

# Consumer Perception regarding Online Buying - A Case Study of Punjab

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**Abstract**----- Electronic commerce, commonly known as e-commerce, refers to the buying and selling of products or services over electronic systems such as the internet and other computer networks. Internet is the rapidest growing media during the past decade. Especially, online shopping is a rapidly growing e-commerce area. So, online shopping has become a trend where consumers are playing a crucial role. The increasing use of internet by the consumers in India provides an emerging prospect for online merchants. Although consumers continue to purchase from a physical store, consumers feel very convenient to shop online since it frees the consumer from personally visiting the store. Internet shopping has its own advantages and it reduces the effort of travelling to a physical store. Decisions can be made from home at ease looking at various choices and prices can be easily compared with the competitor's products to arrive at a decision. Though there are many benefits of online shopping like time saving, access from everywhere, convenience, availability 24 hours a day, variety of products, various options available to compare products and brands. Beside the benefits of online shopping, there are various factors which if online retailers know, then they can further develop their marketing strategies to convert potential consumers into active ones.

The study highlights the perception of consumers of three cities of Punjab viz. Ludhiana, Amritsar and Jalandhar towards online buying. Various demographic features like age, gender, marital status, annual income, education and occupation have been taken to study their impact on consumer perception towards online shopping.

For this, data is collected from 600 respondents using snowball sampling Various statistical tools were applied like percentages, Chi-Square test, T-Test to analyze the data.

The present paper will enable the e-retailers to support their online consumer better by developing suitable marketing strategy to attract and convert potential consumer as an active consumer by encouraging them in an efficient way to make a purchase decision.

*Keywords: online buying, consumer behaviour, perception*

## I. INTRODUCTION

With advancement in internet technology, significant portion of commercial activities are now taking place over the Internet. As an implication a new industry has immersed by the name of E-Commerce Industry. In other words, E-Commerce has unleashed yet another revolution, which is changing the way businesses trade. It has put impact on the major portion of the world including business, professions, and of course on people. Its impact lies not just in the creation of web-based companies, but it is building a new industrial order.

The World Trade Organization (1998) defines E-Commerce as, "E-Commerce is the production, distribution, marketing, sales or delivery of goods and services by electronic means."

The Organization for Economic Co-operation and Development (OECD) (1997) defines E-Commerce as "commercial transactions, involving both organizations and individuals, that are based upon the processing and transmission of digitized data, including text, sound and visuals images that are carried out over open networks (like, the internet) or closed networks (like, AOL or Mintel) that have gateway on to an open network."

## II. ONLINE SHOPPING AND E-COMMERCE IN INDIA

India's E-Commerce market is rising every year with a growth rate of 51%. In accord with growth rate, the revenue produced by India's E-Commerce sector is likely to reach to \$120 billion in 2020 from \$30 billion in 2016. In the same paper, it was also highlighted that India's E-Commerce marketing is escalating per year with a rate of 51% whereas the annual growth

rate of E-Commerce market of China is 18%, Japan 11% and South Korea 10%. Thus, it was concluded that in terms base, India is lagging but in terms of annual growth rate it is at the top.

A report titled 'Mobile Internet in India 2017', published jointly by the IAMAI (Internet and Mobile Association of India) and KANTAR-IMRB, estimates the number of mobile Internet users in India to reach 478 Mn by June 2018. According to the report, the country recorded 291 Mn urban mobile Internet[GSD1] users and 187 Mn rural mobile Internet users as on December 2017. The number of mobile Internet users reached 456 Mn by December 2017, an increase of 17.22% from the previous year.

The roots of E-Commerce industry today are found around the world. The Indian E-Commerce industry has been on an upward growth route and is expected to outdo the US to become the second largest E-Commerce market in the world by 2034. India's E-Commerce industry is likely to grow from US\$ 38.5 billion as of 2017 to US\$ 200 billion by 2026. India's internet economy is projected to double from US\$125 billion as of April 2017 to US\$ 250 billion by 2020, majorly backed by ecommerce. E-Commerce industry in India witnessed 21 private equity and venture capital deals worth US\$ 2.1 billion in 2017 and six deals worth US\$ 226 million in January-April 2018. E-Commerce start-ups in India received US\$ 66 million of funding in January-March 2018. Online retail sales in India are expected to grow by 31 per cent to touch US\$ 32.70 billion in 2018, led by Flipkart, Amazon India and Paytm Mall. Online retail is expected to contribute 2.9 per cent of retail market in 2018. Considerable growth of the industry has been generated by increasing internet and smartphone penetration. Internet penetration in India grew from just 4 per cent in 2007 to 34.42 per cent in 2017, registering a CAGR of 24 per cent between 2007 and 2017. The number of internet users in India is expected to increase from 445.96 million as of December 2017 to 829 million by 2021.

The above data signifies that online selling is growing its wings in the country at an astounding pace. The most prominent reasons driving the online purchase are discounts & offers offered by the webstores and option to make payment by cash-on-delivery mode. Besides these two reasons, one of the major reasons observed in metro cities, is their busy lifestyle. Also, the rising internet penetration and broadband availability, and increasing culture of Smart phones and tablets are motivating people to buy products online. Also, The Government of India's policies and regulatory frameworks such as 100 per cent foreign direct investment (FDI) in B2B E-Commerce and 100 per cent FDI under automatic route under the market place model of B2C E-Commerce are expected to further propel growth in the sectors.

## REVIEW OF LITERATURE

**Sachin et al. (2018)** in their paper attempted to analyse the impact of Face book on apparel buying behaviour in Jaipur city. For this purpose, primary data of 70 respondents of different age group have been collected and analysed. The paper revealed the fact that Facebook has considerable impact on online buying behaviour of apparels in Jaipur city and e-commerce site which has been mostly used by consumers for purchasing. Based on data analysis, the researcher found & concluded that apparel related buying decisions of people are affected by Facebook. Facebook is the popular site which is mostly visited by Jaipur people. People at least spend one hour in a day on Facebook. People mostly use this social site for entertainment and for being in touch with their friends and relatives. But when they spend time & visit face book they also attract towards promotional advertisements related with apparels. They think that face book advertisements are not completely fake. They are authentic. By using these sites, they also motivated towards online purchasing. Flipkart is the most popular site which they mostly use. They also believe on this fact that their knowledge gets updated by using face book instead of physically going in to the market. So, it can be concluded that overall face book has a positive impact on consumer apparel related buying behaviour in Jaipur. Marketers have good possibility to attract their consumers by using face book. They can plan their promotional activities and promote their schemes and ideas in such a way so that a greater number of people can be influenced by those advertisements.

**Sunder et al. (2017)** carried out a study to understand the parameters considered by consumers shopping and issues at adidas online store. Questionnaires were prepared, and the data was collected from consumers and analysed using statistical tool (SPSS). The results found that Consumers' buying behaviour will keep changing with emerging technology. Online retailers too are finding ways to integrate the newest socio-economic and technological trends to provide better and more personalized e-commerce experiences to consumers. As a result, the bar has been raised in the online retail space. Consumers were both online and offline, and hence the firm need to focus on both. They need to leverage the dynamic online/offline connection to create a killer brand.

**Rehman (2016)** examined the potential of Internet Marketing in Saudi Arabia. For this, Exploratory Research design and Descriptive Research design was carried out among 120 respondents. In this study various dimensions of online shopping as perceived by consumers in Saudi Arabia were identified and the different demographic factors were also studied. It was discovered that time factor, ease of purchase, reliability, status symbol, ease of comparing products, risk in monetary transactions, timely delivery, were the key factors which impact consumers' perceptions of online shopping. The study revealed that the perception of online shoppers was independent of their age and education but not independent of their occupation. Finally, the recommendations presented in this research may help foster growth of Saudi Arabian online retailing in future.

**Pawar et al. (2015)** investigated differences between buying habit of under graduate management students regarding online shopping and to study the factors affecting purchasing decision. The structured schedule has executed on 246

samples students studying in four colleges of Satara, State of Maharashtra, India. This paper was an attempt to study factors affecting buying decision of online shopper and non-shoppers in terms of relative advantage and demographics as well. The study revealed that, there is significant association between gender and management students e-buying pattern. The study examined demographic factors of online shopping behaviour of online buyers and non-buyers. It observed that maximum male students from commerce background whose parent's income is good enough goes for online shopping. Results of hypotheses testing indicated that, there is significant association between parent's occupation, their household income and amount spending on online shopping. Furthermore, there is no significant association between educational qualification of samples and amount spending on online shopping. Results revealed that respondent with strong economic background; use to prefer more online shopping.

**Mathew (2015)** conducted a study to find the changing trends in online shopping in the apparel sector. The analysis was done through statistical tools based on primary data acquired through survey conducted with questionnaires distributed at the stores and online. and found that people who belong to the age group of 20-22 shop online more often than people of other age groups, respondent's family income affects the online buying behaviour, undergraduates shop online more often than a post graduate or any other qualified person, female respondents is more than the male respondents.

**Shanthi & Kannaiah (2015)** in a survey from students of Madras University and Madras Christian College found that consumer's perception on online shopping varies from individual to individual and the perception is limited to a certain extent with the availability of the proper connectivity and the exposure to the online shopping. The perception of the consumer also has similarities and difference based on their personal characteristics. The study reveals that mostly the youngsters between the age of 20-25 are attached to the online shopping and hence the elder people don't use online shopping much. It is also found that most of the people who shop online buys books online as it is cheaper compared to the market price with various discounts and offers followed by tickets (railway, movie, concerts). The study also reveals that the price of the products have the most influencing factor on online purchase following security of the products and Guarantees and Warrantees, delivery time, reputation of the company, privacy of the information and nice description of goods.

**Argha (2014)** in his study summarized Internet as a medium of shopping is rapidly growing in India. The paper identifies the key factors that impact the online purchase of products in Kolkata. A sample of 150 respondents was selected in Kolkata and a self-administered questionnaire was used to collect primary data. The data was recorded by using a number of open-ended questions, close ended questions, and the Likert Scale. Factor Analysis has been used in this study for analysing and interpreting the data. The findings of study showed that the cost factor, convenience factor, product factor and seller related factor are the four important factors influencing the online purchase of products in Kolkata.

**Kumar (2013)** investigated the role of perceived risk in online consumer buying behaviour of youth. The results revealed that the online retailing is having just 3-4% of organised retailing. This means that some elements are hindrance in the prosperity of online marketing. The perceived risk is one of them. The prosperity of online shopping in India is huge because of its big size of youth population. The government is investing a lot in internet infrastructure. The organized retailing can't reach to the rural part of India easily whereas online retailers are finding their buyers in tier 2 & tier 3 cities including villages of across India. The retailers must understand the issues related to perceived risks and should come up with the solutions that consumers especially youths find risks in payment security and personal privacy from e-commerce and that these concerns are at least as great and may be greater for internet shopping than other distance channels. Internet shopping can involve potential risks to consumers and businesses. Risks to consumers broadly revolve around the possibility of personal and financial information, such as addresses, passwords and credit card details, being compromised. The primary risk for businesses is that information is used fraudulently to make a purchase from them.

### III. RESEARCH OBJECTIVES

1. To study the impact of demographic factors on online-shopping behaviour of consumers.
2. To determine the most and least popular category of online products

### IV. RESEARCH HYPOTHESIS

**H01: There is no significant impact of consumers' (a) age (b) gender (c) marital status (d) annual income (e) education (f) occupation (g) frequency of shopping on online shopping behaviour.**

**H02: Products purchased through online shopping carries equal preferences.**

### V. RESEARCH DESIGN

In the present study, exploratory and descriptive study is used as a purpose of the study to obtain and analyse the data.

### VI. SAMPLE UNIT

The study is carried out based on an adequate size of sampled consumers and products only in three major cities of Punjab i.e. Ludhiana, Jalandhar and Amritsar with highest population among the age group of 15 years to 55 years and above.

The study is be limited to categories of products and services available online that includes clothing, footwear, accessories, electronic (white goods), mobiles, tickets (movies, hotels and flights), books and home furnishing.

## VII. SAMPLING TECHNIQUE

The sampling method used for this study is Non-Probability Sampling. Snowball and Purposive sampling method are used to draw the sample from population.

## VIII. SAMPLE SIZE:

The researcher kept on rejecting the responses which were found to be incomplete and perceivable biased. Therefore, the researcher targeted 750 online buyers from 3 cities of Punjab i.e. Ludhiana, Jalandhar and Amritsar with 250 buyers from each district. It was done to get complete and perceivably unbiased responses and minimises the possibility of unreliability of results resultantly.

So, out of the 750 respondents, 625 questionnaires were received at a response rate of 89 per cent. On further filtering, 600 responses are found to be filled,

## SAMPLE SIZE DETERMINATION

This sample size can be justified by following two arguments.

First, following formula can be used to determine sample size.

$$N = (z)^2 p (1 - p) / d^2$$

Where,

n = Sample Size

Z = Z value from the standard normal distribution for the confidence level desired by the researcher. (for a level of confidence of 95%, z = 1.96, for a level of confidence of 99%, z = 2.575)

For this study, we assumed 95 percent confidence level.

Then, from the standard distribution table, the Z value is 1.96.

p = estimated proportion of the population that presents the characteristic (when unknown we use p = 0.5).

e = Tolerable error. (This can be decided by the researcher. For this study we assumed tolerable error 0.05.

Using above formula, whatever be the value of p, the sample size comes to be 385. This implies that the sample size of 600 was more than enough to estimate the population proportions with 95 percent confidence level and allowing tolerable limit of 0.05.

Second, as this research used multivariate techniques to test the proposed hypotheses, a sample size of 600 respondents was deemed to be most appropriate for this study that measured independent variables

## IX. SOURCES OF DATA

Both primary and secondary data are collected in this research. Secondary data is collected from published thesis works, unpublished thesis works, websites and research articles from journals. On the other side, the primary data is collected by means of a structured comprehensive questionnaire is developed by the researcher based on the literature review on the relevant topics.

## X. DATA ANALYSIS AND INTERPRETATION

### 1.1 Impact of consumers' demographics on online shopping behaviour

Demographics	Classification	N	Mean	SD	t/F values
Age	15 to 25 Years	24	86.35	5.526	F=28.980** (p<0.001)
	25 to 35 Years	432	83.41	7.264	
	35 to 45 Years	108	87.42	4.786	
	45 to 55 Years	21	85.09	6.174	
	55 and above	15	83.40	7.264	
Gender	Male	408	85.61	5.623	T=1.261 (p=0.207)
	Female	192	85.15	7.048	
Marital Status	Married	397	81.25	5.738	t=5.445**

	Single	203	86.24	6.930	(p<0.001)
<b>Education</b>	Professional Degree	115	83.73	8.357	F=20.095** (p<0.001)
	Post graduate	300	85.66	5.310	
	Graduate	135	86.82	3.797	
	Schooling	28	83.86	8.094	
	Others	22	80.13	5.510	
<b>Occupation</b>	Salaried	340	86.16	6.143	F=38.541 (p<0.001)
	Professional	80	85.41	6.373	
	Business	131	87.85	3.458	
	Home Maker	18	83.13	8.115	
	Others	31	83.10	6.140	
<b>Annual Income</b>	Below Rs.2,50,000	32	85.37	8.861	F=12.071** (p<0.001)
	Rs. 2,50,000-5,00,000	350	85.98	4.471	
	Rs. 5,00,000-7,50,000	168	86.00	6.136	
	Above 7,50,000	50	82.95	6.487	
Frequency of Shopping	Once in a week	40	86.05	6.207	F=4.476** (p=0.001)
	At least once in a month	209	85.30	6.016	
	Once in 2-4 months	100	86.67	5.800	
	Once in a year	60	83.71	7.269	
	According to the need	191	85.21	6.580	

#### AGE

The obtained 'F' value is 28.980 and it is significant at 1% level. The value indicates that there is significant impact of consumer's age towards online shopping behaviour.

Further, the table 1.1 indicates that the consumers with age 35-45 years have scored higher mean value of 87.42 and the lowest mean was scored by the consumers with age above 55 years (83.40). This shows that the consumers with age 35-45 years are eager in online shopping and the 15 consumers with age 55 years are having less interest in online shopping.

Therefore, the formulated hypothesis H<sub>0</sub>1(a) that "there is no significant impact of consumer's age towards online shopping behaviour" is rejected.

#### GENDER

The obtained 't' value is 1.261 and it is not significant at 5% level. The value indicates that there is no significant impact of consumer's gender towards online shopping behaviour.

Therefore, the formulated hypothesis H<sub>0</sub>1 (b) that "there is no significant impact of consumer's gender towards online shopping behaviour" is accepted.

#### MARITAL STATUS

The obtained 't' value is 5.445 and it is significant at 1% level. The value indicates that there is significant impact of consumer's marital status towards online shopping behaviour. Further, the table 1.1 indicates that the consumers living as single have scored higher mean value of 86.24 than the consumers who were married (81.25). This shows that the consumers living as single prefer online shopping more as compared to consumers living as married.

Therefore, the formulated hypothesis H<sub>0</sub>1(c) that "there is no significant impact of consumer's marital status towards online shopping behaviour" is rejected.

**ANNUAL INCOME**

The obtained 'F' value is 12.071 and it is significant at 1% level. The value indicates that there is significant impact of consumer's annual income towards online shopping behaviour. Further, the table 1.1 indicates that the consumers earning annual income of Rs. 5,00,001- 7,50,000 have scored higher mean value of 86.00 and the lowest mean was scored by the consumers earning annual income of more than 7,50,000 (82.95).

**This shows that the consumers earning annual income of Rs. 5,00,001- 7,50,000 are good in online shopping behaviour and the consumers earning more than Rs.7,50,000 per annum are little lacking in online shopping behaviour.**

Therefore, the formulated hypothesis H01(d) that "there is no significant impact of consumer's annual income towards online shopping behaviour" is rejected.

**EDUCATION**

The obtained 'F' value is 20.095 and it is significant at 1% level. The value indicates that there is significant impact of consumer's education towards online shopping behaviour. Further, the table 1.1 indicates that the consumers possessing graduation have scored higher mean value of 86.82 and the lowest mean was scored by the consumers with other degrees/diplomas (80.13). **This shows that the graduates are preferring online shopping behaviour and the consumers possessing other degree/diploma are least preferring online shopping.**

Therefore, the formulated hypothesis H01(e) that "there is no significant impact of consumer's education towards online shopping behaviour" is rejected.

**OCCUPATION**

The obtained 'F' value is 38.541 and it is significant at 1% level. The value indicates that there is significant impact of consumer's occupation towards online shopping behaviour. Further, the table 1.1 indicates that the consumers running business have scored higher mean value of 87.85 and the lowest mean was scored by the others (students etc.) (80.13). **This shows that the businessman are preferring online shopping and others including students have lack of interest in case of online shopping behaviour.**

Therefore, the formulated hypothesis H01(f) that "there is no significant impact of consumer's occupation towards online shopping behaviour" is rejected.

**FREQUENCY OF SHOPPING**

The obtained 'F' value is 4.476 and it is significant at 1% level. The value indicates that there is significant impact of consumer's frequency of shopping towards online shopping behaviour.

Further, the table 1.1 indicates that the consumers doing shopping once in 2-4 months have scored higher mean value of 86.67 and the lowest mean was scored by the consumers doing shopping once in a year (83.21). **This shows that the consumers shopping once in 2-4 months are having good online shopping behaviour and the consumers doing shopping once in a year are lacking in online shopping behaviour.**

Therefore, the formulated hypothesis H01(g) that "there is no significant impact of consumer's frequency of shopping towards online shopping behaviour" is accepted.

**1.2. PURCHASE PREFERENCES IN ONLINE SHOPPING**

The respondents have expressed their preferences of buying various products through online shopping. Testing the significance of preference of buying various products through online shopping, Friedman's test for k-related samples was applied to study the relationship between preferences of buying various products through online shopping.

**H02: Products purchased through online shopping carries equal preferences.**

**Table 1.2 Purchase Preferences in Online Shopping**

	Mean Rank	Chi-Square Value
Garments	7.49	150.742(p<0.001)
Footwear	4.81	
Accessories	5.58	
Electronic goods	5.04	
Tickets (Railways/Movies/Hotels/flights)	6.84	
Books/ Magazines/journals	4.37	
Home furnishing	5.09	
Banking	5.05	
Gifts/ Greeting and Flowers	5.50	
Others	5.23	

\*\*Significant at 1% level.

According to table 1.2, the null hypothesis H02 is rejected at 1% level. Products purchased through online shopping do not carry equal preferences. Further, the mean ranks in the table 1.2 shows clearly that the respondents are giving more preference for buying "Garments" and "Ticket Booking (Railways/ Flights/ Hotels/Movies)" through online. It is found that the respondents-consumers have least preference for purchasing "Online books /magazines & journals" and "Footwears" online.

**FINDINGS OF THE STUDY.**

1. Consumers with age group 35-45 years are eager in online shopping and the 15 consumers with age 55 years and above are having less interest in online shopping.
2. There is no significant impact of consumer's gender on online shopping.
3. Consumers living as single prefer to shop online as compared with consumers living as married.
4. Consumers earning annual income of Rs. 5,00,001- 7,50,000 prefer online shopping and the consumers with income more than Rs.7,50,000 per annum are least interested in online shopping behaviour.
5. Graduates prefer online shopping and the consumers possessing other degree/diploma have least preference for online shopping.
6. Businessman prefer online shopping and others including students are lacking in online shopping.
7. Consumers purchasing online once in 2-4 months show more interest in online shopping and the consumers shopping online once in a year are lacking in online shopping.
8. Respondents are giving more preference for buying "Garments" and "Ticket Booking (Railways/ Flights/ Hotels/Movies)" through online. It is found that the respondents-consumers are giving least preferences for buying "Online books/ magazines & journals" and "Footwears" through online.

**CONCLUSION**

Based on data analysis, the researcher concludes that people with age group 35-45 years are keen to shop online whereas there are lot of prospective consumers in various age groups. Marketers should focus on married people needs as there is great scope under the segment due to their wide range of needs and wants. People with income group of 7,50,000 and above are more brand conscious. So, marketers should promote various brands online to cater to their needs. There is lot of prospect for various segment of products where consumers can show interest.

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