

Determinants of Consumers' Online Shopping Behaviour: A Study in Chennai City

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Abstract

In the globalized era, the internet plays a vital role in communication as well as business convenience. In India, nearly 74 million people use Internet services. India has bypassed Japan to become the third largest Internet user in the world. With a mounting number of households turning towards the Internet and the world of e-commerce to shop, invest, make payments, book train and air tickets, book hotel rooms, and do online banking, new technological advancements will have to come about to make these transactions protected. Despite increased inflation and a decline in demand for goods and services, e-commerce continued to gather steam in the year 2013. It moved strongly ahead, finding great acceptance among consumers as they turned to online portals to purchase products and use services. The online industry is estimated to end 2013 at a market size of \$1.8 billion, according to a recent report by the Internet & Mobile Association of India (IAMAI). The objective of the present paper is to identify the most influential factors that influence online shopping in Chennai city. Data were collected from 600 respondents through structured questionnaires. The present study found that five important factors, namely Variety of products and offers, challenges of online shopping, Multiple payment options, Trustworthiness, and convenience, influence consumers to prefer online shopping in Chennai city.

Keywords: Consumers, online shopping, and Satisfaction

I. INTRODUCTION

In the globalized era, the internet plays a vital role in communication as well as business convenience. In India, nearly 74 million people use Internet services. India has bypassed Japan to become the third largest Internet user in the world. With a mounting number of households turning towards the Internet and the world of e-commerce to shop, invest, make payments, book train and air tickets, book hotel rooms, and do online banking, new technological advancements

will have to come about to make these transactions protected. Despite increased inflation and a decline in demand for goods and services, e-commerce continued to gather steam in the year 2013. It moved strongly ahead, finding great acceptance among consumers as they turned to online portals to purchase products and use services. The online industry is estimated to end 2013 at a market size of \$1.8 billion, according to a recent report by the Internet & Mobile Association of India (IAMAI). The enormous growth of mall culture in India has made consumers more aware of different options and encouraged customers to search for and eventually purchase products online. The growth in the number of online shoppers is greater than the growth in internet users, indicating that more internet users are becoming comfortable with online shopping. Online shopping encourages consumers because of price as well as convenience. Products can be purchased without leaving the customer's place. Online shopping offers good deals and brings optimum convenience to consumers. Moreover, internet shoppers provide an adequate level of price comparison of products for consumers' final decision. On the contrary, privacy and security have been major concerns, encouraging many people to browse the internet for informational matters rather than buy online. Therefore, the present study has been undertaken to find the factors influencing customers to purchase products online in Chennai city.

Literature Review

Kotler and Armstrong (2000) pointed out that a person's buying choice is further influenced by four key psychological factors: motivation, Perception, learning, beliefs, and Attitude. In most families, women are the chief decision makers (Dholakia, 1999). Men are more motivated toward utilitarian benefits of products and give lesser importance to social relations and personal contacts (Steenkamp et al., 1999). The younger generation has always exhibited a positive disposition towards adoption of innovation (Schiffman & Kanuk, 2003) and understands technological changes and complexities more optimistically than the elderly segment (Wotruba & Pribova, 1995). Govinder and Zhaobin (2005) found that website design, website reliability/fulfillment, website customer service, and website security/privacy are the four dominant factors that influence consumer perception of online purchasing. Shahir Bhatt and Amola Bhatt (2010) found that ease/Attractiveness of website, service quality of website, and web security are the dominant factors which influence consumer perceptions regarding their online purchasing experience.

Objective of the Study

To identify the most influential factors influencing consumers towards online shopping in Chennai city

Research Methodology

The present study is empirical in nature, based on both primary and secondary data. The data was collected through a structured questionnaire. The study has been conducted in Chennai city. The sampling technique used was non-probability-based convenience sampling. The study was carried out on 600 respondents. The data were collected from respondents personally and via email from October 2013 to December 2013. The questionnaire was pre-tested, and reliability was assessed on 60 respondents who were familiar with online purchasing, and the Cronbach's alpha achieved was 0.718. For this study, 15 statements were framed; respondents were asked about factors influencing customers to prefer online shopping on a five-point scale ranging from "Strongly agree" to "Strongly disagree". The data were analyzed using a multivariate factor analysis tool to obtain the results, with the help of SPSS version 20.0 statistical package.

Table :1
Characteristics of Respondents

Gender	Frequency	Percentage
Male	408	68.00
Female	192	32.00
Total	600	100.0
Age		
Below 25 years	180	30.00
26 – 35 years	228	38.00
36 – 45 years	120	20.00
Above 46 years	72	12.00
Total	600	100.0
Educational Qualification		
Up to HSC	116	19.30
UG	233	38.80
PG	182	30.30
Professional	69	11.50
Total	600	100.0
Occupation		
Professional	102	11.50
Salaried	326	54.33
Businessman	172	28.67
Total	600	100
Monthly Income		

Below Rs.20,000	181	30.20
Rs.20,001 –Rs.40,000	228	38.00
Rs.40,001 – Rs.60,000	117	19.50
Above Rs.60,001	74	12.30
Total	600	100.0

Source: Computed data

Table 1 highlights the characteristics of the respondents. The total number of respondents was 600, out of which 408 (68%) were male and 192 (32%) were female. The majority, 228(38%), were in the age group of 26-35 years, followed by 180(30%) in the age group of up to 25 years, 120(20%) in the group of 36-45 years, and 72(12%) in the age group of above 46 years. In connection with the educational qualification of respondents, 233 (38.80%) of respondents were undergraduates, 182 (30.30%) respondents were postgraduates, 116 (19.30%) respondents were up to HSC qualified, and 69 (11.50%) respondents were professionals. Occupations wise, 326(54.33%) of respondents were salaried, 172(28.67%) respondents were business and 102(17%) of the respondents were professionals. Total monthly income wise, majority 228(38%) of the respondents were in the income group of Rs.20, 001 – 40,000, 181(30.20%) of the respondents were in the income group of below Rs.20, 000, 117(19.50%) were in the income group of Rs.40, 001 -60,000 and 74(12.30%) of the respondents were earning more than Rs.60, 000 per month.

Factors Influencing the Consumers towards Online Shopping

The primary objective of the study is to identify the most influential factors of consumers towards online shopping in Chennai city. The respondents rated these factors on a 5-point Likert scale. A large number of factors were identified for online shopping. So, it is necessary to analyze the situation for data reduction. Therefore, factor analysis and principal component methods are applied, and the variables are reduced into predominant factors.

Factors influencing consumers' online shopping are identified through 15 variables on a 5-point Likert scale. Factor analysis is applied to these 15 variables, and the following results are obtained.

Table:1

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.741
Bartlett's Test of Sphericity	Approx. Chi-Square	860.308
	df	105

	Sig.	0.000
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Source: Computed data

From the above table, it is observed that the KMO measure of sampling adequacy is 0.741. Bartlett's Test of Sphericity, Chi-Square value of 860.308 is statistically significant at the 5% level. This shows that the sample size is adequate to reduce the 15 variables into major factors with a considerable amount of variance.

Table :2

Communalities for factors influencing consumers towards online shopping

Variables	Statement	Initial	Extraction
1	I like to purchase the products online because of very attractive discounts available.	1.000	0.448
2	It is a simple process to buy the products online rather than shopping at outlets.	1.000	0.548
3	Online shopping gives you enormous options to choose the products from the website	1.000	0.508
4	It is a simple process to pay online through credit card, debit card, and direct bank account transfer.	1.000	0.665
5	I trust the products offered online are of quality.	1.000	0.426
6	I believe the products offered online are at economical prices.	1.000	0.608
7	I feel that an online purchase saves me time.	1.000	0.343
8	At the time of online payment, I am a tad concerned about the security and privacy.	1.000	0.475
9	I prefer only selected products on discounts through online purchase.	1.000	0.517
10	Do you feel any shipping delays in getting the product at the time of shopping through online purchase?	1.000	0.436
11	I do not have a credit card, so I cannot often shop online.	1.000	0.677

12	I prefer to purchase online due to the ease of online buying procedures.	1.000	0.607
13	I physically need to check the products before purchasing them	1.000	0.515
14	I can read reviews before purchasing online, which helps me select the right product at low prices.	1.000	0.345
15	Defective products will be replaced without any conditions.	1.000	0.422

Extraction Method: Principal Component Analysis

Source: Primary data

Table 2 reveals that communalities for factors influence consumers towards online shopping in Chennai city. The variance ranges from 0.343 to 0.677. This implies that 15 variables exhibited variations from 34.3% to 67.7%. This is statistically significant for factor derivation.

Table :3
Total Variance Table for factors influencing the consumers towards online shopping

Component	Initial Eigen values			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.699	17.995	17.995	2.614	17.425	17.425
2	1.473	9.819	27.814	1.367	9.116	26.541
3	1.234	8.226	36.040	1.288	8.589	35.129
4	1.071	7.140	43.181	1.144	7.629	42.759
5	1.064	7.090	50.271	1.127	7.512	50.271

Extraction Method: Principal Component Analysis

Source: Primary data

It is observed from the above table that 15 variables are reduced into five predominant factors with individual variances (17.995, 9.819, 8.226, 7.140, and 7.090). The considerable number of underlying variables represents the five factors.

Table :4
Rotated Component Matrix for factors influencing consumers towards
online shopping

	Component				
	1	2	3	4	5
V 1	0.689				
V 8	0.684				
V 9	0.680				
V 13	0.669				
V 3	0.625				
V 7	0.565				
V10		0.636			
V2		0.629			
V 15		0.540			
V 4			0.772		
V6			0.746		
V 11				0.795	
V 5				0.549	
V 12					0.759
V 14					0.446

Extraction Method: Principal Component Analysis

Method: Varimax with Kaiser Normalization; rotation converged in 8 iterations

Source: Primary data

From the above table, it is found that the first factor comprises six variables. I like to purchase the products through online because of very attractive discounts available (0.689), At the time of online payment I am tad concerned about the security and privacy (0.684), I prefer only selected products on discounts through online purchase (0.680), I physically need to check the products before purchasing it (0.669), Online shopping gives you enormous option to decide the products from website (0.625), I felt that an online purchase saves my time. (0.565). It is named as “Variety of products and offers. It is the most significant factor, with 17.425% of the total variance explained. Most of the consumers in

Chennai city prefer online shopping because of the variety of products and attractive offers.

The second factor comprises three variables: Shipping delays in getting the product at the time of shopping through online purchase (0.636); it is a simple process to buy the products online rather than shopping at outlets (0.629); defective products will be replaced without any conditions (0.540), which is called “challenges of online shopping”. It is the second most significant factor, with 9.116% of the total variance explained. Consumers who had any problem at the time of shopping through online websites resolved the problem immediately without any conditions. So, customers have confidence in online shopping.

The third factor comprises two variables, namely: it is a simple process to pay online through credit card, debit card, and direct bank account transfer (0.772); I believe the products offered online are at economical prices (0.746). It can be interpreted as “Multiple payment options”. It is the third most significant factor, with 8.589% of the total variance explained. Customers had multiple payment options available at the time of shopping online. Customers also felt that providing information about credit cards, debit cards, and banking is safe and secure.

The fourth factor comprises two variables, namely I do not have a credit card so I cannot often shop online (0.795) and I trust the products offered online are of good quality (0.549). It can be called trustworthiness. It is the fourth most significant factor with 7.629% out of the total variance explained. Customers trust the products offered online to be of good quality.

The fifth factor comprises two variables: I prefer to purchase online due to ease of online buying procedures (0.759), and I can read reviews before purchasing online, which helps me select the accurate product at low prices (0.446). It can be named as Convenience. Customers encourage online shopping because of convenience and flexibility.

Findings

The present study is conducted to examine the factors influencing customers to prefer online shopping in Chennai city. The major findings of the study are listed below:

- In gender wise 408(68%) were male and 192(32%) were females.
- The majority, 228(38%), were in the age group of 26-35 years, followed by 180(30%) in the age group of up to 25 years, 120(20%) in the group of 36-45 years, and 72(12%) in the age group of above 46 years.
- In connection with the educational qualification of respondents, 233(38.80%) of respondents were undergraduates, 182(30.30%) respondents were postgraduates, 116(19.30%) respondents were up to

HSC qualified, and 69(11.50%) respondents were professionals.

- Occupations wise, 326(54.33%) of respondents were salaried, 172(28.67%) respondents were business and 102(17%) of the respondents were professionals.
- Total monthly income wise, majority 228(38%) of the respondents were in the income group of Rs.20, 001 – 40,000, 181(30.20%) of the respondents were in the income group of below Rs.20, 000, 117(19.50%) were in the income group of Rs.40, 001 -60,000 and 74(12.30%) of the respondents were earning more than Rs.60, 000 per month.
- It is inferred from the study that there are 15 variables reduced into 5 predominant factors with individual variances (17.425, 9.116, 8.589, 7.629, and 7.512).
- The five factors have been named as F1 “Variety of products and offers”, F2 “challenges of online shopping”, F3 “Multiple payment options”, F4 “Trustworthiness”, and F5 “Convenience”.

II.CONCLUSION

Despite increased inflation and a decline in demand for goods and services, e-commerce continued to gather steam in the year 2013. It moved strongly ahead, finding great acceptance among consumers as they turned to online portals to purchase products and use services. However, as the online market becomes competitive, differentiation needs to become an integral part of operations. To achieve this, e-business needs to understand the underlying factors of consumer satisfaction in the online shopping experience. The present study found that five important factors, namely Variety of products and offers, challenges of online shopping, Multiple payment options, trustworthiness, and convenience, influence consumers to prefer online shopping in Chennai city.

Limitations of the study

The study was conducted based on data acquired from respondents in Chennai city only, and the findings may not apply to other countries because of socio-cultural differences.

III.REFERENCES

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