

“ONLINE MARKETING ITS IMPACT ON RETAIL CONSUMER PREFERENCES.”

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Abstract

This makes the nature of online shopping not only complex but the process of consumer preferences more involved and selective. The nature of the product or service plays a vital role in qualifying for the online marketplace. Some products which are sold on consumer preference based on “product look and feel” are not easily amenable to online marketing. To make such products amenable for online marketing, marketers around the world are resorting to new branding and specification techniques to standardize the products and services. With such developments in the online marketing space, India has also seen a dramatic increase in online marketing of products and services in some specific business services and products over the past few years. This has been made possible with emergence of greater proportion of young population who is more techno-savvy and possess the necessary knowledge to go for Internet shopping. The developments in technology and high speed fibre optic networks have provided the necessary infrastructure to boost the Online marketing industry.

Key Words :

Online Marketing, Retail Marketing, Retail Consumers, Online Marketing Promotion, Consumer Preferences of online Marketing.

Introduction

Retail is the one of the largest service industry worldwide which involves sale of goods and services between business and end users or final consumers for consumption. It is also the last step in the channel of distribution. It involves the sale in relatively small quantities as it is meant for use or consumption by consumers. So, Retail is the link between the seller of goods and services and the final consumer.

Traditionally, Retail consumers and the sellers are a part of a physical marketplace, where buyers and sellers would come to meet physically together on the same floor, known as Retail shop and transact business known as retail sales. These Retail shops are also known as brick and mortar stores.

With the advent of computers and introduction of internet technologies over time, the nature of retail marketplace changed. Internet became a medium to host retail shops online. Initially, it was used only for spreading information and advertising products online and making customers aware about the new products. Over time, as payment technologies matured and online secure payments came into being, Online Retail transactions also started happening. This was the beginning of Online shopping of goods and services. This is also known as Online Marketing from the point of view of sellers. This is known as Business to Consumer (B2C) retailing also.

In traditional format of Retailing, where consumers come in physical contact with the retailer and the goods, their choice and preference are real-time choices and are made after due diligence and interaction with the Retailers. But in Online Marketing, as the marketplace became virtual, consumer attitudes towards shopping changed gradually resulting in a marked change in their preferences. The online market place is characterized by just the information about the company and the brand, specifications of services and the picture of the product and consumer has to make a choice based on these limited information only.

Preference of Retail Consumers towards Online Marketing in India

With the launch of internet in 1995 in India led to the launch of first online B2B directory in 1996 along with India's first online matrimonial site in the same year. A year ahead and India saw its first online recruitment industry taking shape. Though the Online Marketing or the E-Commerce started taking shape slowly in India, it was met with infrastructural limitations and un-supportive ecosystem such as:

- Low internet penetration
- Slow internet speed

- Inadequate logistics infrastructure
- Users skeptical about online shopping leading to small online shopping user base

However, the Online Marketing concept started to move up after 2005 when the country was recovering from IT Bubble burst and led to the start of Low cost carriers in aviation industry and bringing travel portals online for electronic transactions. By 2007, the online retail industry also picked up pace and led to the launch of multiple online retail websites due to the following drivers:

- Changing urban consumer lifestyle
- Convenience to shop from home or office
- Increase in consumer spending
- Increase in use of Credit Cards/Net Banking

In recent years, India is one of the fastest growing e-commerce market in the world. Between December 2011 and December 2012, India saw a 50% growth in the number of Internet users. With 139 million Internet users, India accounts for 75 billion page views worldwide. Indians spend 52 billion minutes on the internet and last year alone, India added 15 million e-Commerce users. e-Commerce growth in India has also been directly proportional to Internet penetration in India.

Current and Future Online Marketing Enablers in India

- Annual disposable income per household in India to grow two and a half times by 2015
- Consumer online spending will grow double fold by 2015
- Sale of tablets and smart phones will grow significantly
- Average time spent online per Indian has increased drastically from 12.9 hours in 2009 to 18 hours in 2012
- Growth of Internet user base to be at par with that of voice user base is of high probability
- Usage of Credit Cards is increasing for online shopping than Debit Cards/Net Banking

- Increase in number of payment options
- Payment gateways have become more secure with multiple level of authentications
- 3G and 4G spectrum bands made available in India and is growing country wide
- Mobile commerce will have a far reaching effect given the extent of mobile use in India. Against a mere 137 million internet users in India, the number of mobile subscribers is 951 million
- Young India is the key to drive E-Commerce and M-Commerce in India given the fact that India will have 200 million mobile Internet users by 2015, a big jump from 65 million users in December 2012.

Literature Review

- The existing literature on consumer online purchasing behavior has primarily concentrated itself on identifying the factors affecting the willingness of consumers to involve in Internet shopping and also they are very fragmented in nature.
- Also a lot of research has been done to differentiate online shopping and traditional shopping. A fundamental difference in consumers' shopping behaviour in online shops from that in the traditional environment has been proposed by several researchers (Alba et al, 1997; and Winer et al, 1997).
- Adoption rate of new technology or inertia to it is another major determinant of shopping preferences. Researches have suggested that those who are quick to adopt new communication technologies are more upscale, better educated, high-profile, and younger than the non-adopters (Atkin, 1993; Rogers, 1995; and Lin, 1998). The results show that people with higher education and higher income have better access to technology and also that young people are more inclined towards trying out new technological devices.
- As far as the domain of consumer behaviour research is considered, there are general models of buying/purchasing behaviour that depict the process through which consumers make a purchase decision e.g. there is a traditional framework which analyses the buyer decision process known as the Five-Step Model (Pearson et al,

1997) which suggests that a consumer moves from a state of deprivation (problem recognition) to post purchase behaviour.

- A model of attitudes and intention to purchase online has also been suggested covering five factors i.e. convenience, customer service, trust, web shopping enjoyment and web store environment (Ch. J.S. Prasad et al, 2009)

Objectives of Study

The research on Online Marketing is being carried out since the internet came into being. The earlier researches have been more focused on B2B Commerce, with focus on business cost cutting and cost management. Later, when Retail consumers came into the scene, the scenario changed a lot. The Researcher intends to study the specific nature of Online Marketing which impacts the preferences of Retail Consumer base in India.

Researchers have been constantly trying to gain a better insight into consumer behaviour in cyberspace. With more and more studies being conducted on the subject the researchers are trying to explain E-consumers' behaviour from varied perspectives so that companies can use them to ensure that their online model succeeds. Sometimes their studies are simply based on the traditional models of consumer behaviour and then their validity is examined in the context of the Internet.

Scope of the Study

Based on the literature review on the subject and the research on the subject done so far, the scope of the present study has been outlined below. It has been briefly described in the sections below.

1. New Devices Integration to provide Internet availability to Retail customers

From the advent of the internet, the computing devices have parallely moved from desktops to laptops to ipads and now mobile phones. With the increasing number of devices with portability available with customers, the internet usage and penetration is growing at an exponential rate. The customers today have access to a wide variety of platforms and devices and the web integrates them all. A customer can access his

account on the web from anywhere in the world. Customers are able to access an enormous wealth of web resources from anywhere in the world in no time. These developments in portable devices and technology integration is opening a grand opportunity for online marketers to target online customers in variety of product and service categories online. The present study would study the impact of the increased device integration with internet availability on the online marketing in India.

2. Role and Importance of aesthetics in online marketing environment across various product and service categories of Online Retail sector

This is another aspect on which the present study aims to focus upon. In the traditional marketplace, the shop layout and aesthetics play an important role in customer shopping experience. In the same way, the Online Marketplace also carries an aesthetic value in the minds of its potential customers. A well designed online marketing site with good navigation across options which has the least learning curve for the online customers would go a long way in attracting them to shop online. Thus the power to “attract” customers online and then power to “transform” them to buy online very significantly depends on the quality of the design of the shop front and its aesthetic value to its potential customers.

3. New Customer value model as new benefits and cost of online marketing may evolve with new technologies

This aspect is gaining significance in modern times, as with the evolution of new technologies, the cost structure of online marketing is changing drastically. With a small integration with mobile devices, the size of the online marketplace increases manifold. Also the online interaction with customers has a much wider scope than in the traditional marketplace. The online customers are engaged with the market virtually at all times and at all places. So it is a 24x7 marketplace with a 360 degree Consumer Relationship Management (CRM). With these characteristics, it can cut very deep into the market share of any accepted online product or service. It can create unforeseen values for its customers online, which are much higher than traditional

retailing. The present study would aim to derive the elements of this new customer value model which is evolving fast.

4. Scope of Trust in adoption of web based marketing in India

The Trust factor is a very important factor in an online customer's mind, which at some stage propels him or her to buy a product or service online. Though the "Trust" factor has been probed in earlier studies on online marketing, the present study would study the Trust in a new dimension, i.e., the scope and role of trust in adoption of web based shopping in India. The aspect which needs to be probed is – When and how does a customer develop "trust" in a particular web retailer? How does this factor take shape and develop over time to give birth to a loyal customer. Since there is no physical contact with the seller and the product, the Trust is the only invisible factor online which makes up for both the contacts – contact with the seller and the product. On the top of it, this trust has to be so strong which motivates an online surfer to become an online customer. The repeated appeal and message of stability by an online retailer translates in building a sustained level of trust in the minds of the online customers and finally transforms into the realm of customer patronage.

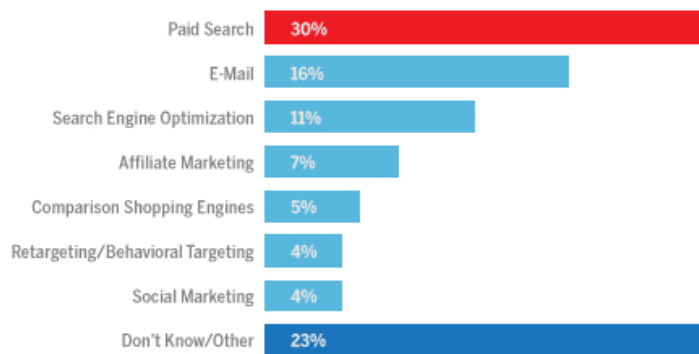
Characteristics of online shopping

The online shopping environment differs from traditional shopping in physical stores in several ways that may implicate our study. First, research has noted the relative lack of social-experiential elements in online shopping where consumers have limited interaction with products and sales assistants in the technology

How the Retail Consumers preferences for online Marketing budget according to different types of platform by internet or online in India. Paid search gets the largest allocation in the online Marketing budget of retail consumer preferences in India. Retail consumers use various types of searching companies for the online marketing purchase the products. The

online retailing is very sound impression on the consumers for the buy maximum products through internet.

How E-Retailers Divvy Up the Marketing Budget

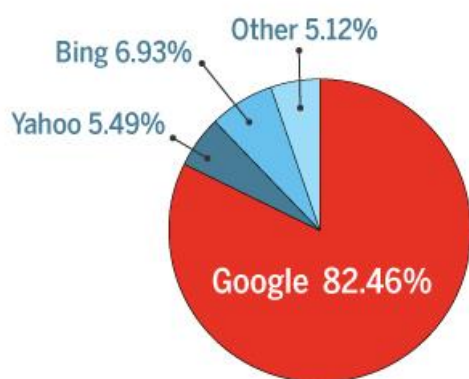


Paid search gets the largest allocation in the marketing budgets of 158 online retailers surveyed in early 2011 by The E-tailing Group. Search marketing, including paid ads and SEO, accounts for 41% of marketing spend.

Source: The E-Tailing Group, 2011, 158 retailers

Retail consumers preference to search engine for online marketing

Most of retail consumers preference purchase various types of products from online marketing through internet sites or search engines in the world as well as India. Google is top of the search site for the online marketing in India. Google is the best engine for the purchasing various type of retail products by consumers, After Google the Bing, yahoo and other engine for online marketing, so online marketing is very easy to retail consumers preference for increase the sales volume and impact of retail product and retail market.



Average Search Engine Share Among Top 50 Retailers in Paid Search

Search engine market share for the top 50 retailers in paid search, according an Internet Retailer study for 2011 Search Marketing Guide.

Source: Search engine data December 2009, Experian Hitwise. Measurements were not available for some retailers.

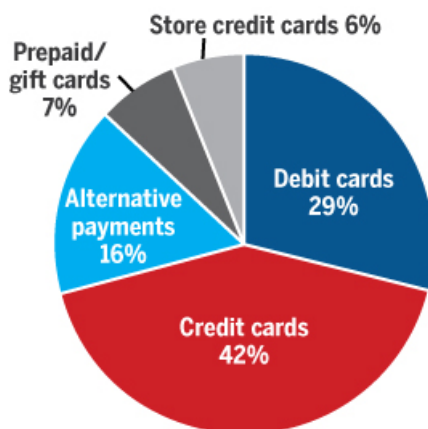
Retail consumers the best way for payment online

Online payments involve the customer transferring money or making a purchase online via the internet. Consumers and businesses can transfer money to third parties from the bank or other account, and they can also use credit, debit and prepaid cards to make purchases online.

Current estimates are that over 80% of payments for online purchases are made using a credit card or debit card. At present, most online transactions involve payment with a credit card. While other forms of payment such as direct debits to accounts or pre-paid accounts and cards are increasing, they currently represent a less developed transaction methodology.

Two types of gift cards are common: store-specific gift cards and those issued by major credit card companies. Cards issued by credit card companies process just like ordinary credit cards. If your small business website uses a service capable of processing credit cards from gift card issuers such as Visa and Mastercard, then you will be able to accept this type of gift card. Otherwise, you will only be able to accept gift cards that your business issued.

The most of consumers pay online through credit card for 42% of online retail product and travelling purchase volume increase day to day that will hold steady through coming years. But debit cards second choice to pay online retail product purchase now days, we have various types of payment modes like store credit cards, Prepaid gift cards etc. But maximum consumers preference to pay online purchase anywhere in world through credit cards holders. Retail consumers have faith to pay online with credit cards and retail consumers well know about the payment system of credit cards how to use the days of payment of credit cards also.



How consumers pay online

Credit cards account for 42% of online retail and travel purchase volume, and that will hold steady through 2017, predicts Javelin Strategy & Research. But debit card volume will slip to 25% from 29%.

Source: Javelin Strategy & Research, 2012 data

Retail consumers preference to online market and traditional market

Marketing can be defined as 'whatever you do to promote and grow your business' including market research, advertising, publicity, sales, merchandising and distribution. With traditional marketing techniques all of these things are delivered in print format or in person. Internet marketing however, uses the power of online networks and interactive media to reach your marketing objectives...no paper, no telephone calls, no in person appearances.

Retail consumers, we're targets for companies. In traditional marketing strategies, we act as receiving targets. We take in a TV commercial or a radio plug or a magazine ad without really being able to directly act on it or say anything about it.

But online marketing gives targets a voice. On the Internet, we're active participants in shaping marketing campaigns and can even click on an ad for an interactive experience. Online users can write reviews of products and services, comment on blogs or articles, share pages with others, "like" a business and more. This makes online marketing sound like the hands-down winner, but keep in mind you're only as good as your reviews say you are.

With traditional marketing, companies use television ratings or magazine subjects to reach their target audience. The problem with this method is that there's no way of knowing exactly who is watching a television program or even if that person is watching the commercials. The Internet allows for more precision when trying to reach a target market; it's just a matter of matching interests or choosing a website that's extremely popular among a certain group. For example, someone marketing a white water rafting company just has to look for forums or websites about white water rafting.

Findings

In the changing dynamics of the market tough there are so many factors which directly and indirectly influence the decision of buying the product and services online. A careful study of the market data reveals that benefit related to the cost of product become the most important factor for online shopping by consumers. As online host companies can save of many fronts when compared to retail stores, they can afford to pass on these savings to the customer in terms of price. A new trend of show rooming (trend in which consumers browse goods at a store, but ultimately buy them online) is also seen in the Indian market. Recent increase in internet connections new technologies like 3G data services and Data modems, Smart Phone, mobile marketing increased the average time spent on surfing. The

customer comes across with a lot of irresistible discount and offers in terms of price that provokes him to place an order. Convenience of shopping sitting at home, saving valuable time, getting detailed product information and comparison of available option on a single screen. These become few important factors come second in line to influence customer for shopping online.

Availability of a wide variety of products and brands, quality assurance (Backed by warranty and guarantee, Money back, customer helpline) proved themselves as third most important factor for online shopping. Unavailability and unawareness about the seller in approachable niche market, Influence of advertisement regarding seller's services, offers, availability of product and services online becomes the fourth most important factor to allure customer for online shopping.

Suggestions

- As the dynamics of the Indian retail market are changing and internet very fast becoming the preferred market place, it's become necessary for companies to be active on the internet
- Today the customer has become very sophisticated and smart, needs maximum values for money along with a better shopping experience. A company has to be ready for both fronts.
- Price and offers become the most important factors which can attract customers to a great extent and convenience factors like cash on delivery, free shipping, and customized attention make the buying decision more compact.
- More and more people are accessing the internet through mobile so a mobile version of the site as well as promos should be initiated by the company.
- Companies should start initiate promoting the websites and web addresses as it becomes the official address and biggest point of sales for them.

Conclusion

The dynamics of Indian retail are changing. A number of online selling companies are hatching up. Consumer become very smart and price savvy. He keeps shuffling between in store and online shopping. A good shopping experience and value for money becomes the initial motivation for choosing shopping destination. With the advancement in internet technology, the connectivity of customer to internet becomes very easy. With lot of pros with comparison to in store shopping, customer started purchasing online. Price and offer's become the first most important factors to attract customer to shop online. The customer also seeks convenience in shopping, which he gets as in terms of shopping sitting at home, saving time, wide variety, prompt delivery, cash on delivery, money back guarantees, well established customer service centers.

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