The Effects of Online Consumer Buying Behavior on Purchase Decision

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Abstract

We are entering with the pace of time into the digital era of creativity & innovations that have an impact on online businesses. It resulted into the strengthening of financial aspects of the company. The standards of communication have been changing between the consumers and online vendors. As a fundamental part of the marketing process, consumer buying decisions are affected by decisions of others (Cheema &Kaikati, 2010). When consumers make potential purchase decisions, they rely on advice of other people. When they are satisfied or dissatisfied with products or services then they are motivational to expand information via word-of-mouth relations. The capability of consumers is enlarged by the advent of digital marketing and through blogging and other mediums, the potential future consumers to interpersonally connect with each other. India is one country among the BRIC nations at global economic level which has established itself as an economy with emerging markets. The country has seen remarkable growth rate since liberalization. With changes in most of the sectors, India has observed a high pace of growth in capital markets, infrastructure, banking, insurance, etc. The preferences of consumers' with reference to buying behaviour and payment mechanisms have broadened their vision with reforms in business sectors and the revolutionary changes in Information Technology sector. The study has selected 185 consumers randomly from Indore city and study the factors related to purchase online.

Keywords: Technology, Payment mechanisms, digital marketing, purchase decision.

Introduction

In past few years innovation in technologies relating to telecommunications has resulted in changes in many facets of our lives including the way of information searching, the way we make a booking for our travel plans and the way we buy products or services. Today

undoubtedly purchasing through conventional brick and mortar retail stores is preferred, but along with it e-commerce or electronic commerce is spreading its roots as an alternate mode for shopping in India. The most popularly known form of e-commerce or electronic commerce is online shopping. The spread of e-commerce industry today is found around the world. Presently the Asia-Pacific region is becoming the leader of the e-commerce industry with 33 percent of the global market in 2015 which will reach to over 45 percent in 2020 at the end of May.

In Asia Pacific region China is the country with largest e-commerce market in the world. India comes after China at the second position. Recent statistics have shown that sales revenues generated through Indian e-retailing sector have grown extremely high from 2012, from a value of 2.3 billion U.S. dollars to an estimated 17.5 billion U.S. dollars in 2015, representing a growth equal to eight times. In parlance with contribution in overall sales of Indian retail sector, the Indian e-retailing segments contribution is equal to 0.9 percent of overall to reach up to 1.4 percent in 2018.

E-Commerce today has brought the huge gamut of changes in the way we search or buy products. With ever increasing number of internet and its benefits familiar consumers, online shopping is becoming popular day by day on grounds of convenience, cost, information and choice. Commercial organizations decision of incorporating the World Wide Web into their business for offering the facility of online purchasing has made 'online shopping' a part of our lives. As we know that goal of every businesses' is to earn profit through sales. Thus for making the sale and other related activities, it is of paramount importance for a business house to have the knowledge and to analyse consumers' behaviour. In the case of online.

Standard Behavioral Model

The standard model of consumer behavior consists of a methodical and structured process. Let's take a brief look at each step.

1. **Problem Recognition** - The first step is problem recognition. During this step, the consumer realizes that he has an unfulfilled need or want. Let's use the example of a consumer who has just been informed by his dealer that buying A.C will cost more than it's worth. Our consumer realizes that he now the summer is approaching so it is better to purchase A.C. at discounted rate.

2. **Information search** - The next step is to gather information relevant to what you need to solve the problem. In our example, our consumer may engage in research on

the Internet to determine the types of A. C. Brand available and their respective features.

3. **Evaluation** - After information is gathered, it is evaluated against a consumer's needs, wants, preferences, and financial resources available for purchase. In our example, our consumer has decided to narrow his choices down to three parameters based upon price, quality, and power saving.

4. **Purchase** - At this stage, the consumer will make a purchasing decision. The ultimate decision may be based on factors such as price or availability. For example, our consumer has decided to purchase a particular model of A.C because its price was the best he could negotiate and product was available immediately.

5. **Post Purchase Evaluation** – At this stage, the consumer will decide whether the purchase actually satisfies his needs and wants.

Reasons for Online Buying Behaviour

There are many reasons for online buying but inspite of tangibility which is not possible in online, still consumers move on online buying because of below mentioned advantages:

Convenience

The online store formats allow its customers to shop without any time limitation for all 7 days in a week. Consumers can buy the products at any time according to their convenience. There is no time limitation for making the purchases while buying online. Immediately payment can be done so it leads to cashless economy where consumers do not take bother to visit the stores. Through online channels consumers can search information about merchandise very conveniently with reference to tracking of order status, delivery & shipping status.

Time Saving

Online buying saves time and consumers can buy at their ease. For them there is no need to visit the stores, no need to stand in a queue to pay the bill. Online buying channel helps customers save a lot of time which is consumed in case of offline shopping. All these features of online shopping results in saving of consumers precious time. Customers can easily send gifts to their relatives and friends on especial occasions thereby saving their travel time.

Ease of Comparison

Comparison of products is practice of comparing the price of goods and services before buying them. Apart from looking at, what motivates customers to return to a retailer it is equally important to look at what factors are taken into consideration when current or prospective shoppers are doing comparison shopping. In comparison shopping, consumers take product price and shipping charges almost equally into consideration.

Large Variety

A physical store is either single branded or multi-branded has limitations to keep all the brands either related to the availability of several brands or limitations related to the availability of variants of a product of a particular brand but with virtual stores no such problems arise. In a virtual store, a shopper can easily search and purchase several products and multiple products at a single location. Through online even purchase of an international brand can be easily made from any corner of the world.

Lower prices and discount offers

Through online shopping channel E-buyers can purchase the merchandise at comparatively lower prices. The reason in supply process being no involvement of middlemen between buyer and seller. Customers are provided discounts time to time by online retailers to attract them.

Fewer Expenses

In the case of conventional shopping many time buyers spend money on activities like eating out, traveling, impulsive shopping etc. which results in high level of money expenditure than the required one. Such type of expenses is not there in case of online shopping.

Discreet Purchases

Buying through online modes allows a shopper to make the purchase in privacy. In this mode of shopping, shoppers don't face the problem of other people or salesperson watching their activities like what they are purchasing, how much time they are consuming in taking purchase decision etc. Thus the e-shoppers are rescued from the embarrassment occurring because of all these issues while shopping through online shopping mode.

Less compulsive Buying

In online mode, consumers can end up their buying, if they really feel that products are not required by them so no pressure is on them to buy but in conventional mode consumers are forced to buy exerted by shopkeepers by using different selling skills. Consumers are free to search all the websites and then take decision to buy unlike in conventional buying, they hesitate to switch from one store to another.

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Various Payment Options

With the use of internet online buying is growing in India day by day and retailers are expanding their e-market with that customer who may not otherwise visit the physical store. The main significance of online buying is to get attention of those customers who use internet most the time. The unique online payment methods of online shopping also attract customer for purchase online. Customers with a virtual wallet for online global shopping, empowering a new segment of consumers to buy products and services on the web ' without the use of a credit card. This payment option allows for safe transactions between two private parties.

Product Delivery

Generally the online buyers are very satisfied but still there is a scope to improve their satisfaction related to shipping and returns. Free shipping is a great motivator for drawing shoppers back to sites to make repeat purchases and causing shoppers to recommend an online retailer. Consumers are even willing to pay a nominal fee for getting their product faster. When comparison shopping, consumers take product price and shipping charges almost equally into consideration.

Delivery Timing

An estimated or guaranteed delivery date is important at check-out according to online buyers. Range of time is important to online shoppers and retailers that offer a range of delivery time options allow themselves to appeal to a wider range of customers. Online shoppers indicate that because of an issue with the estimated delivery date they have abandoned their shopping cart. For retailers, showing estimated delivery time is a "quick win" that are not currently doing so.

Shipping and Delivery

In the online shopping experience Shipping and delivery are key components. Variety of delivery options are expected by online buyers with more than half expecting both economy ground and ground, and just less than half a 2-3 day air option. A quarter of shoppers indicated they most often chose a faster ground option for a nominal fee. One-third of online shoppers say they "most often" choose to pay a nominal fee for faster delivery when making a purchase.

Return Policy

In online buying, returns are an important aspect and majority of customers looks for the returns policy prior buying decisions. As per the statistics that nearly two-thirds online consumers have returned a product purchased online. Majority of the customers who need to return a product go to the website to find the returns policy. Easy-to-find returns policy will enhance the customer experience and reduce the number of inbound customer service calls.

Delivery Price (Paid By E-Shoppers)

Pricing is considered as the most important delivery feature for e-buyers. Delivery prices are to a large extent decisive for the e-shoppers decision to purchase from an e-retailer at the first place according to our survey. For the decision to purchase again from the same e-retailer Prices are also important. E-shoppers may have different price preferences; some e-shoppers only care about paying a low delivery price whereas others are prepared to pay more for delivery in exchange for extra services, faster, or more convenient delivery.

Promotional Offers

Promotion is the strategic communication of retailer to inform, persuade, and remind the potential consumers of a product in order to influence an opinion or elicit a response. Promotion can bring benefits to the consumers for enjoying shopping and searching for information. Sales promotion, a part of the marketing campaign, consists of a diverse collection of incentive tools, mostly short term designed to stimulate quicker or greater purchase of particular products or services by consumers. Sales promotions enhance consumer's number of shopping trips to the store. (I.B. Odunlami and A. Ogunsiji, 2011).

Rationale of the Study

This study has discussed emerging trends in Online buying behaviour is in its growing stages. About purchasing products online more and more people are gaining confidence. Online buying trends are improving and promising a bright future, consequently. Since quite some time now the internet has been around in India. E-commerce however, has picked up only recently. In India buying online is slowly growing up. Online buying is limited to only major metros in India due to the relatively slow penetration of the internet in many part of the country.

This study will useful for the consumers to gain a clear understanding towards online shopping in various areas i.e., transactions, disclosing the information without taking any serious note, awareness of the fake websites. From this study online retailers also able to understand the psyche of consumers and equip themselves to attract consumers towards online buying. They can introduce money back guarantee, insured and assured delivery to alleviate risk factors. It would help managers to understand the online consumer better and work towards in new area of e-retail, a potentially low cost alternative to brick and mortar option.

Literature Review

Kumar, V. and Dange, U. (2012) examined the key factors which affect buying motives of consumers for online buying or E- shopping. For this purpose different models from different research scholars have been studied. One online consumer buying behavior motive model, (FFF Model), has been designed and suggested on the basis of existing review of literatures. The purpose of this study was to find the factors affecting online consumer buying behavior thorough analysis of the literature in the area of online consumer behavior.

Ariff et al., (2014)discussed the development of e-commerce has increased the popularity of online shopping worldwide. In Malaysia, it was reported that online shopping market size was RM1.8 billion in 2013 and it is estimated to reach RM5 billion by 2015. However, online shopping was rated 11th out of 15 purposes of using internet in 2012. Consumers' perceived risks of online shopping becomes a hot topic to research as it will directly influence users' attitude towards online purchasing, and their attitude will have significant impact to the online purchasing behaviour.

Shu-Hung Hsu and Pham Minh Luan (2017)argued thatOnline brought life more modern, more comfortable and better, and gradually changing consumption habits of people. For consumers, the search for suitable products online and participate online that could significant saving cost. In fact, today's customer is not really excited with online shopping. Instead, consumers' sentiment has worried about online shopping risks.

Objectives of the Study

1. To study the effect of factors of online consumers' buying behavior on purchase decision.

Research Methodology

Research design: The research approach is descriptive.

Sampling Universe: 185 consumers are selected from Indore city.

Sampling Method: Random sampling

Instrument Scale: Through the self-constructed questionnaire, the data was collected.

Reliability of the Scale: The questionnaire have .910 means that 91 per cent scale is reliable.

H_{01}: There is no significant impact of factors of online consumers' buying behaviour on purchase decision.

Results and Discussions

Table 1: Model Summary[b] on factors of online consumers' buying behaviour on purchase decision

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.430[a]	.185	.181	1.34868	.185	44.928	1	184	.000	1.986

a. Predictors: (Constant), online buying behaviour

b. Dependent Variable: purchase decision

The above table reflects the correlation value which is .430 and the regression value is .185 means that 18.5 per cent change is explained in purchase decision by online buying behaviour. These value are significant at .000<0.05 level of significance so in this context the null hypothesis is not supported. The value of F also shows the model of fit so the model of the online buying behavior of consumers is fit. The value of Durbin Watson shows that the variables are auto correlated.

Conclusion

The study is found that many factors such as convenience, time saving, price of the product, refund policy, exchange policy, reliability of the products, mode of payment, ease of comparison etc. have motivated consumers to purchase online. The study revealed that consumers purchasing online is a great benefit to them and they get good quality of products at a very reasonable price. Today consumers do not have time to go to the market and shop so at home it is very easy to place orders after carefully comparison with many products. Now consumers are very familiar with technology so they enjoy in placing orders online.

Suggestions

On the basis of findings, some suggestions have been given:

- ❖ For the brand loyalty social activities for the expansion may be promoted.
- ❖ New products should be offered at free or subsidized rates to attract and retain consumers.
- ❖ Young customers tends to seeks more alternatives and are open to try different product and services.
- ❖ A consumer wants easy and hassle free credit facility and this should be provided to such consumers so that they stick to the particular brand.
- ❖ Consumer-seller relationship will help in classifying the factors responsible for increasing the sales and consumption in the exterior parts.
- ❖ Service recovery programs should be designed such which can control all the reasons for customer exit.
- ❖ Personalized debit cards with options of selecting account numbers, having wedding/birthday photo embossed on cards create positivity in the minds of customers and give them a sense of pride.
- ❖ Social media platforms like Facebook ,Likedin and Twitter should be used to get connected with customers. It helps in fostering a positive brand building and customer engagement.

❖ The consumers have largely shown their preference to make extensive enquiry from the dealers of different brands of the products. This trait should be emulated by all the buyers in order to avoid post purchase dissatisfaction about the quality and performance of the products.

❖ Concessions in the price, price reductions, discounts sell, gifts, etc., have become common practices.

❖ The consumers should try to avail of these benefits, whenever they are available however, the buyers of such goods should not be lured mere by consciousness without considering the quality and performance aspects of these higher value products.

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