

# A Study on Online Buying Behaviour of Consumers at Bhopal

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## Abstract

*Internet and its growing usage by young generation in India have changed the way consumers shop and buy goods and services. The Indian retail market is witnessing a revolution i.e. young consumers are playing important role in online shopping and looking towards Internet as a unique platform for selling online. In India the visitors of e-tailing sites are accounted to be 40% of youth population, which comprises of youngsters between 15 to 34 years of age. These visitors are part of Indian Internet Population. Not only metros but tier II and III cities are also attracting online retailers. Brand awareness and gap in demand and supply are the main reasons for popularity of online retailers in small cities like Bhopal in India. The study focuses on factors that online buyers consider while shopping online. Some of the factors identified in this research are; scarcity of time with the buyer, availability of payment options like COD, variety of products availability, product pricing, discounts and offers etc. The data is collected using a questionnaire on the sample of 100 people in the age bracket of 15 to 60 years and percentage analysis is done for analyzing the collected data.*

**Key Words:** Online shopping behavior, online buying behavior, online buying attitude, e-tailing

## I. Introduction

Over the last few years India has been witnessing a consecutive growth in consumption of products through online stores like Flipkart, Snapdeal, Jabong, Myntra etc. This trend

has led to growth of e-commerce. The late 1990's and early 2000's saw the launch of several e-tailing sites like rediff.com, indiaplaza.com and bazee.com. Entry of Flipkart in 2007 was the real game changer in this domain, post which a multitude of new players have entered the space. Still e-tailing is a very small part (0.1%) of the overall retail in India but it is projected to grow at a rapid pace to reach 7-8% of the total Indian retail market by 2020.

According to recent research by Forrester Consulting and Google, India currently has 35 million online shoppers and is likely to grow up to around 100 million by 2016. Business is expected to soar to \$15 billion from \$4 billion in 2014. Experts say, India is poised to become the second largest internet user base (after China) by 2016. Recently in 2014 Flipkart logged \$100 million worth sales in just 10 hours on its Big Billion Day. This opened the eyes of other e-commerce players globally and they are also planning to invest in India operations. According to an estimate by Credit Suisse analysts, e-tailing would have a market value of \$60 billion by 2020 due to expected rise in customer base and supporting environment for internet adoption.

E-commerce companies are also gearing up to win the mobile war, as according to a research report 92% of India's 252 million internet users are mobile (using phone or dongle). The wireless internet subscriber base has grown 62% year on year in the quarter ended March 2014.

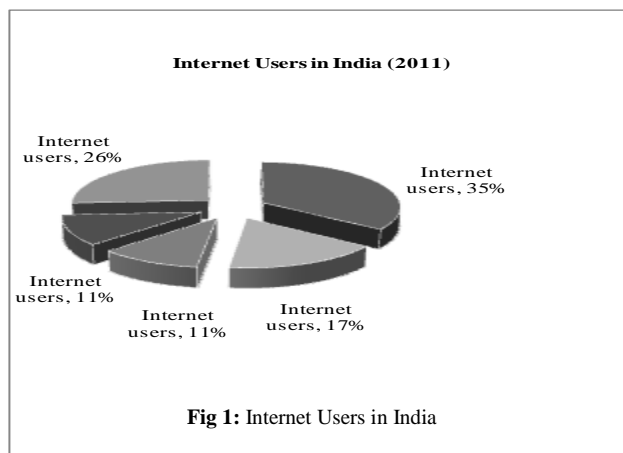
According to people's choice survey conducted by CashKaro.com, Amazon.in became the best e-commerce website in India followed by Flipkart on second position and Snapdeal ranked third followed by Myntra, Jabong and Shopclues. The survey was conducted on 2000 online shoppers across India. According to this survey, Flipkart

emerged as best platform to buy mobile phones, amazon.in was the favourite for buying laptops and electronics. For fashion and accessories, buyers prefer Myntra and Jabong. Investors in Bhopal have also understood the importance of e-tailing and have started investing in the area. One of the recent examples is eRamukaka.com started by a young upcoming entrepreneur of Bhopal. This portal is selling various items online like grocery, electronics, fashion and accessories and ensuring within a day delivery to its customers.

## II. Factors Responsible for Rise in E-tailing

### A. Increasing use of Internet

With the increase in Internet users in India online buying is also booming and this phenomenon is not limited to large cities only. Internet usage in smaller cities such as Bhopal, Indore, Gwalior, Jabalpur etc. is on the rise. In 2011 alone, around 48% of the total urban internet users were in smaller cities (with population below 1 million) and just over a third of Internet users were in top 8 metros as shown in figure 1.



### B. Changing lifestyles and Increasing Purchasing

Changing lifestyles and increasing purchasing power of people are also remarkable factors that have been equal contributors towards the rise of online buying in these cities. The limited availability of brands in tier II and tier III cities and consumer awareness of the latest fashion trends and technological advancements is driving consumers of smaller cities to shop online.

### ***C. Availability of Multiple Payment Options***

Payment options like cash-on-delivery and the flexibility in product replacements/exchanges have also encouraged large number of consumers towards online buying. According to the eBay India Census 2011 approximately 40% business in the online space comes from consumers in tier II and tier III cities. Examples of Indian players who are doing significant business in smaller cities include the likes of Yebhi, Snapdeal, Yepme etc. It is assumed that smaller cities will continue to drive e-tailing growth due to increasing internet penetration, absence of stores selling aspirational brands and lucrative online deals.

### ***D. Express Delivery Services***

According to recent news e-tailors across the country are offering express delivery services to their consumers. Several e-commerce portals provide services like same-day and 24-hour delivery and are now looking to shorten the wait to only a few hours.

### ***E. Evolving product offerings***

The e-tailing market has already started witnessing signs of change with players tweaking their business models – from single category e-tailing to multi-category e-tailing and from being flash site or deal players to a hybrid business model encompassing a wider product offering of a pure play e-tailor. This has helped them in achieving scale - attracting larger consumer traffic, thus increasing sales transactions as well as catering to multiple shopping occasions of the consumer base. Flipkart is one example which started in 2007 as an online books retailer, extended its portfolio to media (games, music and movies) and mobile phones and accessories in 2010. In 2011, it expanded into many

other product categories such as personal care, health and home appliances and, in 2012, introduced watches, belts, bags, luggage and toys to its portfolio.

### ***F. Technology – backbone for E-tailing revolution***

Technology is the backbone of e-tailing starting from the platform on which e-tailing rests. Technological developments will continue to play a critical role in the growth and adoption of e-tailing by reducing the divide between physical and online stores and ensuring efficient execution. Technological developments play a critical role in the growth and adoption of e-tailing especially for categories that require touch and feel. Globally, e-tailors have adopted technologies such as virtual try-on, co-shopping, price drop alert, customer product tagging that enable replicating the physical store experience for consumers.

### ***G. Mobile can be a significant channel for India***

Mobile phones will be the key interface for Internet access in India in the future, smartphone users are expected to reach 450 million by 2020 driven by affordable price points. The trend has already percolated into India, which is the second largest mobile phone market in the world. Internet access on mobile phones is increasing steadily. Mobile phones will be the key interface for Internet access in India in future fuelled by following two factors:

- Accelerated deployment of affordable 3G services: 3G services are a key driver of Internet access through mobile phones, providing high data speed for downloads, streaming, making video calls etc. The current 3G network subscriber penetration of below 2% of mobile subscribers with an estimated 12.2 million users is expected to grow to 100 million users by 2015 (as per Crisil).

- Increase in number of smartphone users: Smartphone users will increase from 40 million in 2012 to 450 million by 2020, driven by affordable price points.

### **III. Review of Literature**

According to Sodi, Jasbir (2014), the growing interest of investors in this sector, ensures the growth of online retailing and also increasing access in non-accessible areas. This is definitely going to have more adverse impact on brick and mortar stores in near future. The biggest competitive strategy adopted by these e-tailors is low pricing which has remarkably increased their sales, convenience of doorstep delivery and also competitive price has been competitive advantages for e-tailors.

Gupta Vibha. (2013), revealed the fact that in Indore online shoppers are satisfied by their respective online vendors. Customer satisfaction index for e-tailing is 84.37 %, which is really a very good score. It means the customers are really happy while purchasing online and they would love to do so in future. So the present online vendors and all those vendors who are going to enter in this field should prepare their strategies accordingly. They should not only invest in online marketing to satisfy but should also invest in bringing customer loyalty to generate revenues in long run through e-tailing.

According to Chandra, P.S. & Sunitha G. (2012), skills like speed, differentiation, and branding act as the ability to transform core operations and practices to this new medium which might make the difference between success and failure. Retailers need to examine the viability and look into the synergies of using the new channel of e-tailing. E-tailors, on the other hand, need to revisit some basic retail functions, and develop further competencies in the areas of merchandising and demand forecasting, then, it can be a new success mantra of any retailer.

Dawn, S.K. & Kar, U. (2011) suggested that consumers are always hungry for modern ways of shopping. The e-tailors in India must attract a growing segment of customers who are technologically competent, place a high emphasis on convenience, and are willing to pay a premium price if they find the product, they are looking for. Therefore, e-tailors of India need to improve convenience and value for consumers and assist them in overcoming their fears around security. Customer loyalty programs should be initiated. Customer care should be a top priority as in leading online companies. Online customers are more aware, more sensitive and therefore more difficult to retain. Industry should ensure that customers must feel safe and secure while transacting online.

Lin, W. S., et.al. (2010) says that, the growth of e-commerce has caused problems with personalized recommendations. Although several attempts have made to improve or automate the retrieval and filtering of such information, no generic framework links the semantic context of e-tailing with shopper's purchases in order to improve the efficiency of e-tailing support.

According to Sahney, S., Shrivastava, A. & Bhimalingam, R. (2008), current retailing trends show a shift from traditional store-based retailing to an increased use of the internet in order to serve their customers 24 hours on all week days. Also, with the globalization of every operation related to business, making products available to people across the country and the world with the click of a mouse, becomes an issue of strategic importance. Based on the analysis of data, this study reached a logical conclusion through identification of key design areas. It helped understand what a consumer expects from an online retailing store to satisfy and delight him.

Hassanein, K., & Head, M. (2007), explore how human warmth and sociability can be integrated through the web interface to positively impact consumer attitudes towards e-tailing. This study investigates the impact of various levels of socially rich text and picture design elements on the perception of online social presence and its subsequent effect on antecedents of attitudes towards websites. Higher levels of perceived social presence are shown to positively impact the perceived usefulness, trust and enjoyment of shopping websites, leading to more favourable consumer attitudes.

#### **IV. Objectives of Study**

1. To determine the general opinion of consumers towards online retail shopping
2. To study the online shopping behavior of customers of Bhopal
3. To study the factors influencing online shoppers and consumers of Bhopal
4. To identify attributes which could act as critical factors towards the success of an online shopping site.

#### **V. Research Methodology**

The study undertaken is descriptive in nature. It is aimed at identifying and tapping the consumer's feelings and attitudes regarding online shopping across demographics. This study also aims at identifying customer requirements and giving certain conclusions which can help an online shopping site succeed. The study was confined to people of the city of Bhopal. The sample included the students and educated middle and upper class people who were aware of online retail shopping. Non-probability and convenience sampling techniques were used. The sample size was 100. Questionnaire was used to collect the data.



## VI. Data Analysis

Table 1, below shows that out of total respondents, maximum 48% were youths aged between 15 to 25 years followed by 21% between age group of 26 to 35 years. Altogether these are the youth consisting 69% and they are either college students or young professionals. This means most of the youngsters prefer to buy online. The second part of table shows that 64% respondents are males and 36% are females. Thus, we can say that e-tailors still has scope to tap the female segments.

**Table 1**

<b>Respondent's Age</b>	
<b>Age Group</b>	<b>No. of Respondents</b>
15-25	48
26-35	21
36-45	15
Above 45	16

<b>Respondent's Gender</b>	
<b>Gender</b>	<b>No. of Respondents</b>
Male	64
Female	36

Table 2, below reflects that highest number of respondents are students studying in Bhopal followed by professionals working in private organizations. Second part of the table shows that most of the respondents fall under the category of upto 20000 monthly income. This is because these respondents are either college students or young working professionals.

**Table 2**

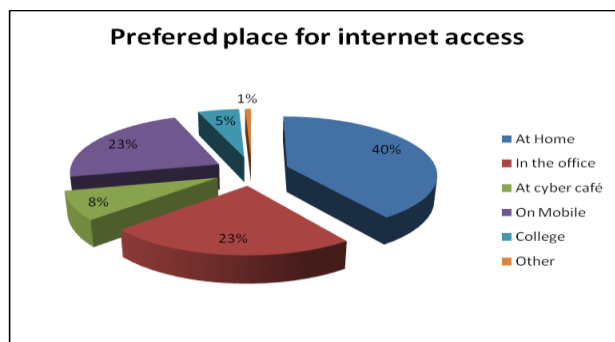
<b>Respondent's Occupation</b>	
<b>Occupation</b>	<b>No. of Respondents</b>
Student	36
Working Professional	25

<b>Respondent's Monthly Income</b>	
<b>Monthly Income</b>	<b>No. of Respondents</b>
Below 10000	41
10000-20000	24

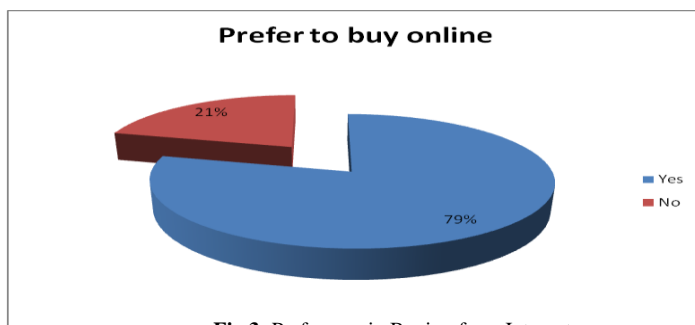
Govt. Employees	15
Self Employed	15
House Wife	9

20000-30000	17
30000-40000	14
Above 40000	4

As most of the respondents belong to the student segment, they access the internet at home during free time. The second preferred place of internet access is either mobile or office as shown in the chart1.



**Fig 2:** Preferred Place for Internet



**Fig 3:** Preference in Buying from Internet

According to chart below, 79% of respondents prefer to buy products online whereas 21% do not prefer to buy online. Those who prefer to buy online are also not frequent buyers whereas those who do not buy online are

having fear for online frauds.

Factors that influence the online buying of respondents at Bhopal are availability of easy payment options and no travel cost. Mostly 67% of respondents feel that online stores are providing competitive prices as compared to offline stores. Most preferred product for

online buying is electronics (28%) followed by lifestyle products i.e. fashion and accessories (25%). Snapdeal is the most preferred online store preferred by people at Bhopal followed by E-bay and Flipkart. According to respondents, special offers launched by various e-tailors and online advertising attract them mostly for online shopping. Cash on delivery is the highly preferred payment mode opted by population of Bhopal while buying online.

## **VII. Conclusion**

Bhopal as a Tier III city has got immense potential for e-tailors. Growing users of internet and smart phones have made the opportunity more lucrative. There are opportunities available for local investors to get into the e-tailing business.

With internet becoming a popular medium of buying and selling in the world, Bhopal market can remain no exception. However, in a city like Bhopal, online experiences are still looked up as complex and uncomfortable. This is evident as online buying in Bhopal is popular only among the youths. There are evolving customer expectations, fears and inhibitions. Understanding such a scenario, e-tailors would have to devise strategies that are based on sound consumer behavioral research. Online retailing raises more issues than the benefits it currently offers. The quality of products offered online and procedures for service delivery are yet to be standardized. Till the same is done, the buyer is at a higher risk of frauds.

However, it is important for e-tailors to continuously upgrade their interface and consumer experience based on technological advancements as well as consumer behaviour, expectations and maturity; otherwise they will risk becoming obsolete in the rapidly evolving online world.

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