

Dissertation Report on

Indian consumer's behavior towards online

shopping

Submitted by:

Hitesh Sethi

Roll no: 2K12/MBA/27

Under the guidance of

Dr. Richa Mishra

Assistant Professor



DELHI SCHOOL OF MANAGEMENT

Delhi Technological University

Bawana Road Delhi 110042

January -May 2014

CERTIFICATE

This is to certify that the Project Report titled **Indian consumer's behavior towards online shopping**, is a bonafide work carried out by **Mr. Hitesh Sethi** of MBA 2012-14 and submitted to Delhi School of Management, Delhi Technological University, Bawana Road, Delhi-42 in partial fulfillment of the requirement for the award of the Degree of Masters of Business Administration.

Signature of Guide

Signature of Head (DSM)

Seal of Head

Place:

Date:

DECLARATION

I **Hitesh Sethi**, student of MBA 2012 -14 of Delhi School of Management, Delhi Technological University, Bawana Road, Delhi-42 declare that Dissertation Report on **Indian consumer's behavior towards online shopping** 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.

Hitesh Sethi

Place:

Date:

ACKNOWLEDGEMENTS

Preparing a project of this nature is an arduous task and I was fortunate enough to get support from a large number of people to whom I shall always remain grateful. I would like to express my gratitude to Dr Richa Mishra for providing valuable insights to me for completing this report.

Last but not the least, I would also like to thank all the respondents for giving me their precious time, relevant information and advice without which I would not be able to complete this project.

EXECUTIVE SUMMARY

The Internet as a global medium is quickly gaining interest and attractiveness as the most revolutionary marketing tool. The global nature of communication and shopping has as well redefined, seeing that it is the perfect vehicle for online shopping stores. Online convenient shop is mostly reflected in shorter time and less energy spent, including shipping cost reduction, less crowd and queues than real markets, unlimited time and space, which all increase convenience of shopping. Internet shopping for businesses and consumers are being accepted as an alternative shop mode rather than visiting the stores. However, convincing the consumers to shop online is still a challenging task for web retailers in India. The growth of Internet technology in India has enormous potential as it reduces the costs of product and service delivery and extends geographical boundaries in bringing buyers and sellers together.

This study is conducted to identify factors influencing consumers towards online shopping or keeping them away from online shopping in India. The growing use of Internet in India provides a developing prospect for online shopping. If E-marketers know the factors affecting online Indian behavior, and the relationships between these factors and the type of online buyers, then they can further develop their marketing strategies to convert potential customers into active ones, while retaining existing online customers.

TABLE OF CONTENTS

Acknowledgement	III
Executive Summary	IV
List of tables	VII
List of charts	VIII
1. Introduction	1
1.1. Overview	1
1.2. Industry profile	2
1.3. Models of E-commerce	3
1.4. Mobile commerce in India	4
1.5. Internet shopping development	5
1.6. Objective of the study	6
2. Framework of Study	7
2.1. Literature review	7
2.2. Online shopping in India	8
2.3. Factors with respect to women in online shopping	11
2.4. Key drivers for success for e-commerce	12
2.5. The factors of consumer purchasing decision	12
2.6. Problem statement	14
2.7. Research objectives	14
2.8. Significance and scope	15
2.9. Limitations	15
3. Methodology and Analysis	16
3.1. Research Methodology	16
3.2. Data Analysis	21
3.2.1. Linear regression analysis	21
3.2.2. Factor analysis	23
3.2.3. ANOVA	26
3.2.4. Analysis using pie charts and bar charts	27
3.3. Findings	39
3.4. Suggestions and Recommendations	40

3.5. Conclusions	41
4. Annexure (Questionnaires)	43
5. References	49

LIST OF TABLES

S.No.	Chart Name	Page Number
1.	Linear regression analysis: model summary	21
2.	Linear regression analysis: anova	22
3.	Linear regression analysis: coefficients	23
4.	Factor analysis: descriptive analysis	23
5.	Factor analysis: KMO and Bartlett's test	24
6.	Factor analysis: total variance explained	24
7.	Factor analysis: scree plot	25
8.	Factor analysis: rotated component matrix	26
9.	Factor analysis: components table	26
10.	ANOVA	27

LIST OF CHARTS

S.No.	Chart Name	Page Number
1.	Figure 3.2.4.1 Gender analysis	27
2.	Figure 3.2.4.2 Age group segmentation	28
3.	Figure 3.2.4.3 Occupation segmentation	28
4.	Figure 3.2.4.4 Income level segmentation	29
5.	Figure 3.2.4.5 Internet usage for various purposes	29
6.	Figure 3.2.4.6 Shopping pattern of various products	30
7.	Figure 3.2.4.7 Online Shopping preference for various products	31
8.	Figure 3.2.4.8 How many people have shopped online	32
9.	Figure 3.2.4.9 Frequency of online shopping	32
10.	Figure 3.2.4.10 Monthly spending on online shopping	33
11.	Figure 3.2.4.11 Do people compare prices before buying	33
12.	Figure 3.2.4.12 Factor responsible for final purchase decision	34
13.	Figure 3.2.4.13 Do you read the policies before buying	34
14.	Figure 3.2.4.14 Payment methods	35
15.	Figure 3.2.4.15 Why do you shop online	36
16.	Figure 3.2.4.16 Frequency of traditional shopping vs online shopping	37
17.	Figure 3.2.4.17 Why you don't shop online	38
18.	Figure 3.2.4.18 Will you recommend online shopping to others	39

1. INTRODUCTION

1.1 Overview

The internet is being developed rapidly since last two decades, and with relevant digital economy that is driven by information technology also being developed worldwide. After a long term development of internet, which rapidly increased web users and highly speed internet connection, and some new technology also have been developed and used for web developing, those lead to firms can promote and enhance images of product and services through web site. Therefore, detailed product information and improved service attracts more and more people changed their consumer behaviour from the traditional mode to more rely on the internet shopping. On the other hand, more companies have realized that the consumer behaviour transformation is unavoidable trend, and thus change their marketing strategy. As the recent researches have indicated that, the internet shopping particularly in business to consumer (B2C) has risen and online shopping become more popular to many people. According to the report, The Emerging Digital Economy II, published by the US Department of Commerce, in some companies, the weight of e-commerce in total sales is quite high. For instance, the Dell computer companies have reached 18 million dollars sales through the internet during the first quarter of 1999. As a result, about 30% of its 5.5 billion dollars total sales were achieved through the internet (Moon, 2004). Therefore, to understand internet shopping and its impact on consumer behavior could help companies making use of it as a form of doing e-business.

E-Commerce (electronic commerce or EC) is the buying and selling of goods and services on the internet, especially the World Wild Web (Tech target, 2007-2012). Online shopping is a form of E-commerce whereby consumers directly buy goods or services from a seller over the internet. Online shopping is done through an online shop, e-shop, e-store, Internet shop or online store. All the products in online stores are described through text, with photos and with multimedia files. Many online stores will provide links for extra information about their products. They often make available, safety procedures, instructions, manufacture specification and demonstrations (Tech target, 2007-2012). Benefits of E-commerce have been grown very fast because of many advantages associated with buying on internet as the lower transaction and search cost as compared to other types of shopping. Online shopping allows consumers to buy faster, more alternatives and can order products and services with comparative lowest price (Cuneyt &

Gautam, 2004). Consumer's attitude towards online shopping refers to their psychological state on terms of making purchases. The process of buying behavior process consists of five steps. For instance, customers first identify a need or want and then define the requirements necessary to satisfy that need. Secondly, gather information and evaluate the options that are available. Once they know their options, they will look to make a purchase which will include shopping for or negotiating the best price they can achieve. Lastly, consumers will go through several factors which limits or influence final decision and they will evaluate whether or not they made a good decision. The main purpose of this study is to understand the factors that may influence consumer's attitude and behaviors towards online shopping. How consumers form such attitudes will be also focused on by researcher with the help of models and who are true online shoppers. "Internet knowledge, income, and education level are especially powerful predictors of Internet purchases among university Students" (online survey within few American students, Case, Burns and Dick, (2001, p.873).

1.2. Industry Profile

Internet is changing the way consumers shop and buy goods and services, and has rapidly evolved into a global phenomenon. Many companies have started using the Internet with the aim of cutting marketing costs, thereby reducing the price of their products and services in order to stay ahead in highly competitive markets.

Companies also use the Internet to convey communicates and disseminate information, to sell the product, to take feedback and also to conduct satisfaction surveys with customers. Customers use the Internet not only to buy the product online, but also to compare prices, product features and after sale service facilities the will receive if they purchase the product from a particular store. Many experts are optimistic about the prospect of online business.

In addition to the tremendous potential of the E-commerce market, the Internet provides a unique opportunity for companies to more efficiently reach existing and potential customers.

Although most of the revenue of online transactions comes from business-to-business commerce, the practitioners of business-to-consumer commerce should not lose confidence. It has been more than a decade since business-to-consumer E-commerce first evolved. Scholars and practitioners of electronic commerce constantly strive to gain an improved insight into consumer behaviour in cyberspace.

Along with the development of E-retailing, researchers continue to explain E-consumers behaviour from different perspectives. Many of their studies have posited new emergent factors or assumptions which are based on the traditional models of consumer behaviour, and then examine their validity in the Internet context.

1.3 Models of E-commerce

Business-to-Business (B2B):

B2B e-commerce is simply defined as e-commerce between companies. This is the type of e-commerce that deals with relationships between and among businesses. About 80% of e-commerce is of this type, and most experts predict that B2B ecommerce will continue to grow faster than the B2C segment. Eg: indiamart.com, eindiabusiness.com, tradeindia.com etc.

Business-to-consumer (B2C):

Business-to-consumer e-commerce, or commerce between companies and consumers, involves customers gathering information; purchasing physical goods (i.e., tangibles such as books or consumer products) or information goods (or goods of electronic material or digitized content, such as software, or e-books); and, for information goods, receiving products over an electronic network.

It is the second largest and the earliest form of e-commerce. Its origins can be traced to online retailing (or e-tailing). Thus, the more common B2C business models are the online retailing companies such as flipkart.com Amazon.com, snapdeal.com etc

Business-to-Government (B2G):

Business-to-government e-commerce or B2G is generally defined as commerce between companies and the public sector. It refers to the use of the Internet for public procurement, licensing procedures, and other government-related operations. This kind of e-commerce has two features: first, the public sector assumes a pilot/leading role in establishing e-commerce; and second, it is assumed that the public sector has the greatest need for making its procurement system more effective.

Web-based purchasing policies increase the transparency of the procurement process (and reduce the risk of irregularities). To date, however, the size of the B2G ecommerce market as a

component of total e-commerce is insignificant, as government e-procurement systems remain undeveloped.

Consumer-to-Consumer (C2C):

Consumer-to-consumer e-commerce or C2C is simply commerce between private individuals or consumers. This type of e-commerce is characterized by the growth of electronic marketplaces and online auctions, particularly in vertical industries where firms/businesses can bid for what they want from among multiple suppliers. It perhaps has the greatest potential for developing new markets.

Online auction site eBay, Yahoo! Auctions are a couple of examples of C2C websites.

M-commerce

M-commerce (mobile commerce) is the buying and selling of goods and services through wireless technology-i.e., handheld devices such as cellular telephones and personal digital assistants (PDAs).

Mobile Commerce is any transaction, involving the transfer of ownership or rights to use goods and services, which is initiated and/or completed by using mobile access to computer-mediated networks with the help of an electronic device.

1.4 Mobile Commerce in India

Mobile is growing in India with more than 800 million subscribers across the country. The advancement in terms of adoption of smart phones with 3G enabled services is happening at a rapid pace. This of course has opened up the gates to mobile advertising, mobile application development and mobile commerce in India. According to BuzzCity's latest report, India is top performing mobile advertising region in the whole of Asia. The growth in mobile advertising globally is tremendous with ads served on a year-on-year growth of 139%. With respect to some number crunching, more than 126 billion ads were served in 2011, compared with 52 billion in 2010.

In India, Mobile Commerce is still in the development phase as the use of mobile phones for carrying out transactions is very limited. However, the development is taking place at a nice

speed and in the coming years, Mobile Commerce is most likely to make its presence feel as companies and businesses have started understanding the benefits of Mobile Commerce.

Some of the companies have even incorporated this technology. Airtel, ICICI, Reliance are some of the companies/businesses that are using this technology as their users are allowed to make limited purchases from their phones. For now, the users are mainly allowed to pay phone bills, utility bills, book movie tickets, book travel tickets with their cell phones.

However, more services will be introduced in coming years. Security is one of the main concerns of Mobile Commerce as it's very important to offer secure transactions and this is the reason why Mobile Commerce is still in the development phase in India.

For now, users are mainly allowed to do Mobile Banking i.e. to access the bank account with a cell phone in order to pay the utility bills. With the current rate of development, users will be soon allowed to purchase products, advertise, to take part in auctions and pay bills with the help of a cell phone, while they are on the move.

1.5 Internet Shopping Development

There are many reasons for such a rapid developing of internet shopping, which mainly due to the benefits that internet provides. First of all, the internet offers different kind of convenience to consumers. Obviously, consumers do not need go out looking for product information as the internet can help them to search from online sites, and it also helps evaluate between each sites to get the cheapest price for purchase. Furthermore, the internet can enhance consumer use product more efficiently and effectively than other channels to satisfy their needs. Through the different search engines, consumers save time to access to the consumption related information, and which information with mixture of images, sound, and very detailed text description to help consumer learning and choosing the most suitable product (Moon, 2004).

However, internet shopping has potential risks for the customers, such as payment safety, and after service. Due to the internet technology developed, internet payment recently becomes prevalent way for purchasing goods from the internet. Internet payment increase consumptive efficiency, at the same time, as its virtual property reduced internet security.

After service is another way to stop customer shopping online. It is not like traditional retail, customer has risk that some after service should face to face serve, and especially in some complicated goods.

1.6 Objective of the Study

The main objective of the study is to understand the Indian consumer's behavior towards online shopping. This study helps in understanding why people shop online or why they refrain themselves from shopping online.

2. FRAMEWORK OF STUDY

2.1 Literature Review

E-commerce is a tool for reducing administrative costs and cycle time, streamlining business processes, and improving relationships with both business partners and customers (Charles, 1998). The Internet and electronic commerce were the two most significant development of information during 1990s. There has been a marked increase in the number of consumers who purchase over the Internet, as well as an increase in sales worldwide conducted via electronic commerce. Innovation and electronic commerce relationships have resulted in tremendous changes in market competition among various industries (Blosch, 2000; Hamid & Kassim, 2004). Customer purchasing decisions are influenced by perception, motivation, learning, attitudes and beliefs. The perception is reflected to on how the customers select, organize, and interpret information to form knowledge. The motivation is reflected to the customer's desire to meet their own needs. Learning is reflected to the customers' behavior experience arising. Attitudes are reflected to customers' steadily favorable or unfavorable assessments, feelings, and inclinations towards object or idea. Finally, Beliefs is reflected to customers' thoughts about a product or service (Kotler & Armstrong, 1997).

"India is among the fastest-growing markets and has been identified as one of the significant potential markets for the company,"

Muralikrishnan B., country manager at eBay's India explains that Indian consumers toward buying high margin products such as clothes and shoes as is the trend among eBay shoppers in the West rather than electronic gadgets and books, which are the most popular choices now but command lower profit margins and are less frequent purchases.

He depicted that India's nascent e-commerce market, which till recently was largely limited to people buying train, flight and movie tickets, is in the middle of a surge as a younger, tech-savvy middle class increasingly takes to shopping online in a country seeing rapid growth in Internet usage.

Consulting firm Technopak predicts a \$70-billion annual market by 2020, up from \$600 million now, which is just 0.05% of global online shopping. EBay itself estimates India's online shopping market in 2012 will grow close to 100%.

"E-commerce: A boon for the current economic downturn"

First Data Corporation and ICICI Merchant Services, has laid down some facts that e-commerce market in India had clocked close to Rs 50,000 cores by the end of 2011.

Even though there are less than 10 million internet users who are actually engaging in e-commerce activities, there are about 150 million internet users in India or around 75 million households that are ready for e-commerce.

With entry and operational costs being comparatively low than the other countries like US, the second half of 2011 and the beginning of the current calendar have seen the launch of a good number of new e-commerce sites spanning across a variety of businesses – women's fashion, men's fashion, shoes, followed by accessories, groceries, sports, toys, home furnishings, jewellery, automotive, bicycles, electronics and electrical equipment etc.

2.2 Online Shopping In India

The Indian economy is slated to grow by upward of 6 % annually in the next few years which is among the highest rates of any big emerging economy. And quite a lot of this growth would be on the back of domestic consumption of goods and services.

E-commerce is emerging as a great level given that organized retail is still not ubiquitous across the length and breadth of the country with large retail chains making up less than 10% of the market.

E-commerce is helping people in smaller towns in India access quality products and services similar to what people in the larger cities have access to. It's being forecast that close to 60% of online shoppers would come from beyond the top eight large cities by end of this year.

Increasing internet penetration has helped to expand the potential customer pool. Internet penetration is only about 10% (or about 121 million users) as against about 81% in the US and 36% in China. However this number continues to rise at a consistent pace because of falling prices for broadband connections.

Indians are also increasingly taking to mobile devices for not only search but shopping as well. The number of smartphone users is rapidly increasing in India and with 4G services about to take off it's expected to get even more people going online. There are currently about 900 million mobile subscribers and this number is expected to touch 1.2 billion by 2015. Of these about 27 million are estimated to be active mobile internet users. More importantly, 20% users indicated

intent to buy products through their mobile phones as against the current 4% and this number is expected to only increase in the next two to three years.

Innovation is helping e-commerce companies break the inertia for online shopping by offering benefits to customers not traditionally available in a brick and mortar store. Business models include no question asked return policies ranging from 7 days to 30 days, free product deliveries and the industry dynamics changing “cash on delivery” model. The last innovation has really help unlock the potential as people can now order products and pay when they get physical delivery of the product.

This has been a tremendous success because Indians are still reluctant to give their credit/debit card details online and want to have the psychological comfort that they would actually get the product once payment has been made. These innovations have led to further innovations downstream as ancillary businesses are developing to support these initiatives. Some companies have begun to develop support mechanisms for the entire cash on delivery model and are trying to reach the far flung corners of India, including in the interiors where traditional logistics companies are still not completely present. The logistics companies are also shoring up their act and have started to build specific verticals and expertise to address the requirements of e-commerce companies.

Divyan Gupta is the Founder and CEO of Keshiha Services Pvt. Ltd, a company with interests in the internet, telecom, healthcare, education and advanced technology businesses has stated that, acceptance of online shopping as a secure shopping mode is has also helped to increase e-commerce uptake.

Currently only about 10 million people do online transactions out of an approximate population of 200 million credit and debit card holders. However the latest industry report by First Data Corporation and ICICI Merchant Services indicate that there are about 150 million users that are ‘ready’ for e-commerce.

More importantly the report indicates that urban Indian consumers are now confident enough to make online purchases of up to US\$500 as against US\$40-100 in the recent past. So not only are the numbers of online shoppers projected to increase but there has been a real increase in the total value being spent online.

So what happens next for an industry which is retailing everything online- from flowers to baby products to books, coupons, apparels, music and electronic items to even houses, cars and

jewelry? While this e-commerce play is not like the earlier dot com bubble, there are clear signs that order might be coming in amidst all the noise that is out there.

First a slow but sure consolidation is starting to take place in the industry. Experts say that over the next 12-18 months there would be a couple of multi-product generalists who would be successful along with a leader in single product category.

Second, Venture Capitalists are starting to be choosy about which business to invest in, basing their decisions on performance as opposed to future predictions. Valuations which went through the roof are now returning to normal levels. According to an Avendus report, about US\$829 million was pumped in the sector in the first 10 months in 2011. However this came down to US\$16 million in December 2011 and went up only marginally to US\$24 million in January of this year.

Despite all of this, it's been a very impressive story so far. The poster child of the Indian e-commerce industry is Flipkart.com, a 4 year old venture which modeled itself after Amazon.com and is already commanding a valuation of US\$ 500 million and is targeting revenues of US\$1 billion in the next two to three years. All of this has caught the attention of Amazon.com which entered the market in February this year. It came in through Junglee.com, a price comparison site and is already amongst the top 10 sites in the country. Everyone is therefore trying to capitalize before the 800 pound gorilla comes in fully on its own which is expected to be sometime around Q3/Q4 this year.

There is huge demand for top-notch professional grade web 2.0 consultancy and development. Very few companies have a long term vision around customer acquisition, retention and constant conversations. A lot more can be done in understanding the linkages between design and functionality based on user experience and social integration. However to succeed in a tough market like India your company needs to be open to long term strategic partnerships rather than an upfront "pay for services" model. The upside would be worth its wait.

India has more than 3,311 running e-commerce centres, according to research conducted by eBay India for its 2011 census. Indian web is clouded with e-commerce (B2B, B2C, B2G, and C2C type business models) start ups and increasing like mushrooms on lawn.

India- an upcoming super power has more than 100 million internet users which is keep on growing by introduction of 2G and 3G. They want to be online always by any internet enabled gadgets. People are moving from street bargaining to online web bargaining. The common

Indian Mentality of “seeing and believing” or “how it will look” is changing by introducing some creative business models like “cash on delivery” by major e-commerce sites.

2.3 Factors with respect to Women in Online Shopping

Shopping has been an obsession of women across the globe. A new shop in the neighborhood, a new shopping mall in the area, a new brand launched – women are first to know and first to go. When it comes to shopping, women are more organized (45% of women come to retail stores with shopping-lists as compared 27% of men), regularized and they show some definite trends in their buying behaviors. A woman is more likely to spend time in a retail store (29%) as compared to her male counterpart (23%). When a woman visits a retail store or any physical retail store she will consider a few important factors such as:

- How conveniently the store is located
- Behaviour of the staff
- Cleanliness (most of women are obsessed with it)
- Products put at an easy reach so that she can check the label, feel it (if required) and physically compare it with a similar product from a different manufacturer
- Overall aesthetic decoration of the store
- And most importantly – freebies and discounts available with the products

Naturally, the same woman when she would visit an online retail store will look for these factors in her sub-conscious mind. She would love to get the same feeling as she derives from the environment of her favorite retail store. She will unknowingly demand these from your online shopping store. She would choose to stay and buy from your online webstore if you can meet the following:

- Save time: You should give her the navigational freedom and easy roam around options in your store; give her instantly whatever she wants.
- Get a better selection: Your product should be the best in the designated price bracket
- Complete product details: Do not describe your products in single words; give as much detail as possible.
- Better value/offer: Your freebies should be 'useful' enough and the discount should be noticeable

- Logistics: You must deliver the product right at her doorsteps and nowhere else!
- Flexible return policy: Many times a woman takes a second opinion and you should respect this nature. Be flexible if she asks you to replace what she has bought.

2.4 Key drivers for success for e-commerce

Reduction in operational cost as the entire business can be moved online, the need for physical stores has become obsolete. Less infrastructural investment and associated labour costs drives up the profit margin. It is far easier and quicker to compare prices of goods online, equipping the customer with the information to decide the right price or terms for themselves. With services like COD, customers can trust the process of going online and purchasing. Market penetration also becomes far more achievable with e-commerce; it is possible for a merchant in Mumbai to extend his reach to north-eastern cities or even rural villages that are now connected by the online network. E-commerce facilitates shopping anytime, anywhere and for almost anything desired. Busy consumers prefer this to the restrictions of when a mall/shop is open and the need to physically travel to a shop. Online business takes shopping a step further by taking itself to the customer creating conveniences of shopping anywhere and at anytime. In India, with the increasing propensity of social media, businesses have now begun to engage their customers on social networking portals such as Facebook. These are likely to be rapidly developing marketing channels for the future.

2.5 The Factors of Consumer Purchasing Decision

There are many factors influences and affect customers in related to how consumers make purchasing decision. The purchasing decision process starts long before actual purchase and continues long after. Usually in more routine purchases, consumers often reserve or skip some of purchase decision process (Kotler & Armstrong, 2004). The researcher used 9 independent factors in this study.

Search Engines

Internet users basically used search engines to find out needed information. Since search engines mainly help users' judgment to rank Websites, electronic retailers should make sure Website quality can satisfy and serve the particular search engine's demands (Haig, 2001).

Auction Websites

An auction website was a productive way to have more opportunity for e-retailers to sell the products or services. Generally auction websites provide cheap price to appeal to consumers (Haig, 2001). Lui, Wang and Fei (2003) stated that auction websites persuade and attract the interested shoppers together to evaluate product value. Online shoppers bid on the products with the compared and evaluated price and auctioneers sell the products to bidders who offer the highest price.

Online Shopping Malls

Online shopping malls provided an unprecedented chance for e-retailers to reach a global customer base and selling various kinds of consumer products (Frendo, 1999). Many e-retailers joined with online shopping malls in order to have more customers visit their websites. The online shopping malls and Websites were sponsors by many e-retailers that utilized information generated in order to explore more marketing opportunities (Dignum, 2002).

Conveniences

Convenience and saved time were offered by online shopping which were two motivating factors for online purchases (Lee, 2002). The main reason that motivated consumers to shop online was conveniences (Swaminathan et al., 1999). Convenient access to product information could facilitate and help shoppers' making an online purchases decision (Loshe & Spiller, 1999).

Price

Price was a critical factor for customer on online shopping (Heim and Sinha, 2001). However, Li et al. (1999) argued that often online shoppers were not price-sensitive, cause of these consumers' price comparisons among different e-retailers on each product was time-consuming and the price difference was very small.

Brand

Brand was defined as the quality related to the products or services. Often, brand was referred to the seller's reputation and consumer loyalty in associated with the seller (Haig, 2001). Brands and features increases as more information is obtained, knowledge of the available and consumer

awareness (Kotler & Armstrong, 1997). E-retailers should strengthen shopper trust and believe by buying famous Website such as google.com to promote the online purchase rate (Wu, 2002).

Refund

Online consumers demanded that e-retailers should provide an unconditional refund policy if the online customer were not satisfied with the product (Lee, 2002). E-retailers should have refund policies to convince online consumers that they easily return products and get refunds if they are not satisfied, or exchange products for free within a reasonable timeframe (Bishop, 1998).

Promotion

E-retailers might use promotions with time limits to encourage consumers to shop on Website (Haig, 2001). However, promotional activates for online products or services were not successful for e-retailers because there was not effective ways to inform consumers of promotional activities (Lohse & Spiller, 1999).

Security

Security was a critical successful factor for e-commerce. Retail e-commerce would fail if Internet users feel on lacking a great degree of confidence (Kesh et al., 2002). The primary reason indicated of the most buyers who didn't shop online cause of afraid to reveal personal credit card information to retailers or over the internet (Rao, 2000).

2.6 Problem Statement

- The main problem was to understand the consumer's behavior towards online shopping in India.
- The research was aimed at understanding the factors responsible for a consumer to shop online or refrain himself from shopping online.

2.7 Research objectives

- To know which age group shop online the most.
- How much a person spends monthly on online shopping.
- To know the factors why a person shops online.

- To know why a person refrains himself from shopping online.

2.8 Significance and scope

The geographical scope of the study is pan India with sample size of 102 respondents.

All the analysis and suggestions are based on the analysis of the both primary and secondary data.

Therefore the scope of the study revolves around the following aspects:-

- Why a user shops online.
- What keeps the user away from shopping online

2.9 Limitations

Responses were collected online through mediums like Facebook and Google+ so the reach was limited to only the number of active people in my friend list.

3. METHODOLOGY AND ANALYSIS

3.1 Research methodology

Research methodology is a methodology for collecting all sorts of information & data pertaining to the subject in question. The objective is to examine all the issues involved & conduct situational analysis. The methodology includes the overall research design, sampling procedure & fieldwork done & finally the analysis procedure. The methodology used in the study consistent of sample survey using both primary & secondary data. The primary data has been collected with the help of questionnaire as well as personal observation book, magazine; journals have been referred for secondary data. The questionnaire has been drafted & presented by the researcher herself.

Sample Size:

A sample is a subset of the population being studied. It represents the larger population and is used to draw inferences about that population. It is a research technique widely used in the social sciences as a way to gather information about a population without having to measure the entire population.

Sample of 102 respondents was taken into study, and their data was collected.

Sampling Technique:

There are several different types and ways of choosing a sample from a population, from simple to complex.

Non-probability Sampling Techniques

Non-probability sampling is a sampling technique where the samples are gathered in a process that does not give all the individuals in the population equal chances of being selected. Reliance On Available Subjects. Relying on available subjects, such as stopping people on a street corner as they pass by, is one method of sampling, although it is extremely risky and comes with many cautions. This method, sometimes referred to as a convenience sample, does not allow the researcher to have any control over the representativeness of the sample. It is only justified if the researcher wants to study the characteristics of people passing by the street corner at a certain

point in time or if other sampling methods are not possible. The researcher must also take caution to not use results from a convenience sample to generalize to a wider population.

Purposive or Judgmental Sample. A purposive, or judgmental, sample is one that is selected based on the knowledge of a population and the purpose of the study. For example, if a researcher is studying the nature of school spirit as exhibited at a school pep rally, he or she might interview people who did not appear to be caught up in the emotions of the crowd or students who did not attend the rally at all. In this case, the researcher is using a purposive sample because those being interviewed fit a specific purpose or description.

Snowball Sample. A snowball sample is appropriate to use in research when the members of a population are difficult to locate, such as homeless individuals, migrant workers, or undocumented immigrants. A snowball sample is one in which the researcher collects data on the few members of the target population he or she can locate, then asks those individuals to provide information needed to locate other members of that population whom they know. For example, if a researcher wishes to interview undocumented immigrants from Mexico, he or she might interview a few undocumented individuals that he or she knows or can locate and would then rely on those subjects to help locate more undocumented individuals. This process continues until the researcher has all the interviews he or she needs or until all contacts have been exhausted.

Quota Sample. A quota sample is one in which units are selected into a sample on the basis of pre-specified characteristics so that the total sample has the same distribution of characteristics assumed to exist in the population being studied. For example, if you a researcher conducting a national quota sample, you might need to know what proportion of the population is male and what proportion is female as well as what proportions of each gender fall into different age categories, race or ethnic categories, educational categories, etc. The researcher would then collect a sample with the same proportions as the national population.

Probability Sampling Techniques

Probability sampling is a sampling technique where the samples are gathered in a process that gives all the individuals in the population equal chances of being selected.

Simple Random Sample. The simple random sample is the basic sampling method assumed in statistical methods and computations. To collect a simple random sample, each unit of the target population is assigned a number. A set of random numbers is then generated and the units having those numbers are included in the sample. For example, let's say you have a population of 1,000 people and you wish to choose a simple random sample of 50 people. First, each person is numbered 1 through 1,000. Then, you generate a list of 50 random numbers (typically with a computer program) and those individuals assigned those numbers are the ones you include in the sample.

Systematic Sample. In a systematic sample, the elements of the population are put into a list and then every k th element in the list is chosen (systematically) for inclusion in the sample. For example, if the population of study contained 2,000 students at a high school and the researcher wanted a sample of 100 students, the students would be put into list form and then every 20th student would be selected for inclusion in the sample. To ensure against any possible human bias in this method, the researcher should select the first individual at random. This is technically called a systematic sample with a random start.

Stratified Sample. A stratified sample is a sampling technique in which the researcher divided the entire target population into different subgroups, or strata, and then randomly selects the final subjects proportionally from the different strata. This type of sampling is used when the researcher wants to highlight specific subgroups within the population. For example, to obtain a stratified sample of university students, the researcher would first organize the population by college class and then select appropriate numbers of freshmen, sophomores, juniors, and seniors. This ensures that the researcher has adequate amounts of subjects from each class in the final sample.

Cluster Sample. Cluster sampling may be used when it is either impossible or impractical to compile an exhaustive list of the elements that make up the target population. Usually, however, the population elements are already grouped into subpopulations and lists of those subpopulations already exist or can be created. For example, let's say the target population in a

study was church members in the United States. There is no list of all church members in the country. The researcher could, however, create a list of churches in the United States, choose a sample of churches, and then obtain lists of members from those churches.

To study the Project, Convenience Sampling technique is used.

Data Collection:

Data collection is the process of gathering and measuring information on variables of interest, in an established systematic fashion that enables one to answer stated research questions, test hypotheses, and evaluate outcomes. The data collection component of research is common to all fields of study including physical and social sciences, humanities, business, etc. While methods vary by discipline, the emphasis on ensuring accurate and honest collection remains the same.

Collection of data is done by Secondary Data & through Questionnaire i.e., Primary data was collected through Questionnaire posted online.

Data Analysis:

After data collection, researcher is able to analyze customer's views, ideas and opinions towards online shopping in India.

Data Interpretation:

Interpretation of data is done by using statistical tools like Pie diagrams, Bar graphs, and also using quantitative techniques (by using these techniques) accurate information is obtained.

Classification & tabulation of data:

The data thus collected was classified according to the categories, counting sheets & the summary tables were prepared. The resultant tables were one dimensional, two dimensional.

Statistical tools used for analysis:

Out of the total respondents, the respondents who responded logically were taken into account while going into statistical details & analysis of data. The tools that have been used for analyzing data & inference drawing are mainly statistical tools like percentage, ranking, averages, etc.

Microsoft Excel: Microsoft Excel is a spreadsheet program included in the Microsoft Office suite of applications. Spreadsheets present tables of values arranged in rows and columns that can be manipulated mathematically using both basic and complex arithmetic operations and functions.

SPSS: SPSS (Statistical Package for the Social Sciences) is a computer application that provides statistical analysis of data. It allows for in-depth data access and preparation, analytical reporting, graphics and modeling.

Factor Analysis: Factor analysis is a statistical method used to describe variability among observed, correlated variables in terms of a potentially lower number of unobserved variables called factors. For example, it is possible that variations in four observed variables mainly reflect the variations in two unobserved variables. Factor analysis searches for such joint variations in response to unobserved latent variables. The observed variables are modelled as linear combinations of the potential factors, plus "error" terms. The information gained about the interdependencies between observed variables can be used later to reduce the set of variables in a dataset. Computationally this technique is equivalent to low rank approximation of the matrix of observed variables. Factor analysis originated in psychometrics, and is used in behavioral sciences, social sciences, marketing, product management, operations research, and other applied sciences that deal with large quantities of data.

Regression Analysis: In statistics, regression analysis is a statistical process for estimating the relationships among variables. It includes many techniques for modeling and analyzing several variables, when the focus is on the relationship between a dependent variable and one or more independent variables. More specifically, regression analysis helps one understand how the typical value of the dependent variable (or 'criterion variable') changes when any one of the independent variables is varied, while the other independent variables are held fixed. Most commonly, regression analysis estimates the conditional expectation of the dependent variable given the independent variables – that is, the average value of the dependent variable when the independent variables are fixed. Less commonly, the focus is on a quantile, or other location parameter of the conditional distribution of the dependent variable given the independent variables. In all cases, the estimation target is a function of the independent variables called the

regression function. In regression analysis, it is also of interest to characterize the variation of the dependent variable around the regression function which can be described by a probability distribution.

As per questionnaire different responses from different people have been recorded. According to their responses, the findings are analyzed and certain remarks have been drawn.

Anova: Analysis of variance (ANOVA) is a collection of statistical models used to analyze the differences between group means and their associated procedures (such as "variation" among and between groups), developed by R.A. Fisher. In the ANOVA setting, the observed variance in a particular variable is partitioned into components attributable to different sources of variation. In its simplest form, ANOVA provides a statistical test of whether or not the means of several groups are equal, and therefore generalizes the t-test to more than two groups. Doing multiple two-sample t-tests would result in an increased chance of committing a type I error. For this reason, ANOVAs are useful in comparing (testing) three or more means (groups or variables) for statistical significance.

3.2 Data Analysis

3.2.1 Linear Regression Analysis

To derive a relationship between the income level (independent variable) and monthly spending (dependent variable), linear regression analysis in SPSS was used.

The output is as follows:

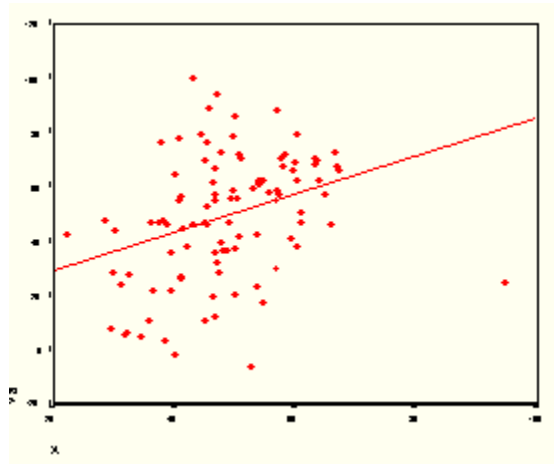
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.279 ^a	.078	.068	1.358

a. Predictors: (Constant), Income

The R value is .279 which shows a positive but a low degree of correlation between income level and monthly spending.

The R² value is 7.8% which indicates how much the dependent variable can be explained by the independent variable. This value is too small.

The scatter plot for the R value .279 is shown below:



The next table is the ANOVA table. This table indicates that the regression model predicts the outcome variable significantly well. The "Regression" row and Sig. column indicates the statistical significance of the regression model that was applied. Here, $p < 0.005$, which is less than 0.05, and indicates that, overall, the model applied can statistically significantly predict the outcome variable.

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	14.946	1	14.946	8.102	.005 ^a
	Residual	177.105	96	1.845		
	Total	192.051	97			

a. Predictors: (Constant), Income

b. Dependent Variable: Monthly_spending

The table below, Coefficients, provides us with information on each predictor variable. This gives us the information we need to predict monthly spending from income. We can see that both the constant and income contribute significantly to the model (by looking at the Sig. column). By looking at the B column under the Un-standardized Coefficients column, we can present the regression equation as:

$$\text{Monthly_spending} = 2 + 0.38(\text{Income})$$

Interpretation

The value of R^2 is quite low and so it can be said that the regression model does not fit into the data very well. Also, the sum of squares of regression is lesser than the sum of squares of residuals and this reiterates the findings of R^2 . This is because if the sum of squares of

regression is lesser than the sum of squares of residuals, then the independent variables do not explain the variation in the dependent variable well.

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.992	.324		6.155	.000
	Income	.380	.134	.279	2.846	.005

a. Dependent Variable: Monthly_spending

3.2.2 Factor Analysis

Factor analysis was applied to Q15. (Why the user shops online). There were a total of 12 factors stated in the questionnaire and with the help of Factor Analysis in SPSS we have tried to focus on the main factors.

Descriptive Statistics

	N	Mean	Std. Deviation
I_can_shop_in_privacy_of_home	98	3.48	1.379
I_do_not_have_to_leave_home_for_shopping	98	4.38	1.031
I_can_shop_whenenever_I_want	97	4.55	.878
I_can_then_save_myself_from_chaos_of_traffic_market_crowd	98	4.47	.933
I_can_get_user_expert_comments_online	98	4.03	1.079
There_is_no_embarrassment_if_I_do_not_buy	98	3.31	1.365
I_can_take_as_much_time_I_want_to_decide	98	4.08	1.172
Wide_variety_of_products	98	4.44	.838
Description_of_products_is_accurate	98	3.77	1.063
It_reduces_the_monetary_costs_of_traditional_shopping	98	3.95	1.179
Can_compare_products_instantly_with_few_clicks	96	4.49	.795
I_get_discount_offers	98	4.40	.905
Valid N (listwise)	95		

Looking at the means, we can see that the following factors are most important for customers shopping online:

- I can shop whenever I want (mean=4.55)

- Can compare products instantly with few clicks (mean=4.49)
- I can save myself from the chaos of traffic and market crowd (mean=4.47)
- Wide variety of products (mean=4.44)

Kaiser-Meyer-Olkin (KMO) and Bartlett's Test : measures strength of the relationship among variables

The KMO measures the sampling adequacy which should be greater than 0.5 for a satisfactory factor analysis to proceed. The off-diagonal elements should all be very small (close to zero) in a good model. Looking at the table below, the KMO measure is 0.813.

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.813
Bartlett's Test of Sphericity	Approx. Chi-Square	533.449
	df	66
	Sig.	.000

Total Variance Explained

The next item shows all the factors extractable from the analysis along with their eigen values, the percent of variance attributable to each factor, and the cumulative variance of the factor and the previous factors. Notice that the first factor accounts for 44.288% of the variance, the second 11.551% and the third 10.028%. All the remaining factors are not significant

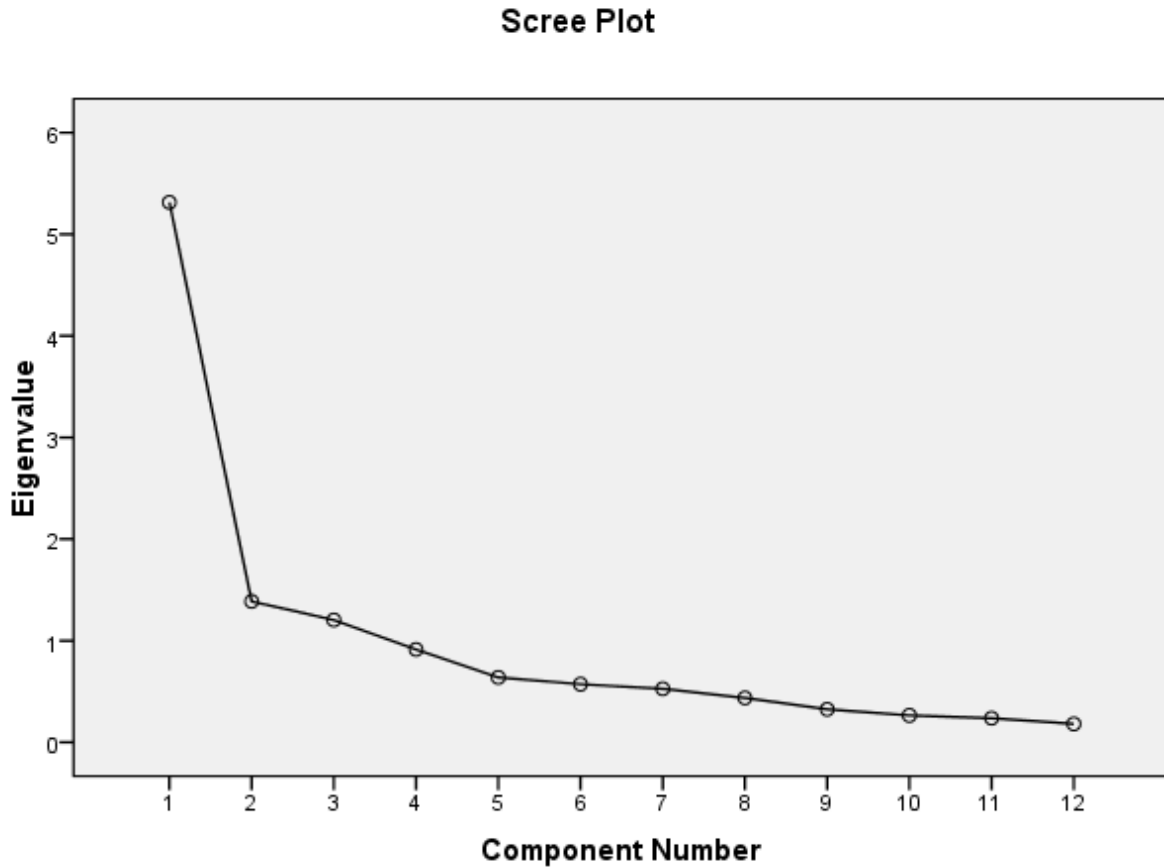
Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.315	44.288	44.288	5.315	44.288	44.288	2.911	24.258	24.258
2	1.386	11.551	55.839	1.386	11.551	55.839	2.801	23.339	47.597
3	1.203	10.028	65.866	1.203	10.028	65.866	2.192	18.269	65.866
4	.914	7.614	73.480						
5	.639	5.322	78.802						
6	.572	4.765	83.567						
7	.526	4.387	87.954						
8	.437	3.640	91.594						
9	.325	2.707	94.301						
10	.265	2.211	96.512						
11	.237	1.975	98.487						
12	.182	1.513	100.000						

Extraction Method: Principal Component Analysis.

Scree Plot

The scree plot is a graph of the eigenvalues against all the factors. The graph is useful for determining how many factors to retain. The point of interest is where the curve starts to flatten. It can be seen that the curve begins to flatten between factors 3 and 4. Note also that factor 4 has an eigenvalue of less than 1, so only three factors have been retained.



Rotated Component (Factor) Matrix

The idea of rotation is to reduce the number factors on which the variables under investigation have high loadings. Rotation does not actually change anything but makes the interpretation of the analysis easier. Looking at the table below, we can see that availability of product, and cost of product are substantially loaded on Factor (Component) 3 while experience with product, popularity of product, and quantity of product are substantially loaded on Factor 2. All the remaining variables are substantially loaded on Factor 1. These factors can be used as variables for further analysis.

Rotated Component Matrix^a

	Component		
	1	2	3
I_can_shop_in_privacy_of_home			
I_do_not_have_to_leave_home_for_shopping		.809	
I_can_shop_whenenever_I_want		.782	
I_can_then_save_myself_from_chaos_of_traffic_market_crowd		.829	
I_can_get_user_expert_comments_online			
There_is_no_embarrassment_if_I_do_not_buy			.864
I_can_take_as_much_time_I_want_to_decide			.810
Wide_variety_of_products	.635		
Description_of_products_is_accurate	.742		
It_reduces_the_monetary_costs_of_traditional_shopping	.644		
Can_compare_products_instantly_with_few_clicks	.781		
I_get_discount_offers	.782		

Extraction Method: Principal Component Analysis.
 Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 5 iterations.

From the above table we can club different factors in the three components as follows:

Component 1 (cost and variety)	Wide variety of products Description of products is accurate It reduces the monetary costs of traditional shopping Can compare products instantly with few clicks I get discount offers
Component 2 (home convenience)	I do not have to leave home for shopping I can shop whenever I want I can then save myself from chaos of traffic and market crowd
Component 3 (societal pressure)	There is no embarrassment if I do not buy I can take as much time I want to decide

3.2.3 ANOVA

Null hypothesis: At 95% confidence interval for the population taken, income does not have any impact on the frequency of purchase of online products and services.

Alternate Hypothesis: At 95% confidence interval for the population taken, income has an impact on the frequency of purchase of online products and services.

ANOVA

Frequency of shopping					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	3.555	3	1.185	2.106	.105
Within Groups	52.904	94	.563		
Total	56.459	97			

The p- value from the ANOVA table is greater than the significance value of 0.05 assumed by us. Thus, at this significance level we accept the null hypothesis. So we can conclude that income does not have an impact on the frequency of purchase of online products and services for these respondents.

3.2.4 Analysis using pie charts and bar graphs

Q1. What is your gender?

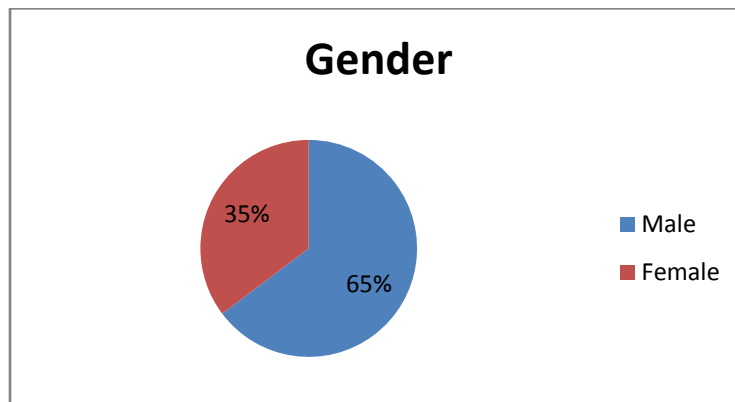


Figure 3.2.4.1 Gender analysis

Out of 102 respondents 65% were male and 35% were female.

Q2. Which age group do you belong to?

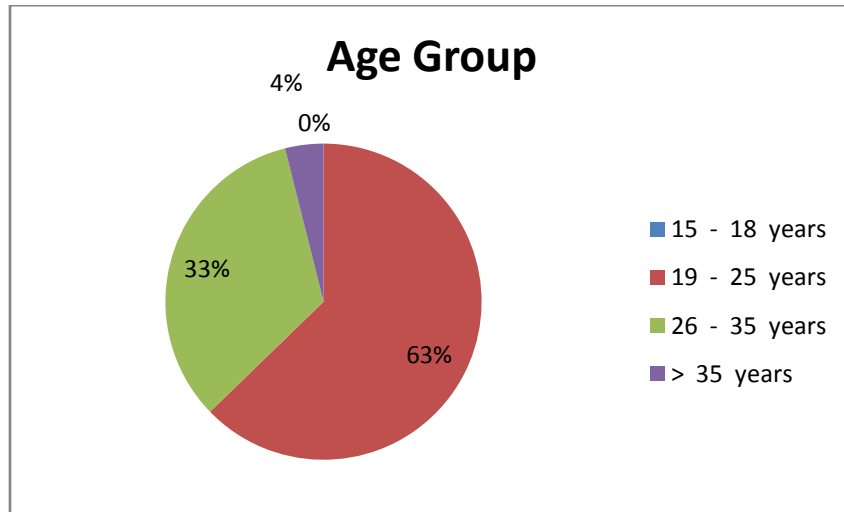


Figure 3.2.4.2 Age group segmentation

Majority of the respondents belonged to the age group 19-25 years followed by 26-35 years age group.

Q3. What is your occupation?

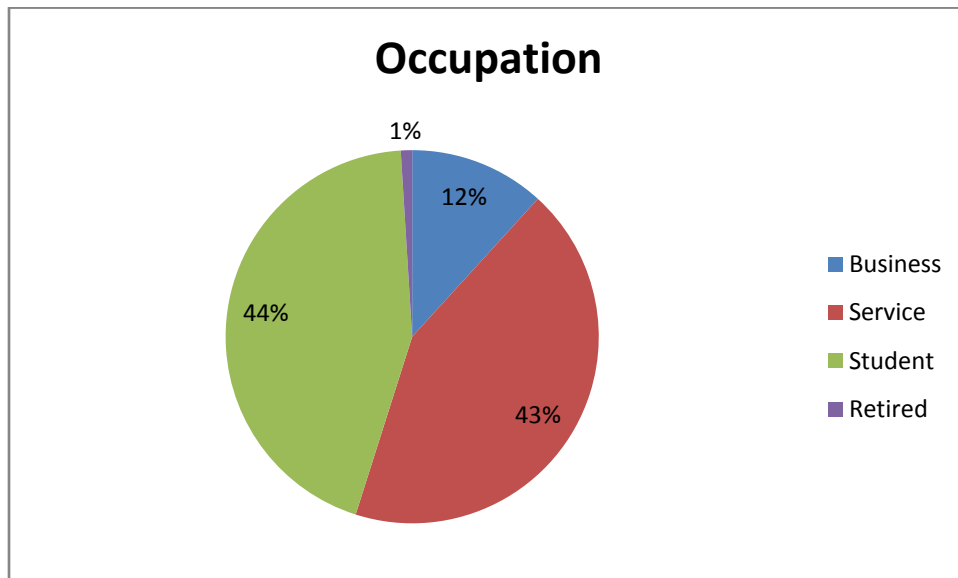


Figure 3.2.4.3 Occupation segmentation

Majority of the respondents were Students or were doing Service.

Q4. What is your annual income level?

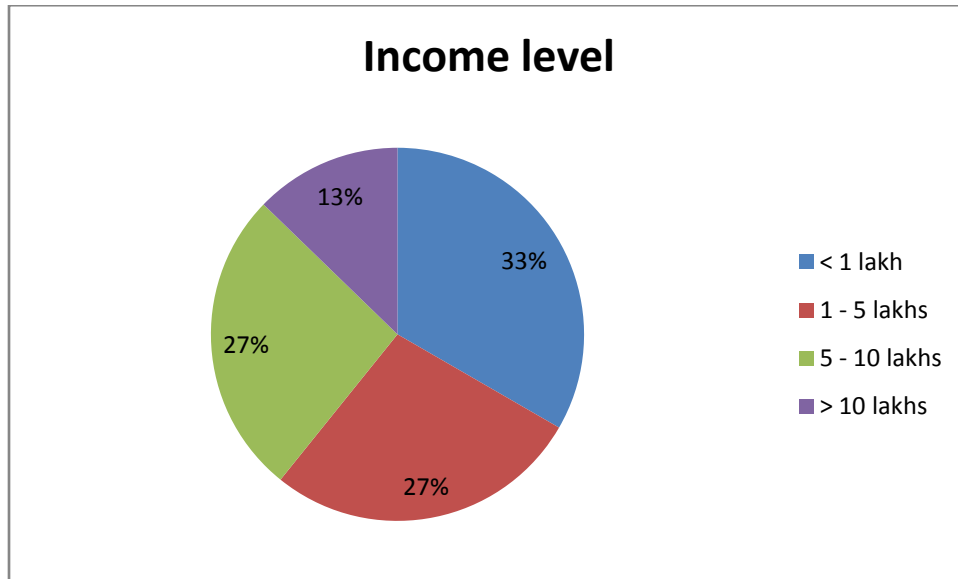


Figure 3.2.4.4 Income level segmentation

Majority of the people had income less than 1 lakh but the group 1-5 lakh and 5-10 lakh saw equal respondents with 27%.

Q5. How often do you use the internet for the following purpose?

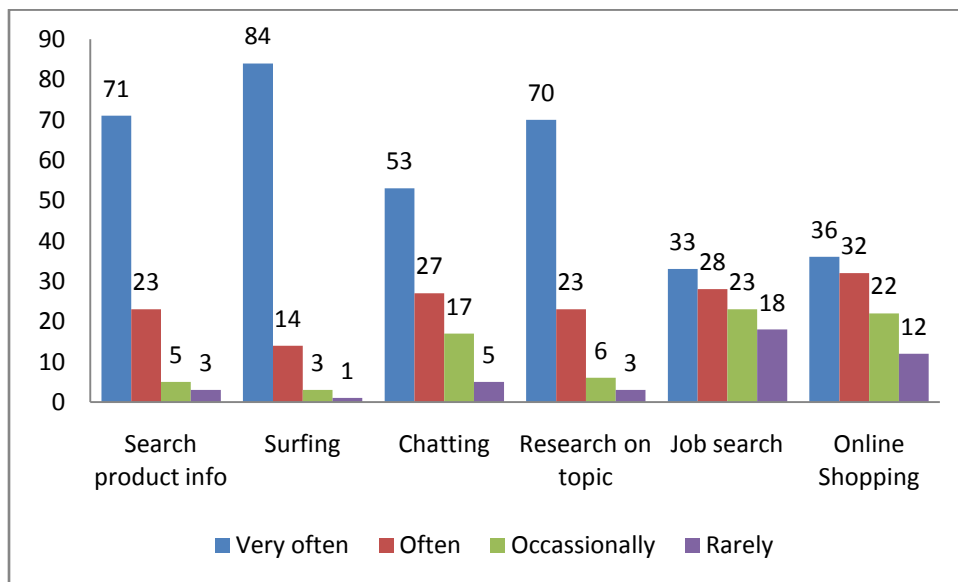


Figure 3.2.4.5 Internet usage for various purposes

Majority of the people use the internet very often for Surfing, searching product info or researching on topic. Only 36 respondents use the internet very often for online shopping.

Q6. In general, you prefer to do your shopping of?

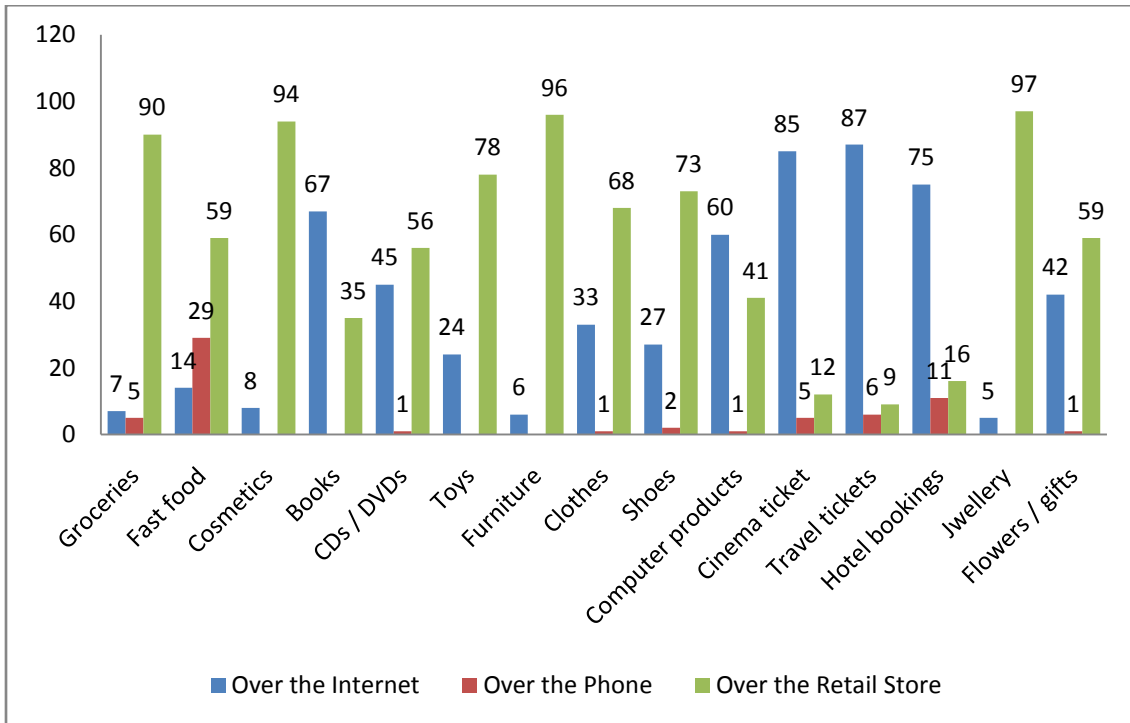


Figure 3.2.4.6 Shopping pattern of various products

As can be seen, mostly people buy these goods from the retail store only. People prefer to buy Books, Cinema tickets, Hotel bookings and Travel tickets over the internet.

Q7. Assuming that you intend to conduct online shopping, which of these purchases would you make on the internet?

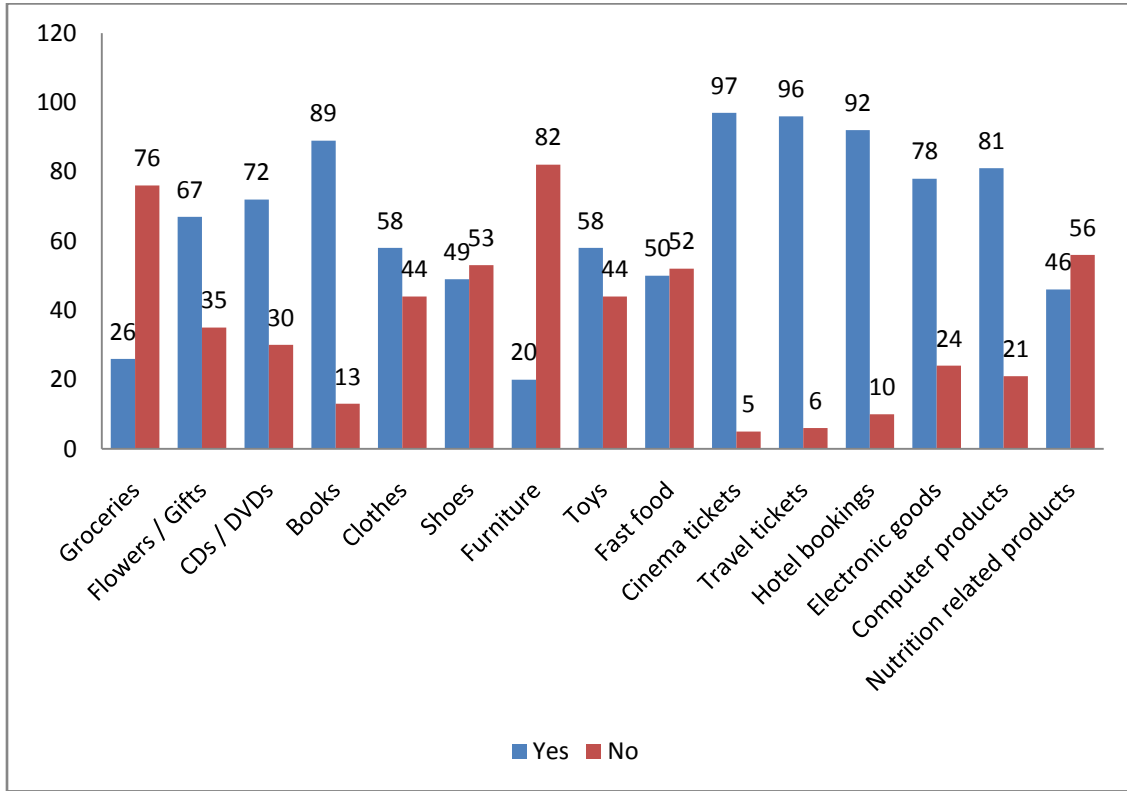


Figure 3.2.4.7 Online Shopping preference for various products

If given a chance then people are likely to buy Electronic goods, computer goods, toys, flowers / gifts and CDs / DVDs over the internet. Only for these products people are ready to switch from traditional shopping to online shopping.

Q8. Have you ever shopped online?

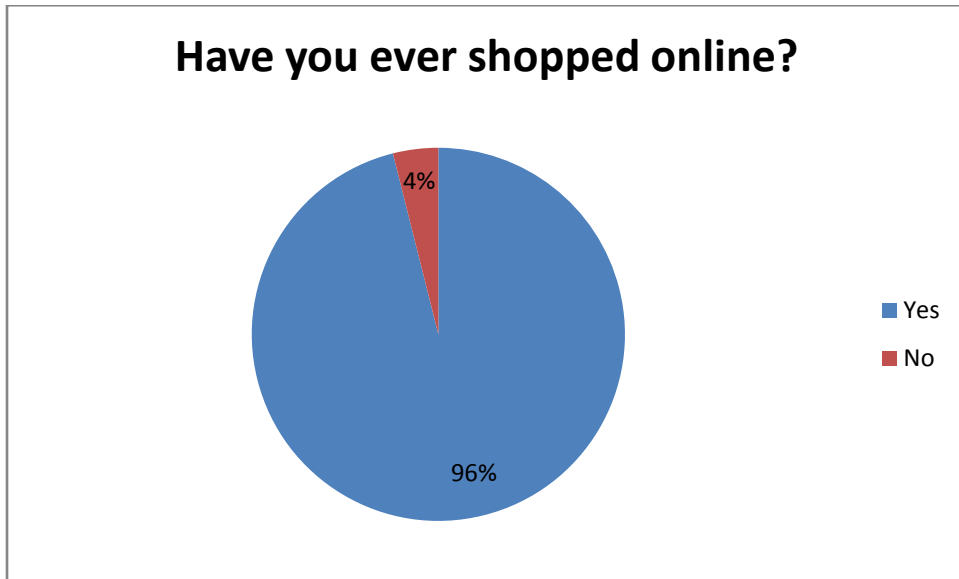


Figure 3.2.4.8 How many people have shopped online

96% of the respondents have shopped online in their lifetime, which is a surprising figure. The 4% who haven't shopped online fall in the age group >35 years.

Q9. How often do you shop online?

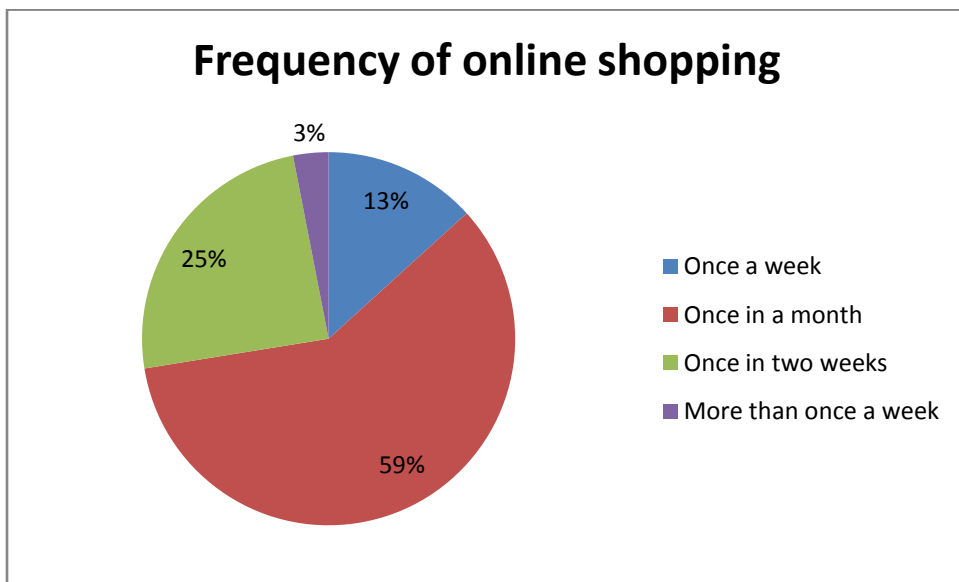


Figure 3.2.4.9 Frequency of online shopping

Majority of the respondents at least shop online once a month, whereas 25% people shop once in a fortnight.

Q10. How much do you spend on online shopping in a month?



Figure 3.2.4.10 Monthly spending on online shopping

Most of the people fall in the spending group 0-1000 and 1001-2000 rupees. Thus, it can be seen people are not spending much online. Only 17% people spend more than 4000 rupees per month in online shopping.

Q11. Do you compare prices between websites prior to making your purchase decision?

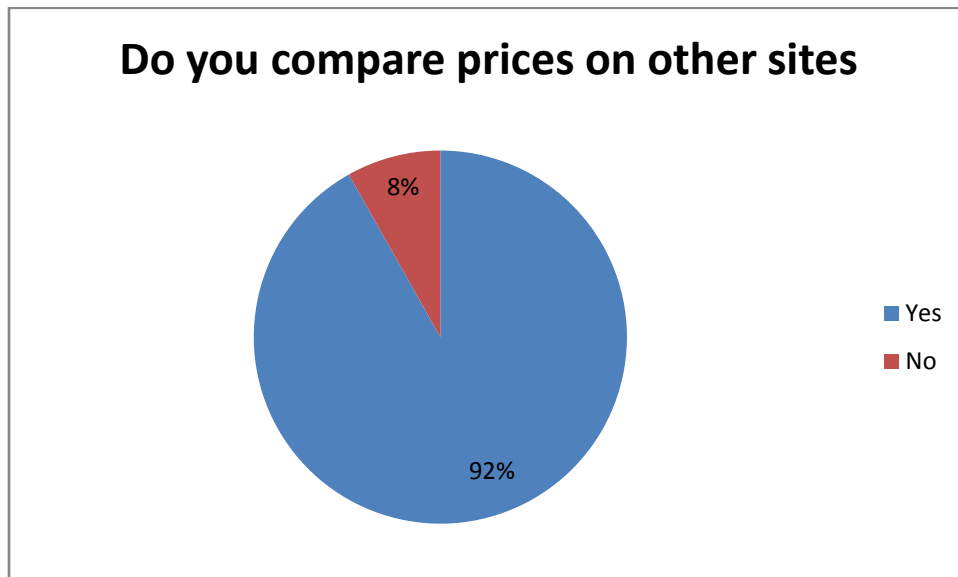


Figure 3.2.4.11 Do people compare prices before buying

92% of the people compare the product prices on different websites before making the final purchase. This shows the typical Indian consumer behavior of saving wherever possible.

Q12. If yes, then which of the following factors leads to the final selection of internet provide?

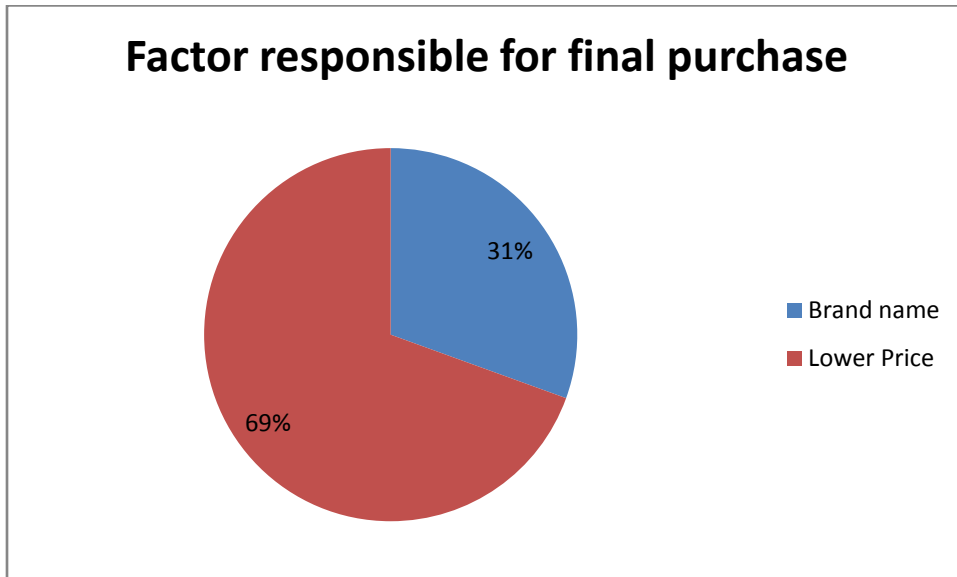


Figure 3.2.4.12 Factor responsible for final purchase decision

Those who compare product prices before purchasing, make up their final call by purchasing from the website that offers the lower price for that product.

Q13. Do you read the policies prior to making your final purchase?

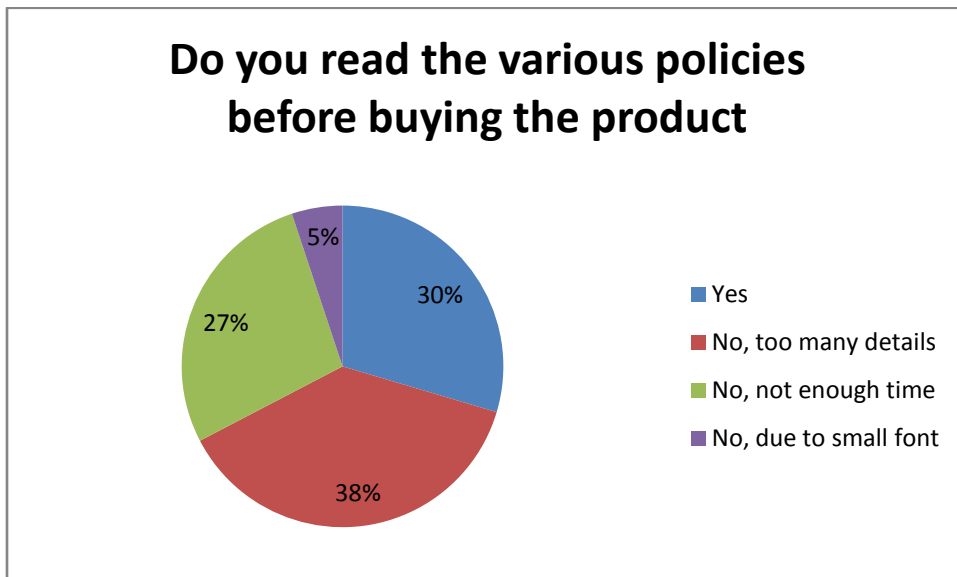


Figure 3.2.4.13 Do you read the policies before buying

70% of the people do not read the various policies while making the purchase online. The reasons for doing so were too many details, not enough time and small font.

Q14. How do you make payments when shopping online?

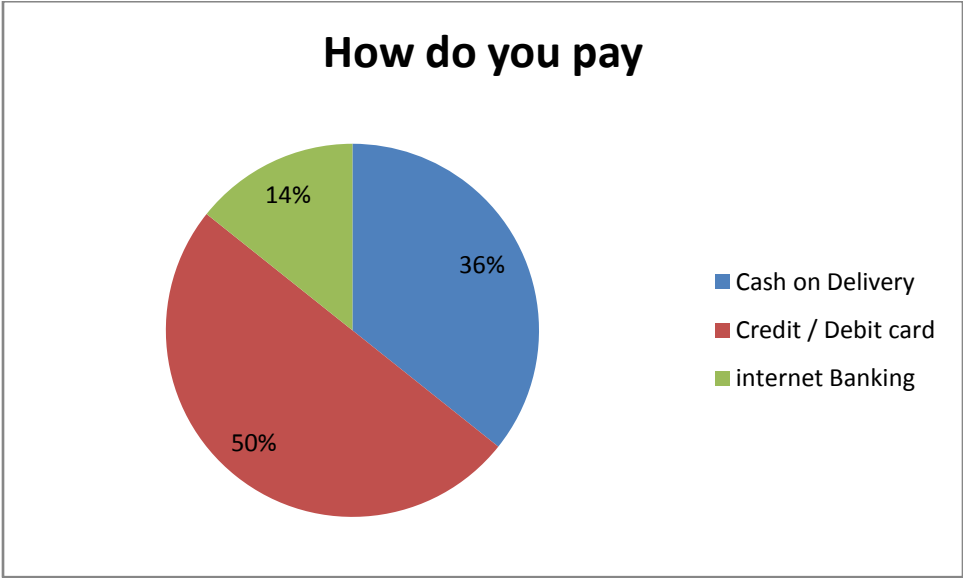


Figure 3.2.4.14 Payment methods

This output is interesting as mostly Indians prefer CoD but the responses showed that 50% of the people prefer to pay through their Credit or Debit cards while making online purchase.

Q15. I shop online because?

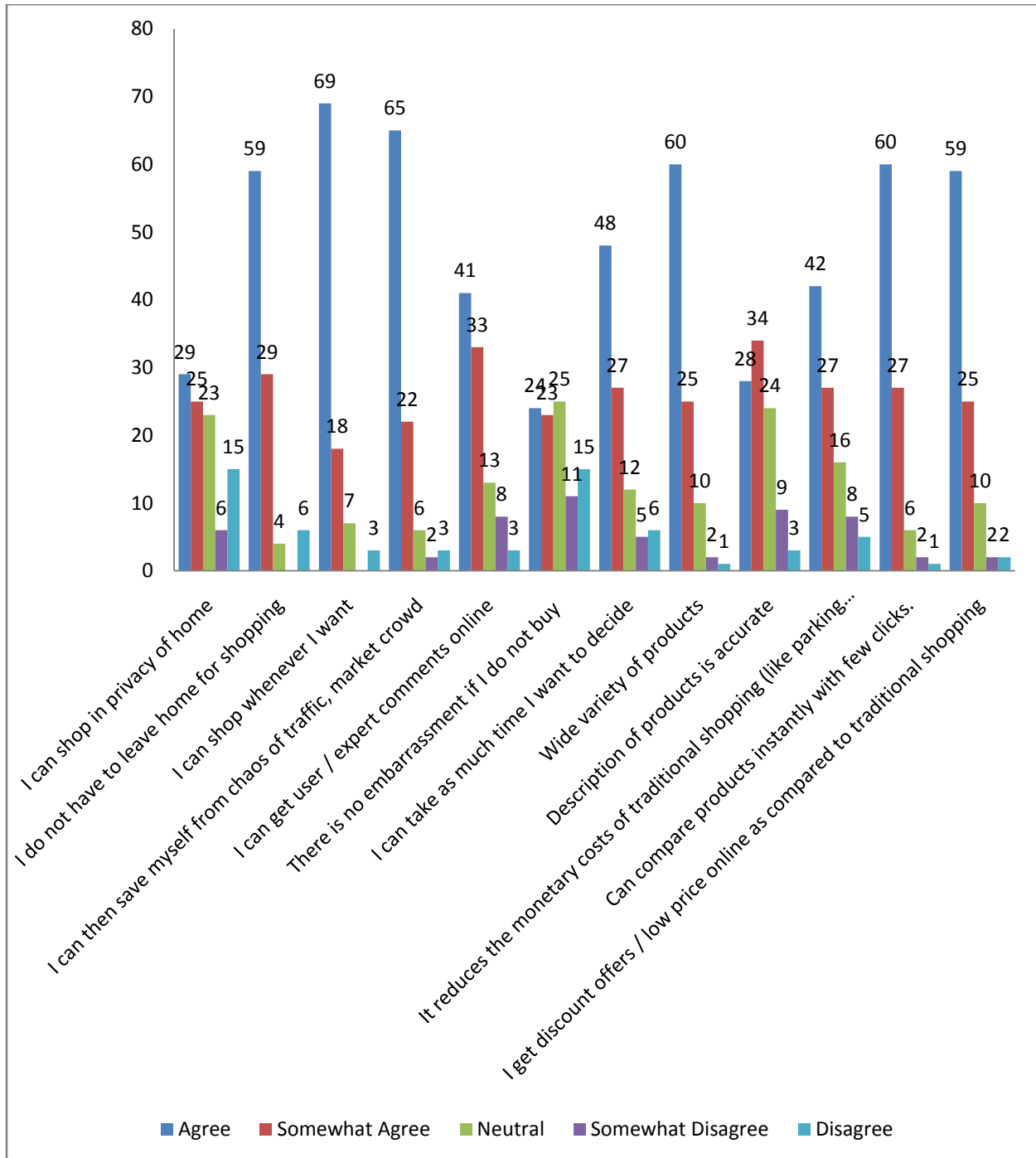


Figure 3.2.4.15 Why do you shop online

The major reasons cited for online shopping were:

- I do not have to leave home for shopping
- I can shop whenever I want

- I can then save myself from chaos of traffic, market crowd
- Wide variety of products
- Can compare products instantly with few clicks.
- I get discount offers / low price online as compared to traditional shopping

Q16. Have you reduced the frequency of traditional shopping due to online shopping?

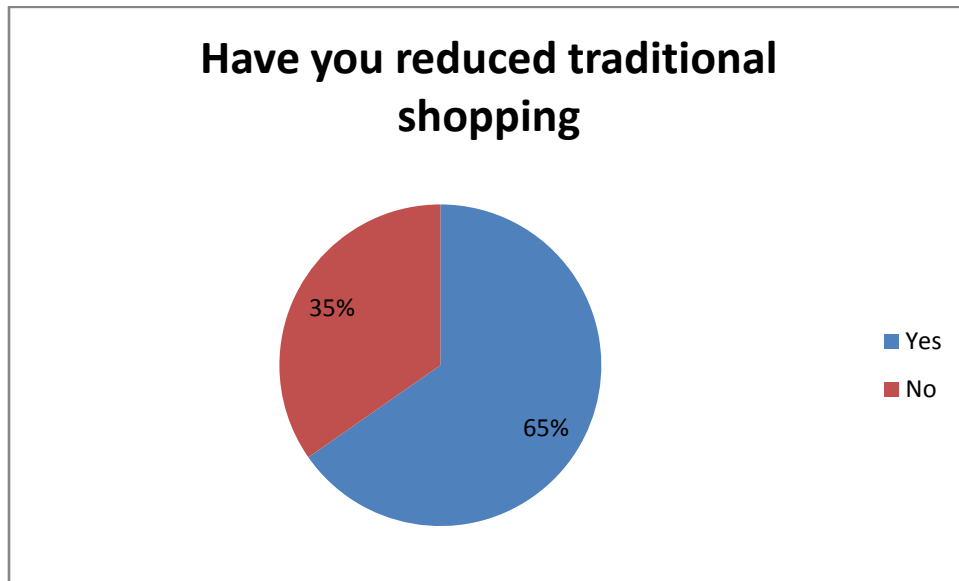


Figure 3.2.4.16 Frequency of traditional shopping vs online shopping

Due to the convenience of online shopping, 65% of the people have reduced the time that they spend on traditional offline shopping.

Q17. I do not shop online because?

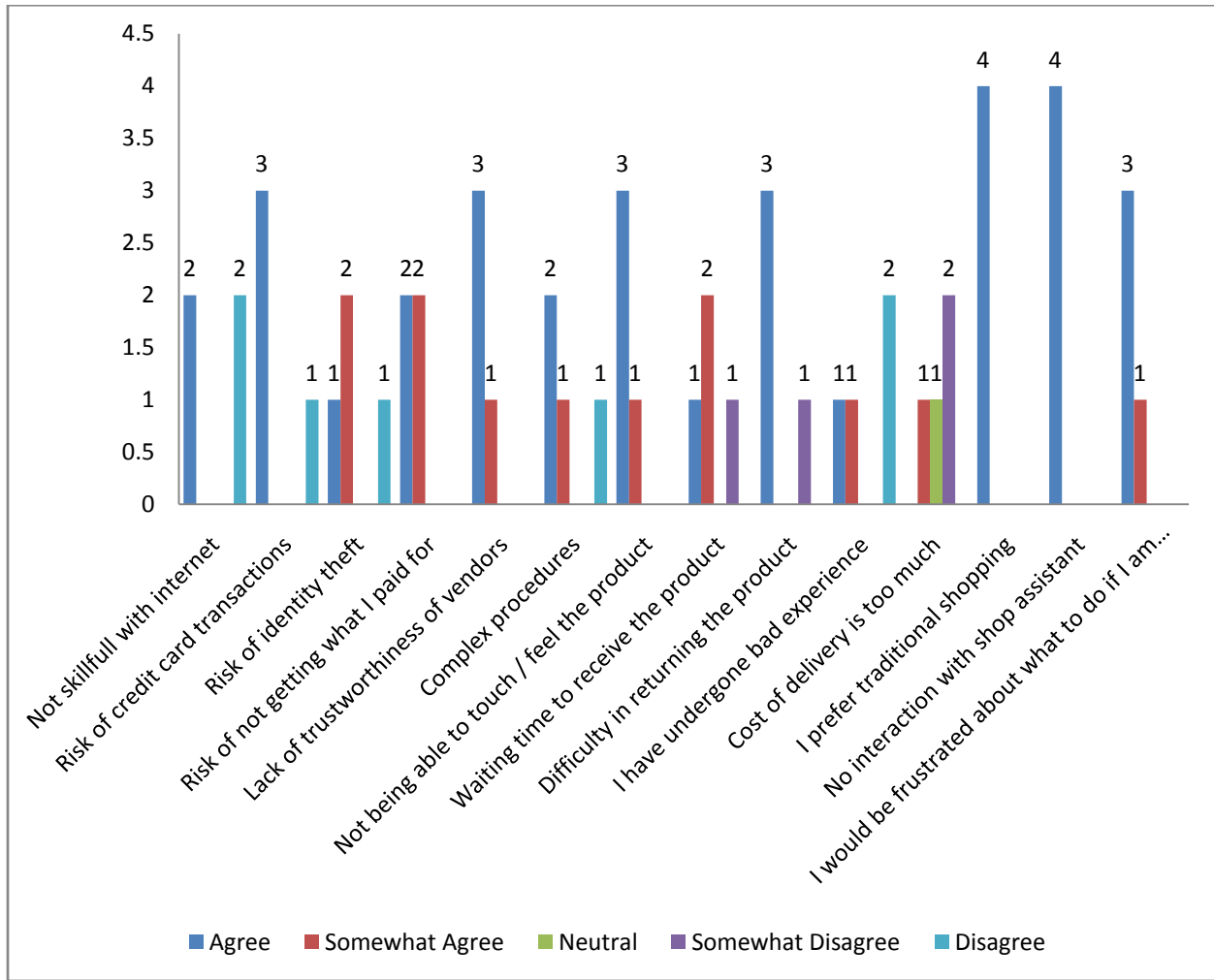


Figure 3.2.4.17 Why you don't shop online

Only 4% of the respondents did not shop online so they had to answer this question which captures their reasons for not shopping online.

The main reasons cited for not shopping online are:

- Risk of credit card transactions
- Lack of trustworthiness of vendors
- Not being able to touch / feel the product
- Difficulty in returning the product
- I prefer traditional shopping
- No interaction with shop assistant
- I would be frustrated about what to do if I am dissatisfied with an online purchase

Q18. Will you recommend others to shop online?



Figure 3.2.4.18 Will you recommend online shopping to others

95% of the respondents are willing to recommend online shopping to others. This shows the satisfaction level and trust that people have on online retailers.

3.3 Findings

- People who fall in the age group 19 to 35 years are more inclined towards online shopping.
- Students as well as working professionals are more inclined towards online shopping.
- The internet is mainly used for Surfing, Searching on product info and researching a topic. Online shopping is also gaining momentum in this WWW era.
- People prefer to buy groceries, cosmetics, furniture and jewelry in a retail store.
- People prefer to buy Books, Cinema tickets, Hotel bookings and Travel tickets over the internet.
- If given a chance then people are likely to buy Electronic goods, computer goods, toys, flowers / gifts and CDs / DVDs over the internet. Only for these products people are ready to switch from traditional shopping to online shopping.
- 59% of the people shop at least once a month online and spend up to 2000 rupees monthly on online purchases.

- 92% people compare prices on many websites before purchasing the product. 69% of these people go for websites that offer lower price.
- 70% of the people are not in the habit of reading the various policies present on the website.
- 50% people prefer to pay through their credit and debit cards while 36% people prefer Cash on Delivery.
- The major reasons cited for online shopping were:
 - I do not have to leave home for shopping
 - I can shop whenever I want
 - I can then save myself from chaos of traffic, market crowd
 - Wide variety of products
 - Can compare products instantly with few clicks.
 - I get discount offers / low price online as compared to traditional shopping
 - Due to the convenience of online shopping, 65% of the people have reduced the time that they spend on traditional offline shopping.
- Only 4% of the respondents did not shop online so they had to answer this question which captures their reasons for not shopping online. The main reasons cited for not shopping online are:
 - Risk of credit card transactions
 - Lack of trustworthiness of vendors
 - Not being able to touch / feel the product
 - Difficulty in returning the product
 - I prefer traditional shopping
 - No interaction with shop assistant
 - I would be frustrated about what to do if I am dissatisfied with an online purchase
- 95% of the respondents are willing to recommend online shopping to others. This shows the satisfaction level and trust that people have on online retailers.

3.4 Suggestions and Recommendations

- Online retailers need to target the age group of 19-35 years as these are the potential customers for them.

- They should come up with exciting offers and deep discounts for students.
- They should come up with offers for corporate people as well.
- Online retailers need to come with interactive systems where the user can upload their picture and shop for stuff like cosmetics and jewelry.
- They need to encourage people to buy groceries and furniture online.
- People are interested in purchasing electronic and computer goods online. Online players should come with exciting offers to target this group of customers.
- The online retailers need to come up with easy process of returning the product.
- They need to educate the customer that paying online is safe and there are no risks of credit card theft.
- They need to reward the customers so that a trust can be built.
- Live chat feature should be there so that the customer can interact with the store staff if he needs any assistance.

3.5 Conclusions

From the analysis it can be seen that:

- The major reasons cited for online shopping were:
 - I do not have to leave home for shopping
 - I can shop whenever I want
 - I can then save myself from chaos of traffic, market crowd
 - Wide variety of products
 - Can compare products instantly with few clicks.
 - I get discount offers / low price online as compared to traditional shopping
 - Due to the convenience of online shopping, 65% of the people have reduced the time that they spend on traditional offline shopping.
- Only 4% of the respondents did not shop online so they had to answer this question which captures their reasons for not shopping online. The main reasons cited for not shopping online are:
 - Risk of credit card transactions
 - Lack of trustworthiness of vendors
 - Not being able to touch / feel the product

- Difficulty in returning the product
- I prefer traditional shopping
- No interaction with shop assistant
- I would be frustrated about what to do if I am dissatisfied with an online purchase

4. ANNEXURE (QUESTIONNAIRE)

1. **Q1. What is your gender? ***

Mark only one oval.

- Male
 Female

2. **Q2. Which age group do you belong to? ***

Mark only one oval.

- 15 - 18 years
 19 - 25 years
 26 - 35 years
 > 36 years

3. **Q3. What is your occupation? ***

Mark only one oval.

- Student
 Service
 Business
 Retired

4. **Q4. What is your annual income level? ***

Mark only one oval.

- < 1 lakhs
 1 - 5 lakhs
 5 - 10 lakhs
 > 10 lakhs

5. **Q5. How often do you use the internet for the following purpose? ***

Mark only one oval per row.

	Very often	Often	Occasionally	Rarely
Search product info	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Surfing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Chatting	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Research on topic	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Job search	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Online shopping	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

6. **Q6. In general, you prefer to do your shopping of? ***

Mark only one oval per row.

	Over the Internet	Over the Phone	Over the Retail Store
Groceries	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Fast food	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cosmetics	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Books	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
CDs / DVDs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Toys	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Furniture	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Clothes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Shoes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Computer products	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cinema ticket	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Travel tickets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Hotel bookings	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Jewellery	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Flowers / gifts	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

7. **Q7. Assuming that you intend to conduct online shopping, which of these purchases would you make on the internet? ***

Mark only one oval per row.

	Yes	No
Groceries	<input type="radio"/>	<input type="radio"/>
Flowers / Gifts	<input type="radio"/>	<input type="radio"/>
CDs / DVDs	<input type="radio"/>	<input type="radio"/>
Books	<input type="radio"/>	<input type="radio"/>
Clothes	<input type="radio"/>	<input type="radio"/>
Shoes	<input type="radio"/>	<input type="radio"/>
Furniture	<input type="radio"/>	<input type="radio"/>
Toys	<input type="radio"/>	<input type="radio"/>
Fast food	<input type="radio"/>	<input type="radio"/>
Cinema tickets	<input type="radio"/>	<input type="radio"/>
Travel tickets	<input type="radio"/>	<input type="radio"/>
Hotel bookings	<input type="radio"/>	<input type="radio"/>
Electronic goods	<input type="radio"/>	<input type="radio"/>
Computer products	<input type="radio"/>	<input type="radio"/>
Nutrition related products	<input type="radio"/>	<input type="radio"/>

8. **Q8. Have you ever shopped online? ***

Mark only one oval.

- Yes *Skip to question 9.*
- No *Skip to question 17.*

Understanding your online shopping pattern

9. **Q9. How often do you shop online?**

Mark only one oval.

- Once a week
- Once in two weeks
- Once in a month
- More than once a week

10. **Q10. How much do you spend on online shopping in a month?**

Mark only one oval.

- 0 - 1000 rupees
- 1001 - 2000 rupees
- 2001 - 3000 rupees
- 3001 - 4000 rupees
- > 4000 rupees

11. **Q11. Do you compare prices between websites prior to making your purchase decision?**

Mark only one oval.

Yes

No

12. **Q12. If yes, then which of the following factors leads to the final selection of internet provide?**

Mark only one oval.

Lower price

Brand name

13. **Q13. Do you read the policies prior to making your final purchase?**

Mark only one oval.

Yes

No, too many details

No, not enough time

No, due to small font

Other:

14. **Q14. How do you make payments when shopping online?**

Mark only one oval.

Credit / Debit card

Internet Banking

Cash on Delivery (CoD)

15. **Q15. I shop online because?**

Mark only one oval per row.

	Agree	Somewhat Agree	Neutral	Somewhat Disagree	Disagree
I can shop in privacy of home	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I do not have to leave home for shopping	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I can shop whenever I want	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I can then save myself from chaos of traffic, market crowd	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I can get user / expert comments online	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
There is no embarrassment if I do not buy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I can take as much time I want to decide	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Wide variety of products	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Description of products is accurate	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It reduces the monetary costs of traditional shopping (like parking fess, travelling costs)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Can compare products instantly with few clicks.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I get discount offers / low price online as compared to traditional shopping	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

16. **Q16. Have you reduced the frequency of traditional shopping due to online shopping?**

Mark only one oval.

- Yes
 No

Skip to question 18.

Understanding why you don't shop online

17. **Q17. I do not shop online because?**

Mark only one oval per row.

	Agree	Somewhat Agree	Neutral	Somewhat Disagree	Disagree
Not skillfull with internet	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Risk of credit card transactions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Risk of identity theft	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Risk of not getting what I paid for	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lack of trustworthiness of vendors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Complex procedures	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Not being able to touch / feel the product	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Waiting time to receive the product	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Difficulty in returning the product	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I have undergone bad experience	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cost of delivery is too much	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I prefer traditional shopping	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
No interaction with shop assistant	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I would be frustrated about what to do if I am dissatisfied with an online purchase	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Recommending online shopping

18. **Q18. Will you recommend others to shop online? ***

Mark only one oval.

Yes

No

5. REFERENCES

- Alexandru M. DeGeratu, Arvind Rangaswamy and Jianan Wu (2000) Consumer Choice Behaviour in Online and Traditional Supermarkets: The Effects of Brand Name, Price, and other Search Attributes, *International Journal of Research in Marketing*, Vol. 17, No. 1, p. 55-78. Available at: http://www.smeal.psu.edu/ebrc/publications/res_papers/1999_03.pdf
- Anfuso Dawn (2004) Online Research Drives Offline Sales, Available at: <http://www.imediconnection.com/content/4355.asp>
- Buyer behaviour – decision-making process, Available at: http://www.tutor2u.net/business/marketing/buying_decision_process.asp
- Buyer decision processes, 2006, Wikipedia is a registered trademark of the Wikimedia Foundation, Inc. Available at: http://en.wikipedia.org/wiki/Buyer_decision_processes
- Jarvanpaa S. L. and Todd P. A. (1997) Consumer reactions to electronic shopping on the World Wide Web. *International Journal of Electronic Commerce*, 1 (2): 59-88.
- Lohse GL. and Spiller P. (1998) Electronic shopping. *Communications of the ACM*, Vol.41, No.7, pp. 81-87.
- Aaker, D.A., Kumar, V. & Day, G.S. (1998). *Marketing Research* 6th edition. John Wiley & Sons, Inc.
- Cuneyt, K. Gautam, B. (2004). The impacts of quickness, price, payment risk, and delivery issues on on-line shopping, *Journal of Socio-Economics*, Vol.33, PP.241–251
- Kotler, P., & Armstrong, G (2004). *Principles of marketing* (10th ED.) USA: Prentice Hall
- <http://www.firstpost.com/tech/indias-e-commerce-market-to-touch-260-bn-by-2025-report-255350.html>
- <http://www.businessworld.in/businessworld/businessworld/content/Services-Economy-Moves-Online.html?storyInSinglePage=true>
- <http://trak.in/tags/business/2011/08/23/india-online-internet-users-survey-report-2011/>
- <http://www.imediconnection.in/article/806/Research/mobile-commerce-in-india-buzzcitys-report.html>
- <http://informationmadness.com/blog/965-mobile-commerce-in-india.html>
- <http://www.sooperarticles.com/business-articles/e-business-articles/key-success-online-retailing-appealing-women-128808.html>
- <http://blog.dreamstarts.in/survival-of-e-commerce-startups-in-india/#more-161>