An Empirical Study on Consumer Perceptions towards Online Shopping with Special reference to Students of Visakhapatnam City

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Abstract:

In the era of digitization and global village where online shopping has emerged as one of the important mode of doing business for companies in meeting the customer needs in order to sustain in the market for long term and to face the cut-throat competition in promoting their brands, products and services and make their presence felt in the market. Over the last decade maximum business organizations are running with technological change. Online shopping or marketing is the use of technology (i.e., computer) for better marketing performance. And retailers are devising strategies to meet the demand of online shoppers; they are busy in studying consumer behaviour in the field of online shopping, to see the consumer attitudes towards online shopping. Therefore to study consumer’s attitudes towards online shopping and specifically studying the factors influencing consumers to shop online is very much needed.

This study is mainly to understand online shopping influence among the students segment as the target group is one of the important section of the society who are mainly engaged with internet and mobile applications. The study also aims to find out the perception of students headed towards online shopping and to understand how our young generation is inclined in favour of online shopping and their perception towards various service providers in online shopping.

Key Words: Online Shopping, Student Perception, Consumer Attitude.

INTRODUCTION

Generally speaking the trend of online shopping has been increasing rapidly among the younger generations especially the college going students in recent years with the availability of internet and various apps on their user friendly smart phones. Online shopping is third most popular activity on the internet after E-mail using and Web browsing. Globally more than 627 million people have done online shopping so far, World’s biggest online shoppers include Germans and British. Books, airline tickets/reservations, clothing/shoes videos/games and other electronic products are the most popular items purchased on the internet. (ACNielsen Report on Global Consumer Attitudes towards Online Shopping, 2007)¹.

Through e-marketing and internet communication business firms are coordinating different marketing activities such as market research, product development, inform customers about product features, promotion, customer services, customer feedback and so on. Online shopping is used to increase or improve in value, quality and attractiveness of delivering customer benefits and better satisfaction, that is why online shopping is more convenience and day by day increasing its popularity.

Online shopping provides the additional choice and saves time of the consumers along with additional benefits such as offers, discounts and value to money, cash on delivery, replacement for defect products, and cancelation of order as so on. It even helps consumer to compare the various companies’ products and services which cannot be done in regular shopping experience with expert support.
Not only benefits but also risk is associated with online shopping. In general, internet users avert online shopping because of credit-card fraud, lack of privacy, non-delivery risk, lack of guarantee of quality of goods and services. Concerned authorities are devising policies to minimize the risk involved in e-business.

But still, online shopping is the most happening place for the companies. Therefore, Marketers have to carefully analyze the consumers’ attitude and behavior towards the online shopping and spend billions of dollars to facilitate all the intricacies of online shoppers.

**Top Motivators for Online Shopping:**
Times of India (February 12, 2013) has published that top motivators for shopping online which include cash back guarantee, cash on delivery, fast delivery, substantial discounts compared to retail, and access to branded products, while barriers include inability to touch and try products before purchase, fear of faulty products, apprehension of posting personal and financial details online and inability to bargain (See Figure 1).

![Figure 1. Top Motivator Factors for Shopping Online.](image)

**Need of the Study**
The present study focuses on the reasons why student segment are getting inclined more towards online shopping and the motivating factors in their choice of products or services to purchase online and particularly of Visakhapatnam city. Various researchers have conducted in the respect of increasing trend of online shopping. This is study may useful to manufactures, service providers and retailers to understand the consumers test, preferences and factors influence to purchase a product or services online.

**Review of Literature**
Khan and Mahapatra (2009) remarked that technology plays a vital role in improving the quality of services provided by the business units. One of the technologies which really brought information revolution in the society is Internet Technology and is rightly regarded as the third wave of revolution after agricultural and industrial revolution. The cutting edge for growth in business today is emerging changes in online shopping.

Nidhi Vishnoi Sharma, Varsha Khattri (2013) marketplace is fast turning into e-marketplace. From needle to ship, everything is being sold and bought on the internet. With new and new players coming in, it is but natural for the existing players as well as new entrants to come up with innovative techniques to sell their goods and services. Offering “deals” and “lucrative discounts” is one such glamorous trend.

Researchers Alok Gupta, Bo-chiuan Su, Zhiping Walter concluded in their study that the customers in online shopping cannot be trusted as they have a habit from switching from one site to
another for purchasing. So, it cannot be said that if a customer is buying from a site then next time for shopping he/she will purchase from the same. Thus, customers are not loyal to a particular site. They say online shopping has some limitations such as only those customers can shop if they have knowledge of operating computer and can access internet properly.

Peet, J. (2000) found that online shopping offers a risk factor where the point comes of touching the product physically. There is no doubt that the description of product is given in a properly organized form but certain customers find it difficult to purchase until and unless they touch the product. This risk is majorly involved in certain products such as clothes, food-products, home décor items etc.

According to Tonita Perea y Monsuwe’, Benedict G.C. Dellaert and Ko de Ruyter there are ‘n’ type of customers. Some consider online shopping as a destination for purchase; on the other hand some consider it as a source of fun and entertainment. Those people who are serious customers say that online shopping offers them a wide range of products and saves their time of retail shopping where they only have few choices whereas other category of customer take online shopping just to get a online shopping experience.

Na Wang, Dongchang Liu, Jun Cheng (2008), there are number of factors that are responsible for shopping from online websites. They found that some customers find online shopping as a supplement to traditional shopping. They say that it saves them from travelling in traffic, waiting at every signal and wander from one shop to another. They also say that they have the flexibility to shop online whenever and wherever they want and they do not have to take out time from their working hours and go for shopping.

According to the research of Ruby S (2014), online shopping gives us the advantage of cost comparison. In retails shops we are sometimes forced to buy a product at the marked price without comparing its price. This drawback is overcome by online shopping as we can compare a same product at number of sites. Online shopping also allows seeing wide range of products and that too number of times whereas in traditional shopping we are restricted to see from the limited shelves available in the store.

Sapna Rakesh and Arpita Khare conclude that there is huge difference between shopping pattern of men and women. Women take time and look for varieties whereas men concentrate on the product which they need to shop. According to the researcher, women too have become brand conscious as men but they give preference to products that offer discounts.

Morris (2013) conducted a study on ‘More Consumers Prefer Online Shopping’ Shoppers increasingly want what’s called a “seamless omni channel experience,” meaning one in which retailers allow them to combine online and brick and mortar browsing, shopping, ordering and returning in whatever combo they would like.

Norazah Suki and Norbayah Suki (2009) conducted a study on ‘Cellular Phone Users’ Willingness to Shop Online’. The study suggested that marketers should propose more on attractive promotion such as advertisements or discounts through the web.

Johnson (1999) examines the relationship among demographics, personal characteristics, and attitudes towards online shopping. These authors find that people who have a more wired lifestyle. And who are more time constrained tends to buy online more frequently, i.e., those who use the Internet as a routine tool and/or those who are more time starved prefer shopping on the Internet.

A recent study by ACNielsen (2009) observed through his study was that India beat the global counterparts in number of purchases per month, with a mean of 5.2 purchases against the global average of 4.9. In India, books followed airline reservations closely, with 35% of netizens buying them online. Nearly 24% have bought electronic items and more than 20% have purchased items such as apparel, music and electronic entertainment such as movies, DVDs and games. The most favoured mode of payment for online purchases in India is the use of credit cards followed by cash-on-delivery.

Goldsmith and Bridges (2000) emphasize that there is a discrimination between online shopper and offline shoppers, online shoppers are more worried about convenience, time saving and selection whereas non online shoppers are worried about security, privacy and on time delivery.
Objectives of the study

1. The main objective of this study is to review the trends, patterns and preferences of students about online shopping in city of Visakhapatnam. The specific objectives are: To discover out behavioural characteristics of online shoppers;
2. To find out product and service selection criteria and items that they are looking for by the student community.

Hypothesis of the study

H1: Students prefer to purchase electronic gadgets and fashionable goods more on online shopping
H2: Duration of time spent by different educational levels of consumers on online shopping is less than 3 hours a day.
H3: Students purchase goods and services through online shopping is moderate;
H4: Students’ preference on online shopping depends on the occupation levels of the father compared to mother’s occupation.

Methodology

Focusing the objective of the present study, a survey was conducted with the help of a structured questionnaire to collect data about the student perception on online shopping in city of Visakhapatnam. The structured questionnaire was designed to collect information about student profile of the respondents such as age, education level, parent’s occupation and income. In addition to this, various questions related to the experience of internet usage, the purpose of using Internet, types of products purchased online, factors affecting their behaviour while online shopping etc. were asked from the respondents. Considering the time and budget constraints, the data was collected from city of Visakhapatnam. Convenience sampling methods was used and questionnaires were got filled by personal interview methods. A target of 300 respondents was set. In order to establish the relationship and test the validity of hypothesis Chi-Square test is used.

ONLINE SHOPPING TRENDS IN INDIAN

After economic reforms in 1991, the explicit changes took place in India as a result of opening-up of the economy with a view to integrate itself with the global economy, enabled the need to facilitate international trade both through policy and procedure reforms has become the foundation stone of India's trade and fiscal policies. Online shopping as part of the information technology revolution became widely used in the world trade in general and Indian economy in particular. With advancements in technology, there have been changes in the methodology for business transactions. Under these emerging situations online shopping in India has seen a growth in future business prospective.

In September, 2019 the Nielsen Company has conducted a study on internet users in 55 markets on global online shopping. It has come up with interesting findings. Alongside some key findings shared in their company release, they have captured some of these EXCLUSIVE data about the Indian market in their post.

- More than eight out of ten Indian online consumers plan to shop online in the next twelve months
- More than a quarter indicate they spend upwards of 11 percent of their monthly shopping expenditure on online purchases
- 71 percent Indians trust recommendations from family when making an online purchase decision, followed by recommendations from friends at 64 percent and online product reviews at 29 percent
- Half the Indian consumers (50 percent) use social media sites to help them make online purchase decisions.
Online reviews and opinions are most important for Indians when buying Consumer Electronics (57 percent), Software (50 percent), and a Car (47 percent).

More than four in ten Indians are more likely to share (post a review/ Tweet/ review) a negative product or service experience online than they were to share a positive experience.

In the next six months Indians are most likely to buy Books (41%), Airline ticket/reservations (40 percent), and Electronic equipment like TV, Camera, etc. (36 percent) online.

When shopping online, one third of Indians (33 percent) purchase most frequently from websites which allow them to select products from many different stores.

According to analysts, the online market in India is currently estimated to be worth about USD three billion. Of the 100 million online shoppers, about 40 million are expected to be women. Already, women buyers in tier I cities are driving growth, outspending men by 2 times. They are shopping across categories like apparel, beauty and skincare, home furnishing, baby products and jewellery. India is estimated to have 302 million Internet users by December 2014, overtaking the US as the world's second largest online user base. "The online shopper base will grow 3 times by 2016 and over 50 million new buyers will come from tier I and II cities. The confidence to shop online is on the rise as 71 per cent non-buyers (respondents) from tier I and II cities said they plan to shop online in the next 12 months," Google India Managing Director Rajan Anandan told reporters here. India's online market is at an inflection point and will see rapid growth to become a USD 15 billion market by 2016, he added.

ABOUT CITY OF VISAKHAPATNAM

After the bifurcation of the state the city of Visakhapatnam with scenic beauty has become most prominent place in the Andhra Pradesh in terms of trade and commerce. The city is culturally diversified towards becoming major cosmopolitan other metropolis in the country. The State and Central government have focusing to develop this city as educational and industrial hub. With the foundation of IIM in city of Visakhapatnam the students have immense opportunity for higher education and growth prospectus and existing famous institutions like Andhra University, GITAM University etc., have changed the face of education in the city which changes the perception of students towards their life style. In this context the perception of students has a major role in the developing market of online trade.

RESPONDENTS OPINION SURVEY

The validity of hypothesis is been tested by using cross tables and using the statistical tool chi-square test, and we are going to present the following outcome of the study-

It is observed from table 1 the mostly preferred goods purchased by different age group consumers through online shopping. Irrespective of the age groups highest number of respondents (142 ) has preferred to purchase Electronics/Mobile phones online. A litter over of them (96) has preferred to purchase Dress/Apparels/Footwear/Jewellery online. The chi-square value (40.67) has higher than the table value (30.6) at 1% significant level. Hence there is a significant (1% level) relationship between the age group and the mostly preferred goods though online and H1 is tested as valid.

Table-1: Mostly preferred goods purchased by different age group consumers through online shopping

<table>
<thead>
<tr>
<th>Mostly preferred goods through online</th>
<th>Age</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>16-18</td>
<td>19</td>
</tr>
<tr>
<td></td>
<td>19-21</td>
<td>32</td>
</tr>
<tr>
<td></td>
<td>21-23</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>Above 23</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>59</td>
</tr>
</tbody>
</table>
It is identified from the study that respondent’s opinion based on the education qualification and time spent on internet for online shopping is less than 3 hours (226). The chi-square value (46.55) is higher than the table value (21.7) at 1% significant level. Hence there is significant relationship (at 1% level) between the education of the respondent and the time spent on internet (see table 2). So H2 tested as valid

**Table-2: Duration of time spend by different education level consumers on Internet shopping**

<table>
<thead>
<tr>
<th>Duration of time spend on Internet shopping</th>
<th>Education</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Inter</td>
<td>Degree</td>
</tr>
<tr>
<td></td>
<td>37 (67.3)</td>
<td>99 (79.8)</td>
</tr>
<tr>
<td>1-2 Hrs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2-5 Hrs</td>
<td>13 (23.6)</td>
<td>23 (18.5)</td>
</tr>
<tr>
<td>Half Day</td>
<td>-</td>
<td>2 (1.6)</td>
</tr>
<tr>
<td>Full Day</td>
<td>5 (9.1)</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>55 (100.0)</td>
<td>124 (100.0)</td>
</tr>
</tbody>
</table>

Chi-Square value: 46.55**, df = 9, Table Value = 21.7

**Significant at 1% level.

Table 3 reveals that respondent opinion based on frequency of online shopping for the purchase of goods and service compared to offline shopping. Most of the respondents (184) have said that they go for online shopping in a frequency of ‘sometimes’ preferably to purchase ‘Books/Magazines/membership of library, news dailies’. The chi-square value (59.27) has higher than the table value (30.6) at 1% significant value. Hence there is a significant relationship between frequency of online shopping and mostly preferred goods; in this regard H3 was verified as valid.

**Table-3: Relation between frequency of online shopping by consumers and mostly preferred goods**

<table>
<thead>
<tr>
<th>Mostly preferred goods through online</th>
<th>Frequency of online shopping</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Often</td>
<td>Sometimes</td>
</tr>
<tr>
<td>Airline / train reservations</td>
<td>-</td>
<td>34 (57.6)</td>
</tr>
</tbody>
</table>

Chi-Square value: 40.67**, df = 15, Table Value = 30.6

**Significant at 1% level.**
Respondents’ opinion has gathered on frequency of online shopping and its impact on parents’ occupation. The table 4 reveals with reference to father’s occupation most of the Govt. Employees (49) preferred the frequency of online shipping as ‘sometimes’, where as Private Employees (50) preferred online shipping ‘rarely’. In case of self employees and agriculture the frequency of online shopping is ‘sometimes (45)’ and ‘often (9)’ respectively. Coming to mother occupation in case of employees 64.7 percent of them they ‘rarely’ prefer online shopping, where as Homemakers, 133 of them prefer online ‘sometime’ purchase. The chi-square value (33.34) is higher than the table value (21.7) at 1% significant level. Hence it was proven that there is significant (at 1% level) relationship between the frequency of online shopping by consumers and parent’s occupation. So the H4 is valid.

**Table-4: Relation between frequency of online shopping by consumers and parent’s occupation**

<table>
<thead>
<tr>
<th>Frequency of online shopping</th>
<th>Father's occupation</th>
<th>Total</th>
<th>Mother’s occupation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Govt. Employee</td>
<td>Pvt. Employee</td>
<td>Self Employed</td>
<td>Agriculture</td>
</tr>
<tr>
<td></td>
<td>18 (18.6)</td>
<td>9 (9.1)</td>
<td>13 (15.7)</td>
<td>9 (42.9)</td>
</tr>
<tr>
<td></td>
<td>49 (50.5)</td>
<td>35 (35.4)</td>
<td>45 (54.2)</td>
<td>8 (38.1)</td>
</tr>
<tr>
<td></td>
<td>29 (29.9)</td>
<td>50 (50.5)</td>
<td>25 (30.1)</td>
<td>4 (19.0)</td>
</tr>
<tr>
<td></td>
<td>1 (1.0)</td>
<td>5 (5.1)</td>
<td>- (-)</td>
<td>- (-)</td>
</tr>
<tr>
<td></td>
<td>97 (100.0)</td>
<td>99 (100.0)</td>
<td>83 (100.0)</td>
<td>21 (100.0)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Frequency of online shopping</th>
<th>Mother’s occupation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Govt. Employee</td>
<td>Home maker</td>
</tr>
<tr>
<td></td>
<td>2 (11.8)</td>
<td>47 (16.6)</td>
</tr>
<tr>
<td></td>
<td>4 (23.5)</td>
<td>133 (47.0)</td>
</tr>
<tr>
<td></td>
<td>11 (64.7)</td>
<td>97 (34.3)</td>
</tr>
<tr>
<td></td>
<td>- (6.6)</td>
<td>6 (2.1)</td>
</tr>
</tbody>
</table>

| Chi-Square value | 33.34**, df =9, Table Value = 21.7 |

**Significant at 1% level.**

Chi-Square value **59.27**, df = 15, Table Value = 30.6

**Significant at 1% level.**
FINDINGS AND SUGGESTIONS

1. The online market has a great potential for youth segment. If the demographic features are considered carefully then it can be easily identified that maximum number of respondents of online shopping are lying in age group of 19-21 years.

2. The buying behaviour of youth can be elaborated through findings obtained through survey. By focusing on various factors identified in this study, the corporate can make their marketing strategies in better way. It will help to convert their potential customers into active customers.

3. The effectiveness of the online shopping can be enhanced by improving the after sales services, providing more secured payment options, timely delivery of the goods with better packaging.

4. As many respondents are evinced their interest towards purchasing electronic/mobiles/fashionable products as shown in the above table and analysis.

5. Further the study enables the future strategies to develop and improve the scope of online business and attract many more young consumers towards the same.

CONCLUSION

This paper deals with the conceptual knowledge of online shopping, literature review, students’ preference on online shopping and discussed about the top motivator factors of shopping online. The present development would be a valuable addition to researcher and academicians; and useful theory for practitioners, advertisers, and entrepreneurs. In this study it is observed that the online shopping websites are frequently visited by the shoppers particularly the student segment because of the ease and convenience provided by these web sites for 24x7 has made very easy shopping for consumers worldwide which are not possible in offline shopping. The analysis discussed in the above section has documented that the youth of Visakhapatnam are also getting acquainted with the online shopping and they do like various features of online shopping as the rest of the world. From the study it is observed that there is an emerging potential online market and consumers from Visakhapatnam which is going to increase in the coming future. The young population is the biggest attraction of this industry and they may contribute substantially to the growth of online shopping in India. The majority of internet users are youngsters, the majority of goods and services demanded are related to only this segment.

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