the expectations of other people), to predict behavioral intent. That is, whenever our attitudes lead us to do one thing but the relevant norms suggest we should do something else, both factors influence our behavioral intent.

Specifically, Reasoned Action predicts that behavioral intent is created or caused by two factors: our attitudes and our subjective norms. As in Information Integration theory, attitudes have two components, called as evaluation and strength of a belief. The second component influencing behavioral intent, subjective norms, also have two components: normative beliefs (what I think others would want or expect me to do) and motivation to comply (how important it is to me to do what I think others expect).



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Figure 2.5: Theory of Reasoned Action Model

Therefore, we have several options for trying to persuade someone. The first group of options are like the strategies identified by information integration theory:

- strengthen the belief strength of an attitude that supports the persuasive goal.
- strengthen the evaluation of an attitude that supports the persuasive goal
- weaken the belief strength of an attitude that opposes the persuasive goal
- weaken the evaluation of an attitude that supports the persuasive goal
- create a new attitude with a belief strength and evaluation that supports the persuasive goal
- remind our audience of a forgotten attitude with a belief strength and evaluation that supports the persuasive goal.

However, the addition of subjective norms creates several other options:

- strengthen a normative belief that supports the persuasive goal
- increase the motivation to comply with a norm that supports the persuasive goal
- reduce a normative belief that opposes the persuasive goal
- reduce the motivation to comply with a norm that opposes the persuasive goal
- create a new subjective norm that supports the persuasive goal
- remind the audience of a forgotten subjective norm that supports the persuasive goal.

THE THEORY OF PLANNED BEHAVIOUR

The Theory of Planned Behavior (TPB) started as the Theory of Reasoned Action in 1980 to predict an individual's intention to engage in a behavior at a specific time and place. The theory was intended to explain all behaviors over which people have the ability to exert self-control. The key component to this model is behavioral intent; behavioral intentions are influenced by the attitude about the likelihood that the behavior will have the expected outcome and the subjective evaluation of the risks and benefits of that outcome.

The TPB has been used successfully to predict and explain a wide range of health behaviors and intentions including smoking, drinking, health services utilization, breastfeeding, and substance use, among others. The TPB states that behavioral achievement depends on both motivation (intention) and ability (behavioral control). It distinguishes between three types of beliefs - behavioral, normative, and control. The TPB is comprised of six constructs that collectively represent a person's actual control over the behavior.

- 1) Attitudes - This refers to the degree to which a person has a favorable or unfavorable evaluation of the behavior of interest. It entails a consideration of the outcomes of performing the behavior.
- 2) Behavioral intention - This refers to the motivational factors that influence a given behavior where the stronger the intention to perform the behavior, the more likely the behavior will be performed.
- 3) Subjective norms - This refers to the belief about whether most people approve or disapprove of the behavior. It relates to a person's beliefs about whether peers and people of importance to the person think he or she should engage in the behavior.
- 4) Social norms - This refers to the customary codes of behavior in a group or people or larger cultural context. Social norms are considered normative, or standard, in a group of people.
- 5) Perceived power - This refers to the perceived presence of factors that may facilitate or impede performance of a behavior. Perceived power contributes to a person's perceived behavioral control over each of those factors.
- 6) Perceived behavioral control - This refers to a person's perception of the ease or difficulty of performing the behavior of interest. Perceived behavioral control varies across

Situations- actions, resulting in a person having varying perceptions of behavioral control which depends on the situation. This particular construct was added later in the theory, and led to the shift from the Theory of Reasoned Action to the Theory of Planned Behavior.

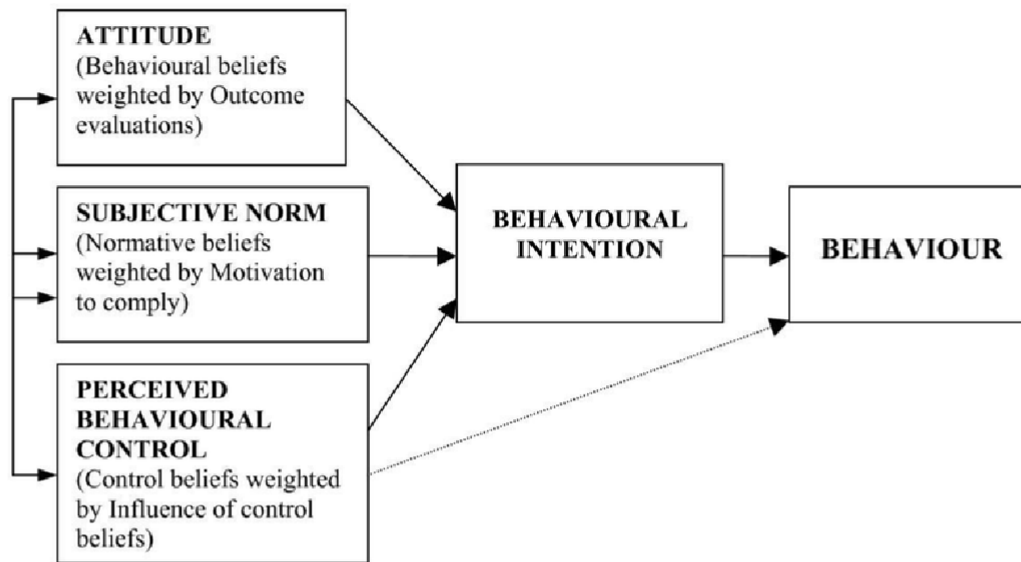


Figure 2.6: Theory of Planned Behavior Model

Most of the empirical studies in domain of online shopping, are cross-sectional. Therefore, they the essence of the phenomenon of dynamic online shopping is not captured by them. Moreover, many researchers have emphasized the need for longitudinal studies to understand online shopping better. Also, existing studies ignored several other important factors that can affect consumers' decisions to purchase from the Web. It was seen that Personal innovativeness transform consumer actions from static-routinized purchasing to continually changing and dynamic behavior. Hirschman confirmed the importance of this concept by stating that: "Few concepts in the behavioral sciences have as much immediate relevance to consumer behavior as innovativeness. The propensities of consumers to adopt novel products, whether they are ideas, goods, or services, can play an important role of theories of brand loyalty, decision making, preference, and communication." This study attempts to remedy to these. It enhances our understanding of the factors affecting online shopping by using a more comprehensive behavioral model and taking into consideration the important concept of personal innovativeness.

3. RESEARCH METHODOLOGY

3.1. RESEARCH MODEL

Shopping on the Internet is a voluntary individual behavior that can be explained by behavioral theories such as the theory of reasoned action (TRA) proposed by Fishbein and Ajzen, the theory of planned behavior (TPB) proposed by Ajzen. It contains aspects relating directly to an individual (genetic factors, personality, habits, attitudes, behavioral intentions, and behavior) and others that are related to an individual's environment (culture, social situation, social norms, facilitating conditions, etc.).

⁷ We chose to base our research model (depicted in Figure 3.1) on the TPB not only because the TPB's constructs are easier to operationalize, but also because this theory has received substantial empirical support in information systems and other domains as well. We also augment the TPB with two new constructs: personal innovativeness and perceived consequences. ¹⁸

Hence, our research model includes all the hypothesized links of the TPB as well as the new links that we would like to explore in this research. The new links represents the effects of personal innovativeness and perceived consequences. Since the TPB model is well established, we will focus our discussion on the new links. Rogers and Shoemaker and Rogers conceptualize the "personal innovativeness" construct as the degree and speed of adoption of innovation by an individual. This construct has been of particular interest in innovation diffusion research in general, and the domain of marketing in particular. It has recently been applied to the domain of information technology.

³ Personal innovativeness is a personality trait that is possessed by all individuals to a greater or lesser degree, as "some people characteristically adapt while others characteristically innovate". Shopping on the Internet is an innovative behavior that is more likely to be adopted by innovators than non-innovators. It is thus important to include this construct in order to account for individual differences. Its inclusion has important implications for both theory and practice.

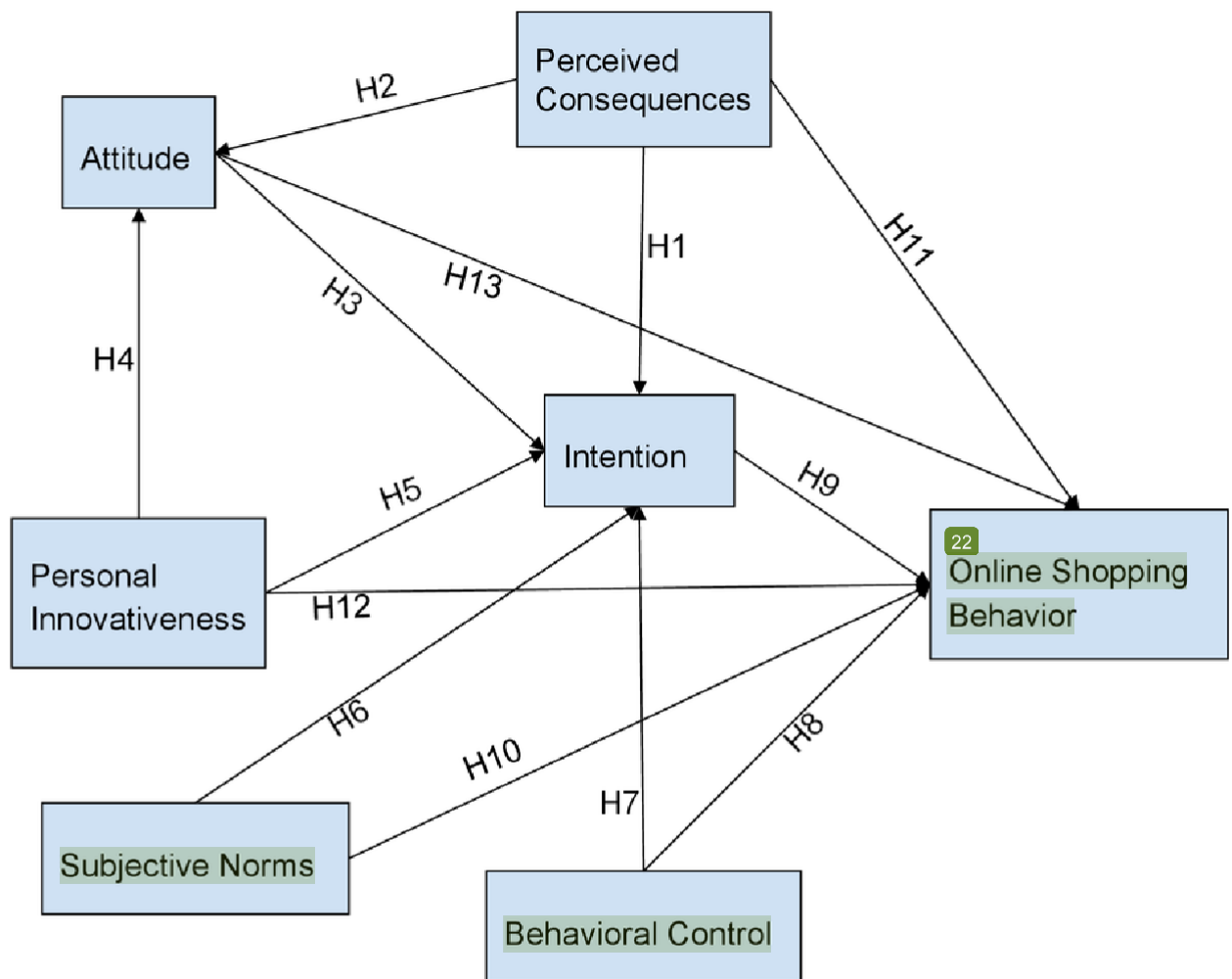


Figure 3.1: Research model1.

Looking from a theoretical perspective, inclusion of personal innovativeness factor ³ furthers our understanding of the role of personality traits in innovation adoption. And, from the practice perspective, the identifying individuals who are more likely to adopt online shopping can prove to be very valuable for marketing purposes, e.g., targeted marketing and market segmentation. We hypothesize that personal innovativeness has both direct and indirect effects, mediated by attitude, on intentions of innovation adoption. The indirect effect implies that innovative

individuals are more likely to be favorable toward online shopping, which in turn affects positively their intentions to shop on the Internet. Petrof specifically emphasizes the important role of personality traits in consumers' attitude formation. Personal innovativeness, being a personality characteristic, should hence facilitate the formation of a favorable attitude toward an innovative behavior such as online shopping. Further support for this relationship comes from Feaster who considers innovativeness to be a positive attitude toward change and from Roehrich who considers it as an important attitudinal dimension. The direct link between innovativeness and intentions, on the other hand, is meant to capture possible effects that are not completely mediated by attitude. Further, we hypothesize that personal innovativeness has both direct and indirect effects, mediated by intention, on the online shopping behavior.

The other new links that we added to the TPB are the ones representing the potential effects of "perceived consequences." This construct is borrowed from Triandis' model. According to Triandis, each act or behavior is perceived as having a potential outcome that can be either positive or negative. An individual's choice of behavior is based on the probability that an action will provoke a specific consequence. We decided to include this construct because we are interested in identifying the specific consequences of online shopping that drive individuals to perform this behavior.

The TRA and the TPB claim that beliefs such as perceived consequences are completely mediated by attitude. For this reason, Taylor and Todd modeled a similar construct, perceived usefulness, as an antecedent of attitude. Triandis, on the other hand, modeled perceived consequences as a direct antecedent of intentions. We believe that perceived consequences have both direct and indirect effects on intentions, the indirect effects being mediated by attitude. An innovative individual might be favorable toward online shopping, but will not adopt it if he perceives some important consequences which are negative. This view is consistent with the technology acceptance model (TAM) which places perceived usefulness as an antecedent to attitude and intentions, both. Further, we hypothesize that perceived consequences has both direct and indirect effects, mediated by intention, on the online shopping behavior. On the other hand, we added two more constructs to check the direct effects of subjective norms and attitude on the online shopping behavior. Table 3.1 summarizes all the hypotheses investigated in this study.

Hypotheses	Description
⁶ H1	There is a positive relationship between Perceived Consequences and Intention
H2	There is a positive relationship between Perceived Consequences and Attitude
H3	There is a positive relationship between Attitude and Intention
H4	There is a positive relationship between Personal Innovativeness and Attitude
H5	There is a positive relationship between Personal Innovativeness and Intention
H6	There is a positive relationship between Subjective Norms and Intention
H7	There is a positive relationship between Behavioral Control and Intention
H8	There is a positive relationship between Behavioral Control and Online Shopping Behavior
H9	There is a positive relationship between Intention and Online Shopping Behavior ⁹
H10	There is a positive relationship between Subjective Norms and Online Shopping Behavior
H11	There is a positive relationship between Perceived Consequences and Online Shopping Behavior
H12	There is a positive relationship between Personal Innovativeness and Online Shopping Behavior
H13	There is a positive relationship between Attitude and Online Shopping Behavior

²⁴
Table 3.1: Summary of the Hypotheses

²⁷ 3.2. DATA COLLECTION METHOD

⁷
The survey was aimed at measuring intentions of online shopping, attitudes, personal innovativeness, perceived consequences, subjective norms, and behavioral control. Respondents were chosen randomly by floating google form link of the questionnaire across social platforms and solicited to participate in this study. We relied on an Internet-based survey administration system, in which once the person has completed the questionnaire, the responses were automatically sent to a database. The questionnaire had the items to be measure on a 5-

point likert scale as shown in Figure 3.2 below. Total number of responses collected were 106 in an interval of 7 days.

To ensure measurement reliability while operationalizing ¹our research constructs, we tried to choose a survey instrument that had been validated in previous research. This was possible for all items. All items, and their measurement scales are in Annexure A.

Strongly Disagree	Disagree	Neutral	Agree	² Strongly Disagree
1	2	3	4	5

Figure 3.2: Likert Scale for survey

3.3. METHOD OF ¹ANALYSIS

The analysis of the data was done in a holistic manner using chi squared test of independence using SPSS. The chi squared test is usually used to check if two categorical (ordinal or nominal) variables are independent or not. It allows the researchers to both specify the relationships among the conceptual factors of interest and the measures underlying each construct. Crosstabulation presents the distributions of two categorical variables simultaneously, ²with the intersections of the categories of the variables appearing in the cells of the table. The Test of Independence assesses whether an association exists between the two variables by comparing the observed pattern of responses in the cells to the pattern that would be expected if the variables were truly independent of each other. Calculating the Chi-Square statistic and comparing it against a critical value from the Chi-Square distribution allows the researcher to assess whether the observed cell counts are significantly different from the expected cell counts. For this, each construct had categorical values ranging from one to five with reference to likert scale used for the survey. To test the significance of the individual hypothesis level of significance was taken as 5%. Hence, a low p-value (< 0.05) indicates that one can reject the null hypothesis. In other words, a predictor that has a low p-value is likely to be a meaningful addition to your model because this will lead to acceptance of alternate hypothesis thus signifying a relation being established.

Spearman Coefficient is a measure of association between two variables. It gives us strength and degree of correlation and hence the values obtained were used to rank the factors according to their impact on online shopping behaviour.

Then Analytical Hierarchical Processing (AHP) was used to rank the top three e-commerce websites on basis of top three factors influencing the online buying behavior. Three factors were chosen on the basis of their Spearman coefficient. On the other hand, websites were taken from desktop research. AHP was used to assist in building the model and help draw decisions. The analytical hierarchy process (AHP) method is applied to determine priority in selection of websites with multiple criteria that related with the top three factors- attitude, behavioral consequences and perceived consequences.

4. RESULTS

- **CHI SQUARE TEST OF INDEPENDENCE**

Chi-Square Tests				
		Value	df	Asymptotic Significance (2-sided) (p value)
H1: Perceived Consequences and Intention	¹² Pearson Chi-Square	201.224	16	0.000
H2: Perceived Consequences and Attitude	¹² Pearson Chi-Square	222.879	16	0.000
H3: Attitude and Intention	Pearson Chi-Square	265.034	16	0.000
H4: Personal Innovativeness and Attitude	Pearson Chi-Square	256.720	16	0.000
H5: Personal Innovativeness and Intention	Pearson Chi-Square	212.012	16	0.000
H6: Subjective Norms and Intention	Pearson Chi-Square	153.118	16	0.000
H7: Behavioral Control and Intention	Pearson Chi-Square	223.726	16	0.000
H8: Behavioral Control and Online Shopping Behavior	Pearson Chi-Square	226.667	16	0.000
H9: Intention and Online Shopping Behavior	Pearson Chi-Square	176.891	16	0.000
H10: Subjective Norms and Online Shopping Behavior	Pearson Chi-Square	152.175	16	0.000
H11: Perceived Consequences and Online Shopping Behavior	Pearson Chi-Square	152.034	16	0.000
H12: Personal Innovativeness and Online Shopping Behavior	Pearson Chi-Square	219.015	16	0.000
H13: Attitude and Online Shopping Behavior	Pearson Chi-Square	229.355	16	0.000

Table 4.1: Chi Square Analysis via SPSS

The relationships between all hypothesized variables showed a p value= 0.000 (as shown in Table 4.1), indicating that all the null hypotheses are rejected since $p < 0.05$, and hence the model has been established. Moreover, the association coefficients used are gamma and Spearman' coefficient. The value of these coefficients for all hypotheses came out in the range of 0.6 to 0.9 (as shown in Table 4.2), thus stating the positive effect of independent variables on dependent variables. The relationship is therefore, more the positive value of association, greater the impact on dependent variable by independent variable.

Symmetric Measures				
			Value	Asymptotic Standard Error
H1: Perceived Consequences and Intention	5 Ordinal by Ordinal	Gamma	0.805	0.076
		Spearman Correlation	0.700	0.077
H2: Perceived Consequences and Attitude	5 Ordinal by Ordinal	Gamma	0.835	0.046
		Spearman Correlation	0.792	0.048
H3: Attitude and Intention	5 Ordinal by Ordinal	Gamma	0.761	0.071
		Spearman Correlation	0.707	0.070
H4: Personal Innovativeness and Attitude	5 Ordinal by Ordinal	Gamma	0.638	0.073
		Spearman Correlation	0.613	0.073
H5: Personal Innovativeness and Intention	5 Ordinal by Ordinal	Gamma	0.692	0.077
		Spearman Correlation	0.620	0.074
H6: Subjective Norms and Intention	5 Ordinal by Ordinal	Gamma	0.686	0.090
		Spearman Correlation	0.575	0.085
H7: Behavioral Control and Intention	5 Ordinal by Ordinal	Gamma	0.813	0.065
		Spearman Correlation	0.738	0.064

Symmetric Measures				
			Value	Asymptotic Standard Error
H8: Behavioral Control and Online Shopping Behavior	5 Ordinal by Ordinal	Gamma	0.862	0.049
		Spearman Correlation	0.747	0.055
H9: Intention and Online Shopping Behavior	5 Ordinal by Ordinal	Gamma	0.809	0.066
		Spearman Correlation	0.673	0.067
H10: Subjective Norms and Online Shopping Behavior	5 Ordinal by Ordinal	Gamma	0.820	0.056
		Spearman Correlation	0.697	0.059
H11: Perceived Consequences and Online Shopping Behavior	5 Ordinal by Ordinal	Gamma	0.852	0.047
		Spearman Correlation	0.713	0.055
H12: Personal Innovativeness and Online Shopping Behavior	5 Ordinal by Ordinal	Gamma	0.730	0.070
		Spearman Correlation	0.637	0.071
H13: Attitude and Online Shopping Behavior	5 Ordinal by Ordinal	Gamma	0.906	0.033
		Spearman Correlation	0.807	0.040

Table 4.2: Symmetric Measures (Chi Square Analysis) via SPSS

Based on the chi squared analysis via SPSS, the following graph (see Figure 4.1) reflects the Spearman correlation coefficient between Behavioral Control and Online Shopping Behavior, Intention and Online Shopping Behavior, Subjective Norms and Online Shopping Behavior, Perceived Consequences and Online Shopping Behavior, Personal Innovativeness and Online Shopping Behavior and between Attitude and Online Shopping Behavior. Based on this, the most important independent variables have been identified that have the highest correlation coefficient with the dependent variable Online Shopping Behavior. The following table 4.3 reflects that the independent variables- Attitude, Behavioral Control and Perceived Consequences have been identified as the most important variables.

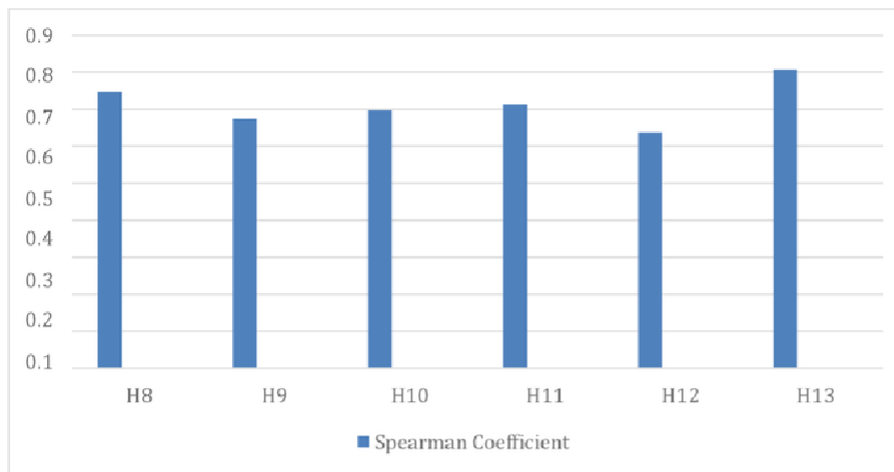


Figure 4.1: Spearman Correlation coefficient

Rank	Hypothesis	Independent Variable	Spearman correlation
1	H13	Attitude	0.807
2	H8	Behavioral Control	0.747
3	H11	Perceived Consequences	0.713

Table 4.3: Top 3 variables influencing On1ine Shopping Behavior

	Attitude	Behavioral control	Perceived consequences	AVG WEIGHT (PRIORITY)	FINAL CHOICE	
Amazon	0.5466666667	0.5571428571	0.6324731183	0.5246753247	0.5623098929	FIRST CHOICE
Flipkart	0.3844444444	0.3202380952	0.2981259601	0.3337662338	0.350795423	SECOND CHOICE
Snapdeal	0.0688888889	0.1226190476	0.06940092166	0.1415584416	0.08689468417	THIRD CHOICE

Table 4.4: AHP ana1ysis

The Analytical Hierarchial Processing (AHP) was used to identify the consumer preference among the top three e-commerce websites on the basis of top three factors influencing the online buying behavior. (as shown in Table 4.4)

5. FINDINGS AND RECOMMENDATIONS

The purpose of this study was to use and refine TPB. This was done to investigate factors that motivate online shopping. The findings presented a strong support to the existing theoretical links of TPB as well as to the ones that were newly hypothesized in this study. Coupling belief elicitation with prior research allowed us to obtain a salient set of measures which resulted in interesting practical implications for web designers and marketers about the critical drivers of behavioral control, subjective norms, and perceived consequences of online shopping. The results also showed the strong support for the importance of considering the personal innovativeness construct in the online shopping context. Specifically, we found that intentions and behavioral control have equal influence on online shopping behavior. Therefore, we caution researchers just not to stop their investigation at intention, under the assumption that behavior will follow automatically. We believe that significant theoretical and practical contributions can be made by investigating the antecedents of behavior. Similarly, assuming that just intentions alone lead to behavior could be misleading. Our study shows that behavioral control (e.g., self-efficacy and facilitating conditions) is equally important as intentions in influencing online shopping behavior.

The results also showed that attitude toward online shopping had the strongest effect on the intentions. Therefore, it is essential to examine all the factors affecting formation of attitude. This study sheds some light on the antecedents of attitude toward online shopping. Precisely, the results indicate that perceived consequences and personal innovativeness explain as much as 46% of the variance in attitudes toward online shopping. It was found that personal innovativeness has both direct and indirect effects, mediated by attitude, on intentions of online shopping. Therefore, innovative consumers are more likely to be favorable toward online shopping. These consumers represent a key market segment that many marketers should identify and profile for several reasons. First, sales to early online buyers constitute a positive cash flow for the company eager to quickly recover the expenses of selling online. Early adopters may be also heavy users in many product fields. Second, successful sales to innovators could result in online market leadership and may even raise barriers to entry making it harder for other competitors to enter the same cyber market. Third, the innovative online buyers can provide useful feedback to the company about the whole online purchasing experience, highlighting

deficiencies or suggesting improvements. Finally, the online innovative buyers can help promote the Website to other Internet users. It is becoming common to see many online buyers linking their favorite cyber stores to their personal Web pages.

Similar to personal innovativeness, perceived consequences were found to significantly affect attitude and intentions to shop online. Paying cheaper prices appears to be an important perceived consequence of online shopping. Therefore, companies should convert the savings in the operational costs resulting from electronic commerce to the consumers. They should also offer discounts, coupons, and other incentives. Moreover, results show that security breaches continue to constitute an important negative perceived consequence of online shopping, confirming findings in earlier studies such as Gehrke and Turban and Ho and Wu. Even though Internet security is now more a psychological than a financial or a technological problem, nervous online shoppers must be reassured that the transactions are protected. Web designers and marketers should implement security measures such as encryptions, Secure Sockets layer (SSL), and secure payment systems. They should also publicize to potential online shoppers their own security policies. For instance, adding the statement "Secure Server" can lead to increased customers' confidence. The results also indicated that the "possibility of saving time" was also an important perceived consequence of online shopping. Belman et al (Forthcoming) found that the amount of discretionary time available to shoppers is an important predictor of online buying. If the checkout process, for example, is more complicated than necessary, customers might get frustrated and the sales can be easily lost. Thus, web designers should make it easy and quick for online shoppers to review and empty all or part of the content of the shopping cart. The use of consistent menus to allow online customers to review and change the content of the shopping cart from all the pages of the site is highly recommended.

Improved customer service was found to be a significant perceived consequence of online shopping. Customer service and support should cover pre-purchase interactions, purchase, and post-purchase activities. Rhee and Riggins found that consumers with online purchasing experiences believe that web-based businesses support all these three phases. However, users who only seek information about products and services do not regard web-based business as supporting their informational needs. Jarvenpa and Todd found that 80% had at least one negative comment about online customer services.

6. LIMITATIONS OF THE STUDY

1) Use of convenience sampling

The sample of this study was selected on the basis of non-probability convenience sampling method, as the relevant data from the virtual shoppers was difficult to collect manually. In addition, the results cannot be generalized for the whole population as the data was collected from the two cities only.

2) Time constraint

Basically, research need to be done in longer period of time, unfortunately this study might only have few months given to complete be completed. Ample of time is needed to complete this study properly.

3) Lack of expertise

As beginner in the marketing research, the researcher level of competency and sophistication not is compared with experienced researcher.

¹ Also, it is important to recognize that online shopping behavior was self-reported and was assessed only once, three months from the time intentions were measured. Moreover, we did not evaluate the breadth of this behavior (i.e., the variety of products bought) or its change over time. We realize that it is important for businesses to sell but what is probably more important is to retain their customers for repeated purchases. Future research should use actual measures of online shopping behavior and assess the number of purchases as well as the number of products bought over time.

7. ANNEXURE

Annexure A: Questionnaire

1) **Subjective Norms:** There are three specific social factors that are likely to influence the online shopping intentions and behavior. These are "family," "media" and "friends."

A likert-type scale with five levels (1 Strongly disagree to 5 Strongly agree) will be used for these three formative items. For each of the following statements, please answer by an X in the box that best represents your level of agreement or disagreement.

- The members of my family (e.g., parents, spouse, children) think that I should make purchases through the Web
- The media frequently suggest to us to make purchases through the Web
- My friends think that I should make purchases through the Web

2) **Attitude:** Four reflective items will be used to measure the respondents' attitude toward online shopping. A likert-type scale with five levels (1 Strongly disagree to 5 Strongly agree) will be employed. For each of the following, please answer by an X in the box that best represents your level of agreement or disagreement.

Attitude 1. Online shopping is a good idea.

Attitude 2. I like to shop through the Web.

Attitude 3. Purchasing through the Web is enjoyable.

Attitude 4. Online shopping is exciting.

3) **Intentions:** Three reflective items measuring the intention of the respondent to shop through the Web in the near future will be used. A likert-type scale with five levels (1 Strongly disagree to 5 Strongly agree) will be employed. For each of the following, please answer by an X in the box that best represents your level of agreement or disagreement.

Intention 1: I intend to purchase through the Web in the near future (i.e., next three months).

Intention 2: It is likely that I will purchase through the Web in the near future.

Intention 3: I expect to purchase through the Web in the near future (i.e., next three months).

4) Perceived Consequences: A total of seven important consequences of online shopping for the consumer were identified from the literature. A Likert-type scale with five levels (1 Strongly disagree to 5 Strongly agree) will be used for all these formative items. For each of the following statements, please answer by an X in the box that best represents your level of agreement or disagreement.

- Purchasing through the Web allows me to save money, as I can buy the same or similar products at cheaper prices than regular stores.
- Shopping on the Web is more convenient than regular shopping, as I can do it anytime and anywhere.
- Buying on the Internet facilitates comparative shopping, as I can easily compare alternative products according to several attributes online.
- Security breach is a major problem for purchasing through the Web.
- I can get a better service (pre-sale, sale and post-sale) from Internet stores than from regular stores.
- I can save time by shopping through the Web.
- Privacy violation is a major problem for purchasing through the Web.

5) Behavioral Control: Six items representing both self-efficacy and facilitating conditions were identified from the literature. A Likert-type scale with five levels (1 Strongly disagree to 5 Strongly agree) will be used for all of these formative items. For each of the following statements, please answer by an X in the box that best represents your level of agreement or disagreement.

- I am able to navigate on the Web without any help.
- The loading speed of the Web pages of the Internet stores where I usually shop (or will shop) is (will be) appropriate.
- The Web sites of the Internet stores where I usually shop (or will shop) are (will be) easily accessible, e.g., through search engines, cyber malls, and Web ads.
- Products of the Internet stores where I usually shop (or will shop) are (will be) well described, e.g., appropriate information and pictures.
- The Web sites of the Internet stores where I usually shop (or will shop) are (will be) easy to navigate.

• Transaction processing in Internet stores where I usually shop (or will shop) are (will be) efficient, e.g., fast retrieval of information and payment processing and delivery.

6) **Persona1 Innovativeness:** This sca1e was adapted from the instrument developed and validated by Hurt et al. 1977. A Likert-type sca1e with five 1evels (1 Strongly disagree to 5 Strongly agree) will be used to measure four reflective items. For each of the fo1lowing, please answer by an X in the box that best represents your 1evel of agreement or disagreement.

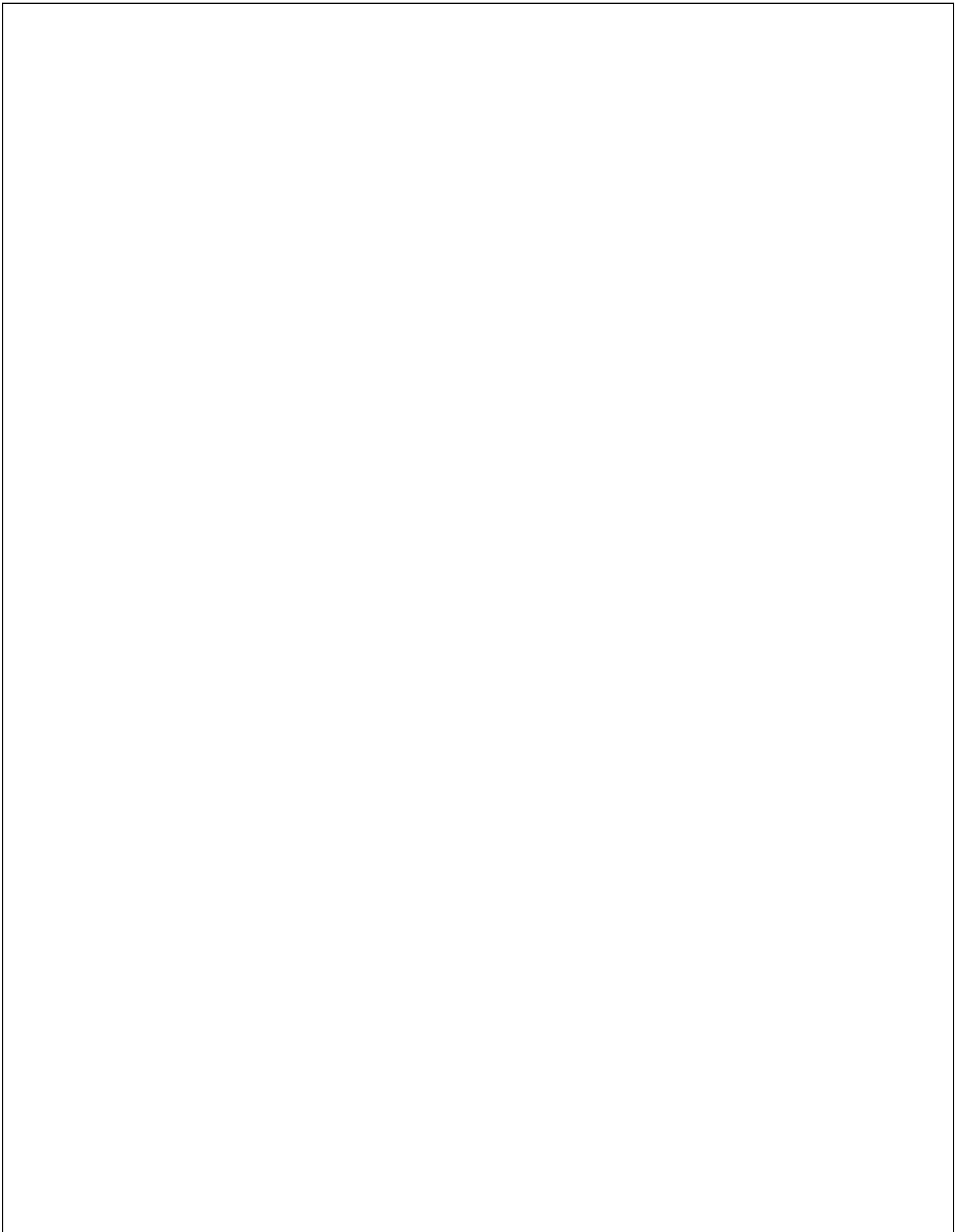
Innovativeness 1. I am generally cautious about accepting new ideas.

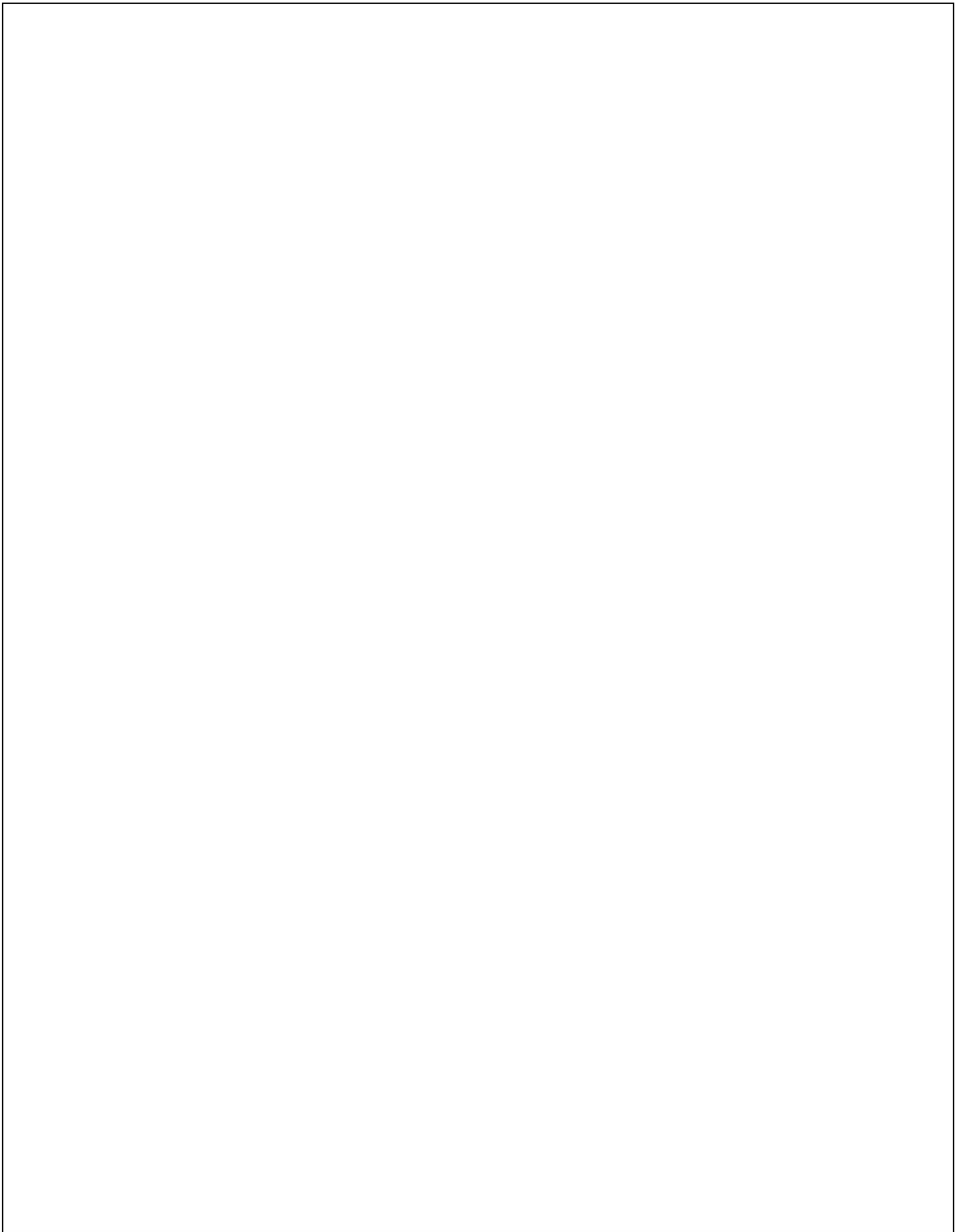
Innovativeness 2. I find it stimulating to be original in my thinking and behavior.

Innovativeness 3. I am challenged by ambiguities and unsolved problems.

Innovativeness 4. I must see other people using innovations before I will consider them.

7) **On1ine shopping behavior:** This construct was measured by a single item representing the number of purchases that the respondents did through the Web since the first survey.





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