Full Length Research Article

FACTORS EFFECTING PURCHASE DECISION IN ONLINE RETAIL SYSTEM IN INDIA

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ABSTRACT

This paper is based on online retailing in India. It represents the positive and negative expression of Indian consumers. Though India has witnessed the rapid growth in the field of technology and communication but when the matter of online payments Indian consumer still has some dissonance and fear. In this research qualitative as well as quantitative analysis has been made to identify the key factors that affect the Indian consumer in making online purchase. The questionnaire has been made in the manner to locate the effecting attributes.

INTRODUCTION

With the advent of the online system the retailers are using it as a strong tool to penetrate into the consumer. One of the strategic approaches of internet in retailing system is providing a platform of online payment system. Another important approach of internet is online communication where consumer can get detail information about the product and services. Just because of the online communication system the influence of purchase decision has been enhanced. While during online purchase the consumer have wide variety of products with different range but the major drawback is that the consumer cannot touch and feel the product. To reduce the limitation the retailers provide more close information which can reduce the dissonance in the consumer. Several studies reflected the scope of online selling in the previous research which focused on purchase decision and dissonance. Several researches reported that quality and quantity played important role in the purchase decision while other advocated push selling has an impact on influencing the purchase decision. Though online communication tries to focus on reduction of the dissonance in the consumer purchase.

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Sometimes it has happen when online communication has provided some partial information which caused misleading and consumer once received the products which varied from the stated product. So due to this reason the consumer are in dilemma whether to rely on the information provided by the retailers or to rest the decision on their experience and intuition.

Literature Review

M.Z. Osman 1993, revealed that if retail mix elements are in congruence with the desired benefits, it results in customer loyalty. Past research has tried to detect the relative importance of Indian store patronage motives (Arnold, Olem & Tigert, 1983; Woodside 1973), produce store patronage motive factors (Kealey & Stephenson 1969; Bellenger, Robertson & Greenberg, 1977). With regards to congruency between marketers & shoppers perception, several studies have been conducted to understand gap & fulfilling it. (Pathak, Crissy & Sweitzen, 1974-75, Nel 1993, Tolson & Spath 1973). Those gaps are rooted in the service quality GAP theory (Parasuram, Zeithaml & Berry, 1985). These researchers have shown that greater the congruence between self image & store image, greater is the probability that the customer is loyal (Mc Clure & Ryans-1968, Dornoff, Ronald & Jatham-1972).

Ashish Kumar Shrivastava and Saket Ranjan Praveer (2009), "Organised Retail in FMCG Segment: Rural Marketing Prospects" The Paper attempts to evaluate the prospects of organized retail in FMCG segment in rural markets. The study has been carried out on the selected categories of FMCG viz.(i) Packaged food and Beverages; (ii) Cosmetics (iii) Toiletries; and (iv) Apparels through evaluating the effectiveness of determinants of organized retail. The hypothesis has been taken that some of the determinants of retail are more important in the opinion of consumers along with the different opinion of different demographic classes.

Anderson Jamie (2008) "Developing a route to market strategy for mobile communications in rural India: An Interview with Gurdeep Singh, Operations Director, Uttar Pradesh, Hutch India" The purpose of this paper is to explore the challenges of reaching low-income customers in developing markets. The paper suggests that managers need to go beyond traditional approaches to serving the poor, and innovate by taking into account the unique institutional context of developing markets. In most cases, MNOs (Mobile Network Operators) have served the poorest consumers through shared-use models such as Grameen Phone's Village phone concept in Bangladesh, due to the commonly held belief that reaching these consumers is difficult due to two key challenges – affordability and availability. This paper demonstrates that MNOs can deliver availability and affordability to achieve increased individual or household penetration through business model innovation.

MATERIALS AND METHODS

Sample

The present descriptive study is design is to examine the consumer buying behavior with focus to online purchase behavior and to identify the factors influencing purchase decision over internet and in return to built satisfaction and loyalty. The focus is to examine the relationship between the factors; explanatory study design was adopted with quantitative research strategy. Both primary and secondary data was collected.

Sampling

In order to identify the factors which influence buying behavior of consumers, those consumers were taken into account who were greater than >18 years. Data were collected from customers and are related to six variables that are associated with customer values (Quality, Product variety, Brand consciousness, Service, Pricing, Customer satisfaction). Data were collected randomly from 100 respondents who were involved in shopping. Four different cities of India has been taken into account. The data collected from the respondents were tested for reliability applying cronbach's alpha test.

RESULTS AND DISCUSSION

From table 1 it can be analyzed that the major inhibitor for the online shopping is lack of trust on the retailers who offer products and services online. FI 6 represents that 68% of the total sample voted that lack trust on the online retailers due to recent cyber frauds which occurred hacking of online banking system and spying of the credit card details. The 68% of the

population also ranked this inhibitor as rank 1 which inhibits in online purchase. So FI 2 plays another important factor which resists the consumer to shop online. The other reason which inhibited 55% of the total population for not purchasing online is the privacy of personal details which ranked 2 by the respondents. FI 5 represents 50% which states and ranked 3rd that customers are not aware about the products available online which further resisted them to go for online purchase. FI 4 represents that 40% of the total population are afraid about the reliability of products offered online and this factor ranked 4th position. FI 1 depicts that lack of awareness in online purchase among 30.5% of the population leads to inhibits online purchase and that has been given rank 5th. FI 10 represents that delay in delivery is another factor which is inhibited by 25.8% of people in making online purchase and is been given rank 6th. FI 8 represents that 20% of the total population ranked 7th to the factor that lack of presence of e retailers caused them to inhibits online purchase. FI 7 represents that 15% of the total population ranked 8th to the lack of awareness of internet and its use leads to retard online shopping. FI 3 represents that 10% of the total population ranked 9th to less access to internet which cause them not to shop online and finally the lest reason for not shopping which is cited by 5% of the total population and ranked tenth that lack of variety of product available online leads to inhibit online purchase.

Table 1. Inhabiting Factors of Online Purchase

| Identifiers	Influencing Factors	Share of Sample	Rank
FI 1	Lack of awareness in online purchasing	30.5	5
FI 2	Lack of trust on the e-retailers on online payment	68	1
FI 3	Less Access to Internet	10	9
FI 4	Lack of trust in reliability of product.	40	4
FI 5	Lack of awareness about the product available online.	50	3
FI 6	Insecurity regarding the confidentiality of the personal details	55	2
FI 7	Lack of awareness of internet and its use.	15	8
FI 8	Lack of presence of e retailers	20	7
FI 9	Lack of presence of variety of products	5	10
FI 10	Delay in delivery of product.	25.8	6
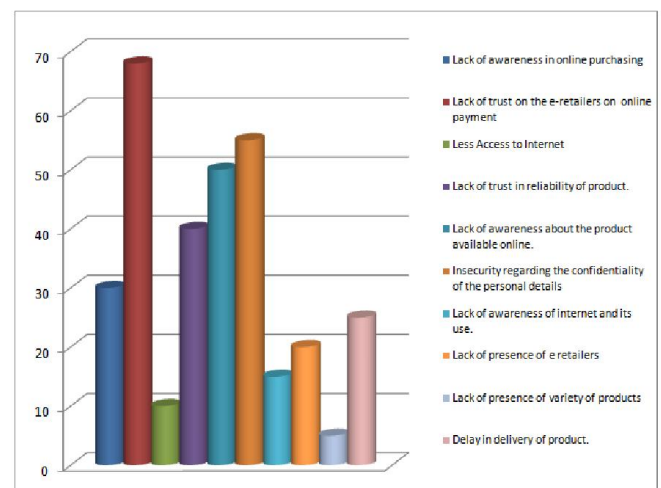
Fig. 1. Inhibitors of online retailing

Table 2 and Figure 2 presents the factors which enables consumer to purchase online

Identifiers	Enablers	Selected by % respondents	Rank
EN 1	Convenient home deliver	22	9
EN 2	Easy access of internet	52	3
EN 3	Reasonable price	25	8
EN 4	Provision of credit cards by bank	58	1
EN 5	Government control over payments	57	2
EN 6	Attractive retailers websites	48	4
EN 7	Dual method of shop (physical as well as virtual)	41	5
EN 8	Advertisement of online shopping	39	6
EN 9	Secure payment method	38	7
EN 10	Others	11	10

Fig 2: Online Sales Enhibitor
Numbers are in percent
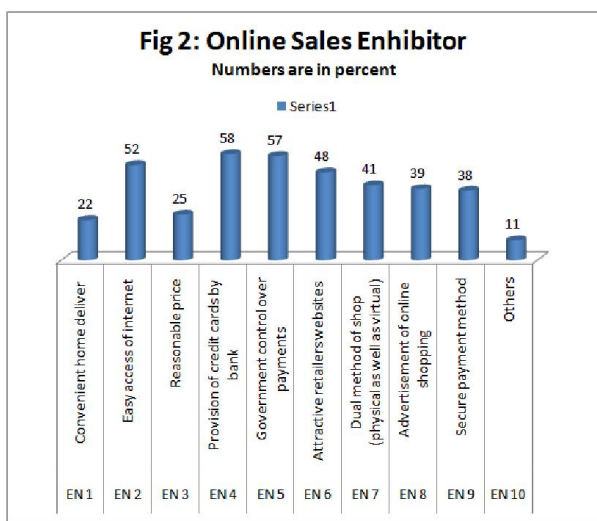
shopping. EN8, secure payment method is ranked 7th by 38% of the total population. EN3 is voted by 25% of the total population as rank 8th as Reasonable price. EN1 depicted that convenient in home delivery is another factor which is voted by 22% as the rank 9th for mobilizing the online purchase and 11% voted 10th rank as other reason which mobilized online shopping. From the above data it has been analyzed that 52.5% of the female don not trust on e retailers and they rank 1 to this dissonance. 57% of the female ranked 2 to the insecurity regarding the disclosure of personal details so it inhibits them for online purchase. 62% of the female ranked 3 to the lack of awareness about the product available online. 53% of the female ranked 4 to the reliability of the product available online. 72% of the female ranked 5 to the unawareness of the online purchase. 71.7% of the females ranked 6 to the delay in deliver of the products purchased online.

58% of the male ranked 7 to the lack of presence of eretailers. 57% of the female ranked 8 about the awareness of internet and online shopping. 63% of the female rank 9 to less access to internet which retarded there online shopping. 56% of the female ranked 10 to the lack of presence variety of products available online. At the same time 55% of the total sample ranked 4 to who were above 36 years of age to trust on the reliability of product available online. It has been analyzed that 50% of the people above age 36 ranked 1 to lack of trust on e retailers which inhibited them from online shopping. 47 % of the above age 36 ranked 2 to insecurity of the exposure of personal details when making payment online.67% of the people have age more than 36 rank 3 to lack of awareness of the product available online. 57% of the people above age 36 ranked 5 to lack of awareness of products available online.

Inhibitor and attribute of consumer

% age of sample		FI 1	FI 2	FI 3	FI 4	FI 5	FI 6	FI 7	FI 8	FI 9	FI 10
						Percentage of respondents selected					
All respondents	100%	Rank 5	Rank 1	Rank 9	Rank 4	Rank 3	Rank 2	Rank 8	Rank 7	Rank 10	Rank 6
Male	100%	28%	47.5%	37%	46.4%	38%	68.8%	43%	58.1%	44%	28.3%
Female		72%	52.5%	63%	53.6%	62%	31.2%	57%	48.2%	56%	71.7&
Age											
15-25	100%	28%	15%	10%	12%	15%	18%	10%	-	49.4%	36.2%
26-35		15%	35%	8%	33%	18%	35%	16.2%	10.5%	21.8%	31.3%
Above 36		57%	50%	72%	55%	67%	47%	73.5%	-	28.8%	32.5
Main City Residents		15%	2%	35%	35%	25%	35%	18.1%	29%	38.2%	23.3%
Semi Urban	100%	28%	25%	15%	25%	28%	28%	28.3%	-	18.3%	18.1%
Rural		57%	73%	-	-	47%	-	-	-	-	-
Own Business		30%	38%	51.3%	31.2%	30.2%	35%	39%	31%	27%	35%
In Service	100%	32%	42%	33.7%	33.8%	34.2%	38%	21%	32.3%	35%	33.2%
Others		38%	20%	15%	35%	35.6%	27%	40%	36.7%	38%	31.8%

From the above figure it has been it has been analyzed that the most influencing factor which was voted by 58% of the total population ranked one that the (EN 4) provision of credit card is an important factor which helps in enabling online purchase. Further EN 5 represents that government control over payments is another reason which influence online purchase and it has been ranked 2nd. Easy internet access EN2 is voted by 52% of the sample as rank 3 which ease the online shopping. Retailers also provided an attractive website EN6 which is ranked 4th by 48% of the total sample. EN7 represents that dual method of shopping that is online and physical store which is ranked 5th by 41% of the sample which mobilized the online purchase. Advertisement of online shopping EN 8 is ranked 6th by 39% of the sample which ease the online

36% of the total age group between age group 15-25 ranked 6 to the delay in delivery of product. 10.5% of the total population ranked 8 to lack of presence of e retailers which inhibited them for online purchase. 72% of the people having age group above 36 years ranked 9 to less access to internet which retarded there online shopping. 49.4% between age 15-25 of the total population ranked 10 to lack of presence of variety of products which inhibited there online shopping. Internet is still not readily available in remote areas so the data reflected that they didn't responded much to their choice.

Conclusion

More online awareness program for the female need to made specially to the house wives and age above 35 years so there

knowledge could be increased. Female need more dissonance reducing program so that there dissonance about the online purchase could be reduced. They need to assured that gateway guarantee in maintaining full confidentiality regarding personal details. Female are one who shop more for hose hold items like grocery so if they are well educated regarding the benefits the load on POS could also be reduced and the serving time is to be increased. More effective measures should be taken to improve home delivery as specially teenagers are more impatient and wish to have their product immediately so there requirement need to be fulfilled by appointing more manpower for home deliver. Advertisement about the e retailers need to be made so the class above 36 years of age could be targeted as teenagers are well educated. The focus should be made on the people having age above 36 to learn internet and there dissonance regarding online payment should be removed by proper channel like banks and retailers. Youth should be focused by keeping variety of products. Focus should be made on urban areas as people are more prone to technology and emphasis on the delivery of quality products in no time.

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