

Customer Preferences towards Online Shopping

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ABSTRACT: Rapid stride in technology and networking has opened new avenues for online shopping in far and remote areas of India as well. E-business is becoming a great avenue of business for entrepreneurs as well as for existing businessmen. With the advancement in networking speed and penetration of smart phones more and more customers are inclining towards online shopping because of heavy discounts and variety of products to choose from. The present paper is an attempt to reveal customer's perception towards online shopping and the factors leading to increasing inclination of customers towards online shopping.

Keywords: E-business; Supply chain management; Net banking, Surfing and Security.

INTRODUCTION: With the deep penetration of smart phones and increased networking speed online shopping has become a widespread phenomenon attracting more and more customers towards it. Online shopping is basically a virtual platform providing varieties of goods and services to customers at huge discounts on their doorsteps. On line shopping is becoming an increasing preference among educated people because of its unique features like: wide variety of goods, promotional offers, discount schemes etc. Online business has registered a phenomenal growth in last five years and is seen as a great opportunity for emerging entrepreneurs with access to global market. As the Internet has now become a global phenomenon, the number of internet users worldwide is expected to reach 1.8 billion by 2010 according to the survey of ClickZ Stats, cited in Kotler & Armstrong (2008).

LITERATURE REVIEW: Hoffman et al. (1999) states that lack of trust among online shoppers are a main reason not to purchase online. Bhatnagar *et al.* (2000) found that customer perceived shopping online quite risky and perceived risk includes fear of technology use and information overload, feeling of uncertainty and confusion, feeling of insecurity when engaging in online transactions (e.g. credit card fraud). They have concluded that security and privacy are major issues that should be addressed properly. Karayanni (2003) depicted online shoppers tend to benefit in three ways. First is availability of shopping on 24 hours basis, second, it is time saving and third and last is avoidance of visiting physical stores. Mishra (2007) has examined the demographic characteristics and attitude of online consumers towards online shopping. The study was conducted in Delhi NCR and finding revealed that consumers have positive attitude towards online shopping. The results show that con-

venience and technological advancement play a major role in online shopping. Gurleen (2012) found that price consciousness, convenience and variety, easy payment options and challenges of online shopping are the significant drivers of online shopping. Online shoppers are mainly concerns about the trustworthiness of some websites, longer time in shipments and deliveries. The psychology of Indian buyers is still the same of checking the product physically before purchasing it, act as mental barrier for online shopping. Puranik and Bansal (2014) customer not only buy but also compare price and features on internet. Joshi and Narwal (2015) revealed various macroeconomic factors including both benefits and risks like privacy, convenience, source, monetary, wider selection, fun, homepage, customer service, price that affects online shopping. Study depict that nine independent variables (privacy, convenience, source, monetary, wider selection, fun, homepage, customer service, price) determine consumers attitude towards online shopping in Himachal Pradesh. Yadav (2015) has found that online purchase of products is influenced by three factors i.e., convenience factor, credibility factor and risk factor. Further the study exhibited that the acceptance of online buying by customers positively influenced by convenience factor and credibility factor, while negatively affected by risk factor.

RESEARCH METHODOLOGY: The present study is empirical in nature and is based on both primary as well as secondary data. The relevant secondary data has been collected from existing literature on service quality, various journal and websites of different national and international institutions. The Primary data was collected from the respondents by using questionnaire to know customer preference towards online shopping in the selected areas of the state. For the

present study four factors risk, product availability, time and convenience were selected. This study was mainly oriented to find out association between selected factors and customers' preference towards online shopping. An attempt was also made to explore the various demographic characteristics of online buyer in the state. The present research work was carried out in districts of Mandi, Kangra and Shimla of Himachal Pradesh. A total of 150 customers using on line shopping from three districts of Himachal Pradesh were approached by using convenient random sampling.

RESULTS AND DISCUSSION: For the present study, 150 online shoppers of three district of himachal

pradesh namely Kangra, Mandi and Shimla were approached.

Descriptive Analysis of the data: Table 1 represents the demographic and descriptive characteristics of the respondents used for the study. The results show that about 63 percent respondents are male and 37 percent are female. The results indicate that about 86 percent of the respondents belong to the age group 21 to 30 years. A total of 51 percent of the respondents are graduate. Talking about the income of the respondents, the results enumerate that 40 percent of the respondents lies in the income group 4 lakh to 5 lakhs per year.

Table 1: Descriptive Analysis of the data.

Parameter	Numbers	Percentage	Parameter	Numbers	Percentage
Gender			Marital Status		
Male	95	63	Married	22	15
Female	55	37	Unmarried	128	85
Age			Education Qualification		
Below 20 years	8	5	Secondary level	26	17
21 to 30 years	129	86	Graduation	77	51
31 to 40 years	13	9	Post-Graduation	43	29
Above 40 years	0	0	Others	4	3
Professional Profile			Most Preferred Mode of Payments		
Govt. Employee	12	08	Cash on delivery	103	69
Private Employee	65	43	Net banking	29	19
Own Business	08	05	Valet app	01	1
Student	55	37	Debit card	13	8
Other	10	07	Credit card	04	3
Annual Income			Most preferable online shopping web sites		
Up to 2 Lakhs	5	3	Amazon	70	46
2 to 3 Lakhs	20	13	Flipkart	40	27
3 to 4 Lakhs	28	19	Snap deal	37	25
4 to 5 Lakhs	60	40	Other	3	2
Above 5 Lakhs	37	25			
Monthly spending on online shopping					
Upto 2500	80	53	Frequency of shopping online		
2501-5000	50	34	Monthly	66	44
5001-7500	12	8	Once in 3 months	37	25
7500- 10000	8	5	Half Yearly	19	12
Above 10,000	0	0	Yearly	28	19

Cross tabulation method was applied in table 2, to analyze the data. The analysis was made to find out preferences of users for online shopping on the basis of their qualification, profession & annual income for most preferred products. It shows that most of the respondents prefer garment followed by electronics item while shop online. In our research, most of the respondents are graduate followed by post graduates. Talking about profession of respondents, most of selected respondents are working in private sector fol-

lowed by students. Further, most of the respondents are having family income between 4 to 5 lakhs per year. The results of cross tabulation also show that most of graduate and post graduate respondents preferred garment while purchase online, in case of private employees the preference for garments and electronic items were same. Similarly, garments are also most preferred products by respondents from income category 4 to 5 lakh per annum.

From table 3, it was found that most of respondents shop online on monthly basis, maximum no. of respondents spent upto rupees 2500 per month on shopping online. Cash on delivery was most preferred method for online shopping in the selected areas.

It was also found that private employees make maximum number of online shopping on monthly basis, further, the most preferred mode of payment by private employees is cash on delivery. Most of respondents

who belong to income category 4 to 5 lakhs, shop online on monthly basis, they spent upto 2500 per month on online shopping, further they also prefer cash on delivery payment as the most preferred method of payment. This table also provides information that most the selected respondents belong to age category 21 to 30 years and show the same trend as discussed in previous line.

Table 2: Cross Tabulation for most preferred products while shop online.

Most preferred products while Shop online	Qualification				Profession					Annual Income (in Rs)					Total
	Sec-ondary level	Graduation	Post Graduation	Oth-ers	Govt. Em-ployee	Private Em-ployee	Own Busi-ness	Stu-dent	Other	Up to 2 Lakhs	2 to 3 Lakhs	3 to 4 Lakhs	4 to 5 Lakhs	Above 5 Lakhs	
Electronic Items	8	23	13	3	3	25	2	15	2	2	6	8	18	13	47
Garments	10	32	19	0	7	25	4	22	3	1	6	8	27	19	61
Cosmetics	4	7	3	0	0	4	2	6	2	0	5	4	3	2	14
Books	4	12	8	1	2	11	0	10	2	2	2	7	11	3	25
others	0	3	0	0	0	0	0	2	1	0	1	1	1	0	3
Total	26	77	43	4	12	65	8	55	10	5	20	28	60	37	150

Table 3: Cross tabulation of various demographic parameter.

Parameter	Frequency of shopping online				Monthly spending on online shopping				Most Preferred Mode of Payments					Total
	Monthly	Once in 3 months	Half Yearly	Yearly	Upto 2500	2501- 5000	5001- 7500	7500- 10000	Cash on delivery	Net banking	Valet app	Debit card	Credit card	
Professional Profile														
Govt. Employee	4	4	2	2	7	5	0	0	9	3	0	0	0	12
Private Employee	39	16	4	6	30	28	4	3	44	16	0	5	0	65
Own Business	4	3	0	1	3	2	1	2	6	1	0	1	0	8
Student	16	11	12	16	35	13	4	3	36	8	1	6	4	55
Other	3	3	1	3	5	2	3	0	8	1	0	1	0	10
Total	66	37	19	28	80	50	12	8	103	29	1	13	4	150
Annual Income														
Up to 2 Lakhs	1	3	0	1	2	3	0	0	4	1	0	0	0	5
2 to 3 Lakhs	9	3	4	4	14	4	1	1	11	3	0	4	2	20
3 to 4 Lakhs	12	8	2	6	14	12	1	1	19	6	0	2	1	28
4 to 5 Lakhs	30	13	8	9	30	19	7	4	40	12	1	6	1	60
Above 5 Lakhs	14	10	5	8	20	12	3	2	29	7	0	1	0	37
Total	66	37	19	28	80	50	12	8	103	29	1	13	4	150
Age														
Below 20 years	6	1	1	0	4	3	1	0	4	2	0	2	0	8
21 to 30 years	54	33	16	26	68	43	11	7	91	23	1	10	4	129
31 to 40 years	6	3	2	2	8	4	0	1	8	4	0	1	0	13
Total	66	37	19	28	80	50	12	8	103	29	1	13	4	150

Table 4: Correlation Analysis.

	Risk	Convenience	Product Availability	Time
Customer Pref-erences	0.670	0.614	0.529	0.636

Correlation is significant at the 0.01 level

1.2 Association between study variables and customer perception: For the present study, efforts have been made to identify the association between study variables (risk, convenience, product availability and time) and customer perception towards online shopping. The detailed description of this is given in the following paragraphs.

For the present research we have considered four study variable and are: risk, convenience, product availability and time. From the above table it is found that the highest value of correlation is 0.670 for risk factor, which is a moderate correlation whereas least value for correlation is 0.529 which is for the product availability and also showing moderate degree. From this study it is revealed that there is moderate correlation between all four factors and customers perception towards online shopping.

CONCLUSION: From this study, it can be concluded that garments and electronic items are preferred most by the customers in selected areas to purchase online due to the wide variety, heavy discount and easy comparison among products of these categories. As cash on delivery was the most preferred mode of payment by respondents, hence companies should focus more upon this type of payment method. All selected factors namely risk, convenience, product availability and time are associated with customer perception towards online shopping. In order to improve customer perception towards online shopping, it is very important to minimize the risk involved in the deal. Many of the companies have started the practice of buy back to minimize this factor. Companies should ensure safe online transaction, quality products and trust among online shoppers to increase the business. Customer perception can also be improved by making shopping

more convenient, speedy, and by ensuring product availability in a timely manner at all the locations.

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