

CHAPTER - 1

INTRODUCTION

1.1 INTRODUCTION

With the advent of the 21st century, the world has entered into an “e-generation” era. Internet technology has revolutionized communication across the world and has transformed it into a global village. According to a report of Internet World stats, there were 2.1 billion internet users in the world till 2011, and India stood at 4th rank with 81 million internet users.

Nowadays we as a society have started to live virtually more than physically. We do more things online than we go out and do in the real world. New information and communication technologies are constantly emerging, altering business methods, and particularly, the relationship an organization establishes with its customers. The continuing rise in popularity of the Internet for communication, education, entertainment and now even on shopping provides an opportunity to explore the relationship between customers and business. The rise of personal computer ownership and the improvement of internet access have led to the widespread use of internet. This in turn allows the creation of online trading among suppliers, traders, bankers and consumers to transact their business in a virtual market. Online shopping has become very popular in the last few years.

Online shopping is a form of electronic commerce which allows consumers to directly buy goods or services from a seller over the Internet without intermediary services. Online shops are also known as e-shops, e-stores, Internet shops, web-shops, web-stores, online stores, virtual stores etc. The process in online shopping is called business-to-consumer (B2C) online shopping. In the case where a business buys from another business, the process is called business-to-business (B2B) online shopping. The largest of these online retailing corporations are E-Bay and Amazon.com, both of which are based in the United States. Now, there are thousands of online shops available all around the Internet.

Customers can purchase music, books, movies, games, electronics, perfumes, jewellery, clothing, footwear and many other products while sitting comfortably at their home PC. They do not need to spend the whole afternoon running around the city. They can simply access many of these shops online. When they do not like the product portfolio of a particular online shop or the products are too expensive, there are plenty other online shops available, just Companies running such online shops try really hard to provide the best services for all their customers. Often a single company sells many different kinds of products worldwide.

One can do internet shopping even at midnight, from the comfort of your own home, without having to get dressed and spend on gas to go stand in a supermarket line. When you do your shopping online, you can order whatever you need, pay by card or bank transfer and have it delivered. Many online shops now provide Cash on Delivery facility which allows the customer to pay cash when he actually gets the delivery of product ordered online. Some web stores also provide returning facility to their customers.

1.2 STATEMENT OF THE PROBLEM

Internet shopping has gained much popularity over the past few years. As a result, a large number of online shops have been set up in the recent years. Fierce competitions among these online sellers have forced them to gain the competitive edge in the field of virtual shopping. In order to survive this competition, the marketers need to identify the needs and wants of online customers and deliver products accordingly.

Even though a large number of potential customers visit online shops a number of times, they often does not make the purchase decision. So, to convert the potential customers into actual customers, the marketers need to study what are the factors which influence customers to shop online. No systematic efforts were made to study the perception of customers towards online shopping with regard to age, sex, educational qualifications etc. Hence, the present study is made in this direction taking the following objectives.

1.3 OBJECTIVES OF THE STUDY

The following are the objectives of this study:

1. To find out and analyze the factors which influence customers to shop online.
2. To determine the difficulties faced by customers in the online shopping
3. To identify which category of products are purchased by online shoppers

1.4 IMPORTANCE OF THE STUDY

The Internet explosion has opened the doors to a new electronic world. Consumers are now able to use the Internet for a variety of purposes such as research, communication, online banking, and

even shopping. With such advantages, the Internet is rapidly becoming the main method of communication and of conducting business conveniently.

However, not all consumers are participating in online transactions as part of the Internet boom. As more and more businesses continue to establish an online presence, they are finding that some consumers are still reluctant to shift in that same direction. For various consumers there are still concerns with security and passing personal data over the Internet. There is a disparity between the number of consumers who visit a site and the number of actual purchases being made. This leaves a large portion of the Internet population as nonparticipants in online transactions as compared to those who fully complete transactions online and make purchases. Instead, these non-participants may abandon the purchase completely or fulfil the transaction in an offline setting.

As such, it is important for online businesses or offline businesses interested in venturing into the online market to understand their consumers' perceptions and what factors influence their shopping decisions. Another important factor which should be studied is the demography of online shoppers in terms of age, sex, education etc. With better understanding of the demography and what factors play into consumer decision making in making transactions online, marketers can gear themselves to serving their customers according to their needs and wants.

1.5 HYPOTHESIS

H_0 = There is no significant difference between occupation and factors affecting online shopping

H_1 = There is significant difference between occupation and factors affecting online shopping

1.6 RESEARCH METHODOLOGY

The methodology followed for conducting the study includes the specification of research design, sample design, questionnaire design, data collection and statistical tools used for analysing the collected data

1.6.1 TYPE OF RESEARCH STUDY

Descriptive research design is used for the study. The main goal of this type of research is to describe the data and characteristics about what is being studied. Descriptive research mainly done when a researcher wants to gain a better understanding of a topic. The term descriptive research refers to the types of research question, design and data analysis that will be applied to a given topic. Three main purpose of research design are to describe, explain and validate findings. Description emerges following creative exploration, and serves to organize the findings in order to fit them with explanations, and then test or validate those explanations. Descriptive research is used to those studies which are concerned with characteristics of particular individual situation or group and to determine the efficiency of occurrence of such events.

1.6.1.1 SECONDARY DATA

The secondary data has been used mainly through review of literature which includes Books & magazines, journals, websites.

1.6.1.2 PRIMARY DATA

This study is mainly based on primary data. The data for this study is collected from 60 respondents who have experience with online shopping.

1.6.1.3 SAMPLE DESIGN WITH AREA OF STUDY

Sampling design in this research include the sampling method, sampling units and sampling size. The samples for the study where collected from 60 online customers located in Nilambur. The area of the study is the Nilambur locality itself.

1.6.1.4 SAMPLING METHOD

Since it is difficult to contact the entire population for conducting the study, sampling technique was adopted. A sample of 60 respondents is used for the study. The sampling technique used is convenience sampling.

1.7 TOOLS AND TECHNIQUES USED FOR THE STUDY

1.7.1 TOOLS FOR DATA COLLECTION AND PRESENTATION

The required data for the study has been collected through Questionnaire.

TOOLS FOR DATA PRESENTATION

- Charts
- Tables
- Graph

1.7.2 TOOLS FOR DATA ANALYSIS

- Correlation
- Percentage method
- ANOVA
- Weighted ranking
- Weighted average ranking

1.8 PERIOD OF STUDY

The project work has been carried out during the period from 21th December 2015 to 11th January 2016

1.9 LIMITATION OF THE STUDY

1. Sample size of the study is only 60
2. Some of the respondents were not responding to some of the questions.
3. Since the study is based on sampling method, sampling errors are bound to occur.
4. The study was affected by time constraint.

However, meaningful efforts have been made to collect the data and interpret the same in the right perspective

1.10 CHAPTER PLAN

1st chapter includes introduction part. This includes introduction, Statement of the problem, Objectives of the study, Hypothesis, Research methodology, etc.

2nd chapter includes current literature review and theoretical framework of the study

3rd Chapter includes profile of online shoppers, online shopping in India, and theory regarding online shopping.

4th Chapter includes data analysis and interpretation

5th Chapter includes summary, findings, suggestions and conclusions.

CHAPTER – 2

**REVIEW OF LITERATURE AND
CONCEPTUAL FRAMEWORK OF
CONSUMER PERCEPTION**

2.1 LITERATURE REVIEW

The current literature on consumer online purchasing decisions has mainly concentrated on identifying the factors which affect the willingness of consumers to engage in Internet shopping. In the domain of consumer behavior research, there are general models of buying behavior that depict the process which consumers use in making a purchase decision. These models are very important to marketers as they have the ability to explain and predict consumers' purchase behavior

Kotler and Armstrong (2000) pointed out that a person's buying choices are further influenced by four key psychological factors: motivation, perception, learning, belief, and attitude. Different customers have different personalities, which may influence their perception towards their online shopping behaviors (Wolfenbarger and Gilly, 2001). Online shopping features can be either customers' perceptions of functional and utilitarian dimensions, like "ease of use" and "usefulness", or their perceptions of emotional and hedonic dimensions like "enjoyment" (Menon and Kahn, 2002; Childers et al., 2001; Mathwick et al., 2001).

Venkatesh (2000) online shopping "Computer playfulness" is the degree of cognitive spontaneity in computer interactions. Playful individuals may tend to underestimate the difficulty of the means or process of online shopping, because they quite simply enjoy the process and do not perceive it as being effortful compared to those who are less playful "Computer anxiety" is defined as an individual's apprehension or even fear when she/he is faced with the possibility of using computers. This influences consumers' perceptions regarding the "ease of use" of the Internet as a shopping medium in a negative way, since using a computer is one of the necessary requirements for online shopping.

Chau et al. (2000) examined the effects of presentation mode, search engines, and navigation structure of product items on the adoption of internet shopping. Smith and Rupp (2003) also state that the consumers have never had access to so many suppliers and product/service opinions. Therefore, the Internet has developed to a highly competitive market, where the competition over consumer is fierce.

Childers et al(2001) concluded that “enjoyment” results from the fun and playfulness of the online shopping experience, rather than from shopping task completion.

The purchase of goods may be incidental to the experience of online shopping. Thus, “enjoyment” reflects consumers’ perceptions regarding the potential entertainment of Internet shopping found “enjoyment” to be a consistent and strong predictor of attitude toward online shopping.

Lee and Colleagues (2001), two main categories of perceived risk emerge in the process of online shopping. The first is the perceived risk associated with product/service and includes functional loss, financial loss, time loss, opportunity loss, and product risk. The second is the perceived risk associated with context of online transactions, and includes risk of privacy, security and no repudiation.

GfK Group (2002) shows that the number of online shoppers in six key European markets has risen to 31.4 percent from 27.7 percent last year. This means that 59 million Europeans use the Internet regularly for shopping purposes. However, not only does the number of online shoppers grow, the volume of their purchases also increases over-proportionally.

Reinhardt and Passariello, (2002) In the US, says that online sales are forecasted to exceed \$36 billion in 2002, and grow annually by 20.9 percent to reach \$81 billion in 2006. Europeans are spending more money online as well. Whereas combined revenues for Amazon.com’s European operations grew at more than 70 percent annually in each of the past three quarters, topping \$218 million. While these figures show that a large number of consumers in the US and Europe frequently use the Internet for shopping purposes, it is not clear what drives them to shop online and whether these numbers could be even

Dabholkar and Bagozzi et al (2002) O’Cass and Fenech, (2002); Childers et al., (2001); Davis, (1993). Their study reveals that if more attractive online stores were developed. This raises the issue of examining what factors affect consumers to shop online. Therefore, a framework is needed to structure the complex system of effects of these different factors, and develop an in-depth understanding of consumers’ perceptions toward Internet shopping and their intentions to shop online.

Menon and Kahn, (2002); Childers et al., (2001); Mathwick et al., (2001) concluded that Online shopping features can be either consumers' perceptions of functional and utilitarian dimensions, like "ease of use" and "usefulness", or their perceptions of emotional and hedonic dimensions like "enjoyment by including both utilitarian and hedonic dimensions, aspects from the information systems or technology literature, as well as the consumer behavior literature are integrated in our framework. **Burke et al., (2002)** In addition to these relevant online shopping features, also exogenous factors are considered that moderate the relationships between the core constructs of the framework.

. **Burke et al., (2002)**; Relevant exogenous factors in this context are "consumer traits" "situational factors" "product characteristics" "previous online shopping experiences" and "trust in online shopping" By incorporating these exogenous factors next to the basic determinants of consumers' perception and intention to use a technology, the framework is applicable in the online shopping context. Together, these effects and influences on consumers' perception toward online shopping provide a framework for understanding consumers' intentions to shop on the Internet.

Zenithal et al., (2002) In addition to these four latent dimensions, "site characteristics" like search functions, download speed, and navigation, also play a role in shaping "ease of use. But since these site characteristics merely influence the "ease of use" of a particular Web site or online store, and not the Internet as a shopping medium in general, we choose not to elaborate on these sites.

Menon and Kahn, 2002; Mathwick et al., (2001). Says that If consumers enjoy their online shopping experience, they have a more positive attitude toward online shopping, and are more likely to adopt the Internet as a shopping medium. In our framework, we identify three latent dimensions of "enjoyment" construct, including "escapism", "pleasure", and "arousal" "Escapism" is reflected in the enjoyment that comes from engaging in activities that are absorbing, to the point of offering an escape from the demands of the day-to-day world. "Pleasure" is the degree to which a person feels good, joyful, happy, or satisfied in online shopping.

Menon and Kahn (2002). Whereas “arousal” is the degree to which a person feels stimulated, active or alert during the online shopping experience. A pleasant or arousing experience will have carry-over effects on the next experience encountered. If consumers are exposed initially to pleasing and arousing stimuli during their Internet shopping experience, they are then more likely to engage in subsequent shopping behavior: they will browse more, engage in more unplanned purchasing, and seek out more stimulating products and categories.

According to **Hollensen (2004)**, whether it is the traditional market or the online market, the marketer must understand the customer and how he/she makes his/her decisions and purchasing choices. Many people prefer to shop online be homes.

Monsuwe et al. (2004) uses the constructs of TAM as a basis, extended by exogenous factors and applies it to the online shopping context. They found that attitude toward online shopping and intention to shop online are not only affected by ease of use, usefulness, and enjoyment, but also by exogenous factors like consumer traits, situational factors, product characteristics, previous online shopping experiences, and trust in online shopping.

Sherrill and Chen (2005) identified that website security/privacy, website design, website reliability/fulfillment and website customer service are the four dominant factors which influence consumer perceptions of their online purchasing experiences. The review of above studies indicated that there are many factors which influence online purchasers' behavior. To attract the Internet users, it essential to understand how the consumer perceives online purchases and what is their perception towards the product and service offered online by the marketers. This has created a need to focus on the Internet users' perception towards e-shopping.

2.2 CONSUMER PERCEPTION

In general psychological terms, perception is our ability to make some kind of sense of reality from the external sensory stimuli to which we are exposed. Several factors can influence our perception, causing it to change in certain ways. For example, repeated

exposure to one kind of stimuli can either make us oversensitive or desensitized to it. Additionally, the amount of attention we focus on something can cause a change in our perception of it.

Peoples perception of something can vary greatly from person to person, with each one forming an individual opinion about the stimuli (agents, action or conditions that elicit a response) being received. Individuals are continually receiving “messages” through the five senses: touch, taste, smell, sight and sound. Successful marketers use those senses to stimulate consumers to examine a product. Perception is one of the key psychological factors that influence consumer behavior.

The consequence for companies is that they have to adapt their ways of competing for customers. Traditionally, companies have focused their efforts of customer relationship management of issue like customer satisfaction and targeted marketing activities like event marketing, direct marketing, or advertising. Although doubtless necessary and beneficial, these activities are not longer enough. They narrow the relationship between company and customer down to a particular set of contacts in which the company invests its efforts. Most likely this will produce not more than a satisfied customer who is well aware of the company’s offerings and has a positive attitude towards them. However, a satisfied customer is not necessarily a loyal one.

In the result, customers have a wider choice of often less distinguishable products and they are much better informed. For many offerings the balance of power shifts towards the customer. Customers are widely aware of their grater power, which raises their expectations on how companies should care for them.

Bringing it all together, it becomes ever more difficult to differentiate a product or service by traditional categories like price, quality, and functionality etc. In this situation the development of a strong relationship between customers and a company could likely prove to be a significant opportunity for competitive advantage. This relationship is not longer based on feature like price and quality alone. Today it is more the perceived experience a customer makes in his various interactions with a company (e.g. how fast, easy, efficient and reliable the process is) that can make or break the relationship. Problems during a single transaction can damage a so far favorable customer attitude.

2.2.1 Meaning of consumer perception

Consumer perception theory is any attempt to understand how a consumer's perception of a product or service influences their behaviour. Those who study consumer perception try to understand why consumers make the decisions they do, and how to influence these decisions. Usually, consumer perception theory is used by marketers when designing a campaign for a product or brand. However, some people study consumer perception in order to understand psychology in a much more general sense.

2.2.2 Definition of consumer perception

Customer perception can be defined as the way customers usually view or feel about certain services and products. It can also be related to customer satisfaction which is the expectation of the customers towards the products.

2.2.3 How to Measure Consumer Perception

Customers that are satisfied with a product or business have an overall good perception of that product or business. When consumers' perceptions are good, they will continue purchasing goods from this company. These customers also will avoid spreading disappointing experiences to others. Consumer perceptions are based on feelings. A customer perception measurement is an important tool used by companies that expresses how well the companies are satisfying customers.

Instructions

- Perform market research on your company's products. When measuring customer perceptions, the first step a company should take is to identify what customers are actually buying and why.

- Create a survey to give customers. The only way to measure and increase customer's positive perceptions of your company is to ask customer's how they feel about your company. By creating a survey, you are able to get information directly from the customer. In order for the survey to be successful, it should contain several key elements. The survey must be relatively simple and short. The survey must also be created in a way that would allow actionable reports to be generated from the information it contains.
- Analyze survey results. After surveys are distributed and re-collected, the company should analyze the results. When analyzing results, you must remember that customer perception is subjective. It varies immensely from person to person and one particular measurement may not be appropriate for the entire sample taken.
- Measure the results. After the results are analyzed, the information should be measured. This is accomplished by answering several key questions including: are we understanding and meeting the expectations of customers? The results of the survey can be compared to results of previous surveys. Each time a survey is conducted the results should become better.

2.2.4 Factors Affecting Consumer Perception

- **Price**

Price has a complex effect on consumer perception. On the one hand, consumers appreciate a bargain and are often likely to favour an economically-priced item. On the other, consumers often perceive very inexpensive items as cheap and discernable, ultimately damaging a consumer's view of a product even if the product remains the same and the consumer is benefited from a price reduction. Especially sophisticated or sceptical consumers are even prone to distrust a product that is considerably cheaper than the alternatives. As a result, price should be part of a comprehensive marketing plan, where even inexpensive products are depicted as favourable alternatives with similar levels of quality to the competition, with a price that is somewhat lower but still comparable with other possibilities.

- **Quality**

Of course, the actual quality of a product is a vital part of a consumer's perception of a good or service. Quality can describe any attribute in a set of characteristics that satisfy or disappoint a consumer, including usability, reliability and durability. Marketing can influence a consumer's perception of quality, but, in the end, and particularly with non-durable goods, a consumer's actual experience with a product will determine his perception of quality. Outside the realm of mass communication, word of mouth regarding quality also travels very quickly.

- **Service Quality**

Even in the case of goods that exhibit numerous flaws, excellent service quality can often overshadow a negative experience with the product itself. If a consumer feels that he receives exceptional attention when encountering a problem with a product, that consumer is somewhat more likely to trust the brand or product knowing that the manufacturer or retailer provides a prompt and effective response to problems. Humans are social animals and their consumer behaviour is often determined by the social relationships that surround a product, including interactions with customer service representatives.

- **Packaging and Branding**

Packaging and branding have a huge effect on consumer perceptions, particularly at the point of purchase. Especially when a consumer is purchasing a type of product for the first time, the way the product is presented can wholly determine their perception of the item. Packaging and branding, of course, cover everything from the attractiveness and display quality of an item to the attributes of a product the manufacturer chooses to highlight. Depending on the type of product and market, different branding messages from tough and reliable to fine and luxurious can be appropriate and effective.

- **Reputation**

A product's reputation is built up over time and is usually a combination of actual experience with the product, word-of-mouth recommendations and marketing campaigns that attempt to establish a status or shared view of the product or brand. A consumer's perception of a product's reputation, moreover, is not only determined by the product's brand identity

and manufacturer but by the whole chain of distribution. Even if a consumer trusts a product's manufacturer, for example, that consumer may change his mind about the product upon seeing it available in a retailer he associates with cheap, defective products.

2.2.5 Significance of consumer perception

The significant role played by perception can be exemplified when two identical products are marketed in completely different ways, thus creating distinct perceptions of each product. Depending on consumers' perception, each product can be received quite differently: favourably, less favourably or not at all. Marketers must distinguish their message from their competitors' to grab consumers' attention. People are often willing to pay for a more expensive product over its less-expensive but identical counterpart just because they perceive it to be a "better" product.

2.2.6 Importance of Consumer Perception

The success of a business depends upon its ability to attract and retain customers that are willing to purchase goods and services at prices that are profitable to the company.

Consumer perception describes how customers and potential customers view a company and its products and services. Consumer perception is important to businesses since it can influence consumer behaviour, which ultimately affects the profitability of a business. Many businesses spend large amounts of resources to influence consumer perceptions.

2.2.7 Role of perception in customer behaviour

By studying consumers, businesses can gain a better understanding of the role of perception in consumer behaviour. Companies can greatly improve their marketing strategies when they have a firm grasp on the psychology of how consumers feel, think and reason their way to a buying decision. Knowing how consumers are influenced by their environment, their information-processing abilities and their perception of a product can help companies to more effectively reach consumers.

2.2.8 Function of customer perception

In marketing, the role of perception in consumer behavior is all about recognizing how consumers view a company's product or service. A consumer's motivation for buying a particular product or service often comes down to image. People wish to be perceived as having the ability to make the "right" choices and pick the "right" products. Marketers use perception to target people's need to fit in and be part of a larger group of discerning consumers.

2.2.9 Consumer Perception Basics

Consumer perceptions can determine the success or failure of a business. For example, if a certain restaurant has a reputation as being the best pizza place in town, the general consumer perception in the town might be that you should go to the restaurant if you want a good pizza. This sentiment could strongly influence the pizza shop's ability to make profit. On the other hand, if consumers have negative views about a company it could seriously hamper revenue success. For instance, if a hardware store becomes known for cheap, shoddy products, consumers might avoid purchasing its goods unless they cannot afford higher quality goods.

- **Marketing**

Marketing describes how a company chooses what types of products and services to offer and how it distributes, prices and promotes those products and services. Consumer perceptions often determine the types of products and services companies offer. For example, if consumers expect to be able to eat for \$5 at a fast food restaurant, restaurants might be compelled to offer products that are profitable at a price of \$5 or less. Businesses create advertisements to make consumers aware of their products and services and influence how consumers perceive those products and services.

- **Branding**

A trademark is a name, phrase, symbol or combination of words and symbols that a company uses to distinguish its identity or brand or its products from others. Businesses spend large amounts of resources to build up brand name recognition and to get consumers to

associate certain positive qualities with their brands. Consumers may be more trusting of more recognizable brands, which can influence buying behavior.

- **Considerations**

Businesses often conduct market research to gain insight into consumer perceptions and preferences. Understanding how and why consumers make the choices they do are integral to providing products and services that will be in demand and promoting those products and services effectively.

2.2.10 Consumer Perception & Attitudes: Research Methods

The marketing research process seeks to identify consumer perceptions and attitudes in order to create successful products and promotional campaigns. Several research methods, such as the Likert scale, measure consumer attitudes in a quantitative fashion. Other methods, such as shadowing and behavior mapping, use qualitative observational data in order to interpret consumer perceptions. Regardless of the research methods that are used, the process of uncovering consumer perceptions and attitudes involves defining the problem, developing a research plan, collecting the information, analyzing the information, and making a strategic decision.

CHAPTER - 3

E-COMMERCE AND ONLINE STORES

3.1 E-COMMERCE

The buying and selling of information, products and services over computer communication networks such as the internet are known as e-commerce. E-commerce helps to conduct traditional commerce through new ways of transferring and processing information. Information is transferred from computer to computer in an automated manner.

E-commerce refers to paperless exchange of business information using electronic data interchange, electronic mails, bulletin boards and other network based technologies. Recently, business firms started to do their business over the internet. The internet has given a great momentum to e-commerce because it is cheap compared to other types of networks. Capturing of information, its processing and distribution is inevitable to conduct trade and commerce irrespective of the type and nature of goods and services bought and sold.

Thus, use of computers and networks to do commerce is known as e-commerce. It is essentially commerce in paperless environment. Almost all transactions in commerce can be done without paper. The World Trade Organization (WTO) defines e-commerce as “a commercial process that includes productions, distributions, sales or delivery of goods and services through the electronic means.”

In the resolution adopted by the general assembly, the united nation commission on International Trade Law, has noticed that an “increasing number of transactions in international trade are carried out by means of the electronic data interchange and other means of communication commonly referred to as electronic commerce which involve the use of alternatives to paper based methods of communication and storage of information.”

E-commerce emphasizes the generation and exploitation of new business opportunities over internet. Electronic commerce or e-commerce is the combination and integration of communication, data management and security that allows companies to exchange information.

3.2 TYPES OF E-COMMERCE

The following are different types of e-commerce:

- Business-to-business (B2B)
- Business-to-consumer (B2C)
- Business-to-government(B2G)
- Consumer-to-consumer(C2C)
- Mobile commerce (m-commerce)

B2B e-commerce is simply defined as e-commerce between companies. About 80% of e-commerce is of this type. Eg: Intel selling microprocessor to Dell.

B2C e-commerce or commerce between companies and consumers, involves customers gathering information; purchasing physical goods or receiving products over an electronic network. Eg: Dell selling me a laptop.

B2G e-commerce is generally defined as commerce between companies and the private sector. It refers to use of the internet for public procurement, licensing procedures and other government related operations. Eg: business pay taxes, file reports.

C2C e-commerce is simply commerce between private individuals or consumers. Eg: Raj buying an iPod from Tom on eBay.

M-commerce or mobile commerce is the buying and selling of goods and services through wireless technologies i.e. handheld devices such as cellular telephones. Eg: mobile ticketing, mobile banking etc.

3.3 DISTINCTION BETWEEN TRADITIONAL COMMERCE AND E-COMMERCE

Both traditional commerce and e-commerce have the same objective: to get the right product to the right customer at the right time. But they are not as similar as they appear. In fact there are some glaring differences between these two types of commerce.

- **Direct interaction:** Traditional commerce is often based around face to face interaction. The customer has a chance to ask question and the sales staff can work with them to ensure a satisfactory transaction. On the other hand, e-commerce does not offer this benefit unless features such as related items or live charts are implemented.
- **Higher order volume, lower order quantity:** As e-commerce distribution centers process tens or thousands of orders a day, they may be only a hundredth the size of their traditional counter parts. For eg: instead of shipping hundred units to a single customer at Kochi, the system may send products to hundred different customers throughout the country, all via small package delivery.
- **More products:** A virtual store can do many things that a real store cannot do including carrying a larger range of products. Large variety of stock is a challenge for

online markets. Among other things, they must have more storage areas, big clients, and people to manage their variety of products. They also must be more system intensive, because the more individual products you have, the more difficult it is to maintain accurate inventory data and to avoid the most fear of e-commerce blunders, the back order.

- **Reach:** With an online shop, you can do business with anybody living in a country you are able and willing to send mail to, unlike traditional commerce where you are restricted to people who actually come to your shop.
- **Product packaging:** when the term “wrap” is used at a traditional distribution centre, it typically refers to encasing a product in plastic wrapping for protective purposes. E-commerce fulfillment centers must employ small package experts, which mean they need areas dedicated to boxing materials and providing extra touches such as gift wrapping.

3.4 ONLINE SHOPPING

Online shopping or online retailing is a form of electronic commerce which allows consumers to directly buy goods or services from a seller over the Internet without an intermediary service. The process is called business-to-consumer (B2C) online shopping. In the case where a business buys from another business, the process is called business-to-business (B2B) online shopping. Online customers must have access to the internet and a valid method of payment in order to complete a transaction.

Consumers find a product of interest by visiting the website of the retailer directly or by searching among alternative vendors using a shopping search engine. Once a particular product has been found on the website of the seller, most online retailers use shopping cart software to allow the consumer to accumulate multiple items and to adjust quantities, like filling a physical shopping cart or basket in a conventional store.

A "checkout" process follows (continuing the physical-store analogy) in which payment and delivery information is collected, if necessary. Some stores allow consumers to sign up for a permanent online account so that some or all of this information only needs to be entered once. The consumer often receives an e-mail confirmation once the transaction is complete.

Customers are attracted to online shopping not only because of high levels of convenience, but also because of broader selections, competitive pricing, and greater access to information. Business organizations seek to offer online shopping not only because it is of much lower cost compared to bricks and mortar stores, but also because it offers access to a worldwide market, increases customer value, and builds sustainable capabilities.

3.5 ADVANTAGES OF ONLINE SHOPPING

Internet has revolutionized the way we do our Shopping. Because of the numerous Advantages and Benefits of Shopping Online more and more people these days prefer Online Shopping over conventional shopping. Some of the major advantages are:

1) **Convenience:** The convenience of this method of shopping is the best about it. Where else can you do shopping even a midnight wearing your night suit? You do not have to wait in a line or wait till the shop assistant is ready to help you with your purchases. You can do your shopping in minutes even if you are busy apart from saving time and avoiding crowds. Online shops give us the opportunity to shop 24 x 7 and also reward us with a „no pollution“ shopping. There is no better place to buy information products like e-books. Immediately after the payment is made one can download the information. And downloadable items purchased online eliminate the need for any kind of material goods at all.

2) **Better Prices:** Another fascinating thing is the cheap deals and better prices we get from online stores because products come to you direct from the manufacturer or seller without middlemen involved. Many online shops offer discount coupons and rebates. Apart from this, the Online Store is only required to collect sales tax if they have a physical location in our state even if we buy from a store across the world.

3) **Variety:** The choices you can get for products are amazing. One can get several brands and products from different sellers at one place. You can get in on the latest international trends without spending money on airfare. When you shop online, you can shop from retailers in other parts of the country or even the world without being limited by geographic area. These stores offer a far greater selection of colors and sizes than you will find locally.

4) **Send Gifts:** Online Shopping makes sending gifts to relatives and friends easy, no matter where ever they stay. Now there is no need of making distance an excuse for not sending a

gift on occasions like Birthday, Wedding Anniversary, Marriage, Valentine's Day, Mother's Day etc.

5) **Fewer Expenses:** Many times when we opt for conventional shopping we tend to spend a lot more than the required shopping expenses on things like eating out, traveling, impulsive shopping etc.

6) **Comparison of Prices:** Online shops make comparison and research of products and prices possible. Online stores also give you the ability to share information and reviews with other shoppers who have first hand experience with a product or retailer.

7) **Compulsive Shopping:** Many times when we go out on Shopping we end up buying things which we do not require because of the shop keepers up selling skills. Sometimes we even compromise on our choices because of the lack of choices in those shops.

3.6 DISADVANTAGES OF ONLINE SHOPPING

1) **The Product:** When shopping in a real shop you get to actually see the products in person, and you get to touch them, feel the quality, see the size, and basically see everything in much more detail. This is something that you can't do when shopping online, so ultimately you may buy something and not be overly impressed when it arrives at your door.

2) **Waiting:** Another disadvantage of online shopping is that you have to wait for the item/s you have ordered to arrive. Whereas if you are in a real shop you just pay for what you want, and then you take it home with you. So if you are looking for something fast and when you need it fast, you cannot get it from an online store.

3) **Customer Questions:** You will get a much better experience in a real store compared to online when you need to ask questions about something. Online can feel like a bit of a drag if you need a simple question answered about something, but in a store they have staff all more than happy and ready to help make the sale, and answer questions for you.

4) **Test Run:** Particularly if you are buying clothing or footwear, or anything where it is good to try it on and have it up and running, this is where shopping in a real store is much better. With a real store you can try things on and actually go home knowing you have bought things that are ideal for you.

5) **Social Interaction**: Some people like to make a big deal out of going shopping with friends and family to real shops. This is something you can't do online. So many people will make a complete day out of their shopping trip, they may go for lunch, stop at cafes for coffee, go to the cinema afterwards. So shopping in this way can become something which is enjoyable and looked forward to every once in a while.

6) **Online security**: online shopping is usually safe but not always. There may be sites which are not secure or do not encrypt your personal credit card data, so if a hacker breaks in to their system, your personal data may be compromised.

7) **Delivery risks**: what if the item you are expecting never arrives? What if you are not at home when the courier company drops the package at your door step and somebody steals it? What if the shipping company broke your stuff during transit and you realize it after opening it when the courier man has already gone away? The seller might claim that you broke it. Thus, risks associated with product delivery are another disadvantage of online shopping.

3.7 POPULAR ONLINE SHOPPING WEBSITES IN INDIA

Online shopping stores have increased rapidly within a few years. Tough competition exists between the companies to become the best online shopping site. Almost all online shopping stores provide commodity at discounted prices which induce the customers to buy more.

Some of the best online shopping sites in India include:

1. Flipkart.com



This one has to come first hands down. The entire country is completely dependent on Flipkart for nearly all their shopping needs.

Flipkart sells everything from gift vouchers to electronics to home appliances. In fact, statistics claim that there are more items on flipkart than in a mall. Hence, Indians are heavily reliant on flipkart for all their shopping needs.

2. Amazon.in



A large number of people from India swear by the services of amazon. Amazon and flipkart are always at war with each other and are always at close heels. Amazon has an equally large number of products as flipkart. In fact, Amazon apparently sells more than flipkart. Since amazon is an American company, it lacks the desi taste that would be preferred by an Indian. It would be wise to indianise its Indian domain. It would then be an instant hit amongst the masses.

3. Snapdeal.com



Snapdeal is a completely Indian website and is often preferred by the masses for its cheap rates. It sells products at really low prices and hence, is a favourite of the masses. It is a good idea to buy from Snapdeal if you are looking for absolutely cheap prices. However, there have been times when consumers have complained of the products of Snapdeal and hence, some of them stay away from Snapdeal.

4. Jabong.com



Jabong is again an American brand but seems to be doing very well in India. It has a large number of clothes and accessories for sale and is a complete paradise for those who love shopping for clothes. It has all kinds of products from western wear to desi kurtis and it would be fun to sit home and shop for clothes on jabong. Jabong is excessively preferred by women shoppers.

5. Myntra.com



An equally large number of women favour myntra over jabong. Myntra also has a large number of accessories and clothes on its online portal. It has a large number of categories as well and one can buy from a category of their choices. From western to ethnic to traditional, all kinds of clothes are sold on myntra.

6. eBay.in



The world leader in online shopping store has stamped its mark in India also. eBay is a shopping store in which a wide variety of goods, services and products are bought

and sold. eBay sells brand new products along with used products. It sometimes holds up auction for some products also. eBay and Flipkart are on a neck to neck competition for becoming the best online shopping site in India.

7. Homeshop18



This is an equally popular website amongst online shoppers. Those who do not mind waiting a little extra for delivery at the reward of a lower price, order from here. A lot of times, the cheapest of items and the remotest of items are easily found on homeshop18.com.

Thus, this site also has an equally large number of shoppers who are loyalists. However, homeshop18 cannot be trusted when one is in an emergency. You'd rather buy from one of the websites where they give express deliveries.

8. Infibeam.com



Infibeam.com is a place where you often find things that are not found anywhere else. The rarest of things, the rarest of books and the rarest of electronics and many other such items are easily found on infibeam.com. Infibeam.com has a long way to go before it comes higher up the ranks but it definitely isn't doing badly so far.

9. Shopclues.com



Shopclues is famous for their heavily discounted best shopping deals. Shopclues is one of the best online stores that offers a wide variety of cameras, Computer accessories, Mobile, Gift, Jewellery, Cosmetics, toys, clothes, books and bag.

10. Firstcry.com



Firstcry.com India's largest store for Kids selling more than 70000 items from more than 400 top International and Indian brands, For, the options available to the consumer are fairly limited and it will be a while before the consumer is spoilt for choice with a large number of online shopping portal

11. Yebhi.com



Yebhi.com is again an Indian ecommerce site famous for lifestyle products including clothing, fashionable items, gift items plus home products too. Yebhi.com began its journey from bigshoebazaar.com but later changed to yebhi.com. Products like mobiles, cameras, shirts, watches, laptops etc. are the backbone of this site. It also made its name in top 10 online shopping sites in India.

3.8 PAYMENT METHODS IN ONLINE SHOPPING

1. Credit card

A credit card is a card issued by a financial company giving the holder an option to borrow funds, usually at point of sale. Credit cards charge interest and are primarily used for short-term financing. Interest usually begins one month after a purchase is made and borrowing limits are pre-set according to the individual's credit rating.

2. Cash on Delivery

Cash on Delivery system is a type of transaction in which payment for a good is made at the time of delivery. If the purchaser does not make payment when the good is delivered, then the goods will be returned to the seller. Payment can be made by cash, certified check or money order, depending on what is stipulated in the shipping contract.

3. Debit Card

Debit card, alternately called a bank card or an ATM card, is a way to pay directly that draws cash for a purchase directly from a bank account and transferring to an account held by the seller. Most online merchants will accept debit card purchases.

4. Bank Transfer

The bank transfer is similar to the debit card method - it's a method of transferring cash from one bank account to another account. The debit card in a bank transfer transaction is not necessary, although the results are the same. The bank transfer method provides security and speed.

5. Online Banking ePayments (OBeP)

Users of this method are directed at the time of purchase to the merchant's online bank website. The buyer logs in and authorizes the charges. Funds are transferred from the buyer's bank to the seller's bank. Highly secure, buyers using this payment method do not have to provide their account numbers or other personal data.

6. Mobile Payments

The mobile payment option is relatively new and gaining popularity in foreign countries. Using a mobile phone, consumers can pay for a variety of goods and services, with the charges assigned to their phone bills. This method eliminates the use of checks, credit cards and other pay methods. Multiple charges are consolidated in one monthly statement - the phone bill.

7. Electronic Cheque

The electronic cheque is a method of payment which draws cash from an account, eliminating the paper cheque and the inconvenience of mailing it. The electronic check, or the ACH or eCheque, as it's sometimes called, requires the payer's name, amount of payment, routing and account number. The user authorizes the transfer of funds from his or her bank website to the payee.

3.9 ELECTRONIC SHOPPING CART

Almost all online shopping websites today make use of shopping cart software. In online marketing, a shopping cart is a piece of e-commerce software on a web server that allows visitors to an internet shopping site to select items for eventual purchase. It is also known as shopping basket. The software allows online shopping customers to accumulate a list of items for purchase. Upon checkout, the software typically calculates a total for the order, including shipping and handling (i.e. postage and packing) charges and the associated taxes, as applicable.

Although most simple shopping carts strictly allow for an item to be added to a basket to start a checkout process, most shopping cart software provides additional features that an Internet merchant uses to fully manage an online store. Data (products, categories, discounts, orders, customers, etc.) is normally stored in a database and accessed in real time by the software.

3.10 METHODS OF PRODUCT DELIVERY IN ONLINE SHOPPING

Online shopping is the process of purchasing the products or services from the online retailer through internet. This process is also called as business to the customer online shopping. Once the payment is made by the customer, it is the duty of the online retailer to deliver the product for the customer at the right time and the delivery can be done through the following ways:

- Digital media products such as music, movies, images and software are mostly delivered by a method called as downloading.
- In drop shipping the order is passed to the manufacturer or the distributor and the products are shipped directly to the customer without the involvement of the retailer in the shipping process.
- The tickets, codes, or coupons may be produced at the appropriate physical or online premises and their content is reviewed to verify their eligibility.

- The customer using locator software finds the store locally in which the desired product is available and picks up the product and places an order for it. This process is called in store pick up and it is used in bricks and clicks business model.
- The other way used to deliver the product in online shopping is shipping in which the product is delivered to the customer directly.

CHAPTER - 4
DATA ANALYSIS AND INTERPRETATION

DATA ANALYSIS AND INTERPRETATION

Data analysis and interpretation is the main chapter of this study. The perception of customers towards online shopping is analysed and interpreted mainly from primary data collected through questionnaire which was distributed to online shoppers. Convenience sampling technique was used for selecting the online shoppers.

The results of the analysis are presented and interpreted in the following tables and charts.

4.1 DEMOGRAPHIC CLASSIFICATIONS

This includes age wise classification, sex composition, educational qualification and occupation

Table 4.1

DEMOGRAPHIC CLASSIFICATIONS

| | | No. of Online shoppers | Percentage |
|----------------------------------|-------------------------|------------------------|------------|
| AGE | Status | | |
| | Below 18 | 7 | 11.66 |
| | 18 - 25 | 34 | 56.66 |
| | 25 - 35 | 14 | 23.34 |
| | Above 35 | 5 | 8.34 |
| | Total | 60 | 100 |
| GENDER | Male | 49 | 81.66 |
| | Female | 11 | 18.34 |
| | Total | 60 | 100 |
| | | | |
| | High School | 11 | 18.34 |
| EDUCATIONAL QUALIFICATION | Higher Secondary | 20 | 33.32 |
| | Graduate | 18 | 30 |
| | Above Graduation | 11 | 18.34 |
| | Total | 60 | 100 |
| | | | |

| | | | |
|-----------------------|-----------------------|----|-------|
| OCCUPATION | Student | 26 | 43.34 |
| | Business | 12 | 20 |
| | Govt. Employee | 8 | 13.34 |
| | Profession | 5 | 8.32 |
| | Others | 9 | 15 |
| | Total | 60 | 100 |
| MONTHLY INCOME | Below 10000 | 22 | 36.66 |
| | 10000-25000 | 20 | 33.34 |
| | 25000 - 40000 | 12 | 20 |
| | Above 40000 | 6 | 10 |
| | Total | 60 | 100 |

Source: survey data

Interpretation

From the above table, in case of age categorization 56.66% of respondents are aged between 18 and 25, 23.34% of respondents are aged between 25 and 35 years old, 8.34% of respondents are aged above 35 years old and 11.66% of respondents are in below 18 year old category.

In case of gender classification 81.66% of respondents are male and 18.34% are female category. In case of classification on the basis of educational qualification 33.32% of respondents are higher secondary level education, 18.34% of respondents have above graduation education, 30% are graduates and 18.34% have high school education.

In case of occupation classifications 20% of respondents are businessman, 43.34% of respondents are students, 8.34% of respondents are professions, 15% of respondents are doing other occupations and 13.32 are in government service.

In case of monthly income wise classification, 20% of respondents have earn monthly income between 25000 and 40000, 36.66% have monthly income below 10000, 10% of respondents are earn monthly income above 40000 and 33.34% of respondents have earn monthly income between 10000 and 25000.

.Table 4.2

Internet usage time

| Internet usage | No. of respondents | Percentage |
|------------------------|---------------------------|-------------------|
| Below 1 year | 7 | 11.6 |
| 1 year - 3 year | 26 | 43.4 |
| 3 year - 5 year | 16 | 26.6 |
| Above 5 year | 11 | 18.4 |
| Total | 60 | 100 |

Source: survey data

Interpretation

Here, the above table shows that 43.4% of respondents are using internet 1 year to 3 years. 18.4% of respondents are using the internet above 5 years.26.6% and 11.6% of respondents are using the internet respectively 3 year to 5 year and below 1 year.

Chart 4.1

Internet usage time

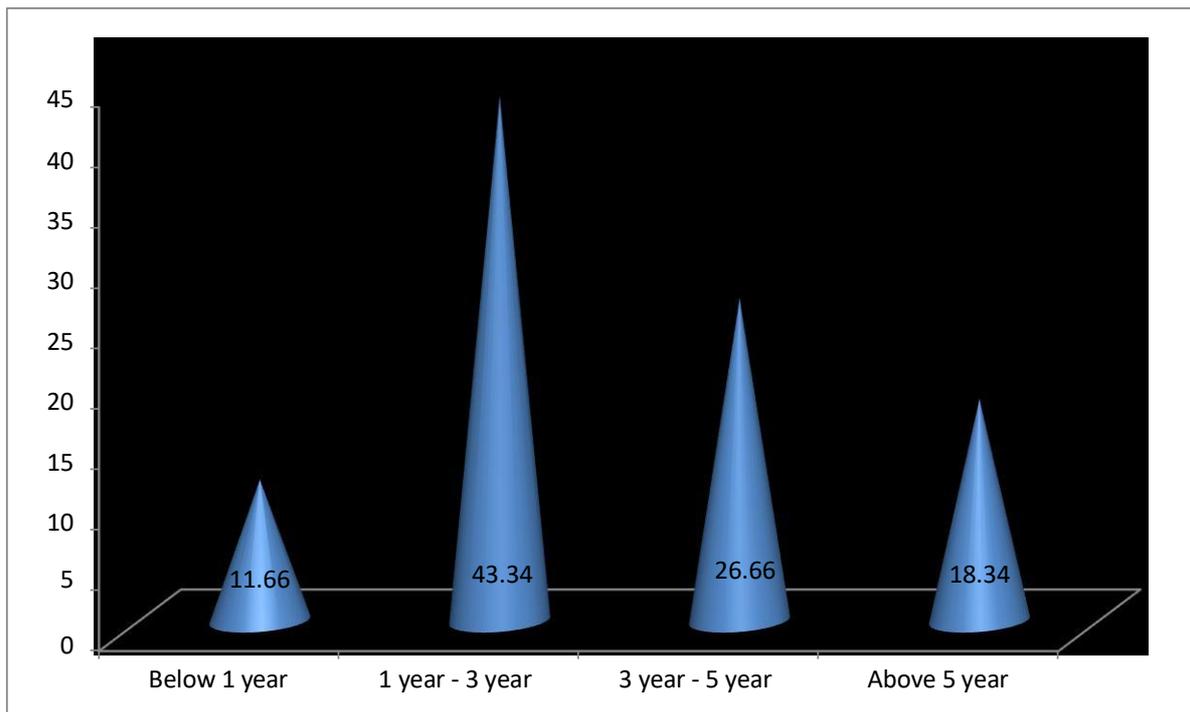


Table 4.3

Internet accessing device

| Devices | No. of respondents | Percentage |
|--------------------------|---------------------------|-------------------|
| Smartphone | 33 | 55 |
| Personal computer | 9 | 15 |
| Tablet | 8 | 13.34 |
| Laptop | 10 | 16.66 |
| Total | 60 | 100 |

Source: survey data

Interpretation

The above table shows information about the internet accessing devices of respondents. Here, 55% of respondents are using Smartphone as a device for accessing the internet, 13.34% of respondents are using tablet for accessing internet, 16.66% of respondents are using laptop and 15% of respondents are using personal computer for accessing the internet.

Chart 4.2

Internet accessing device

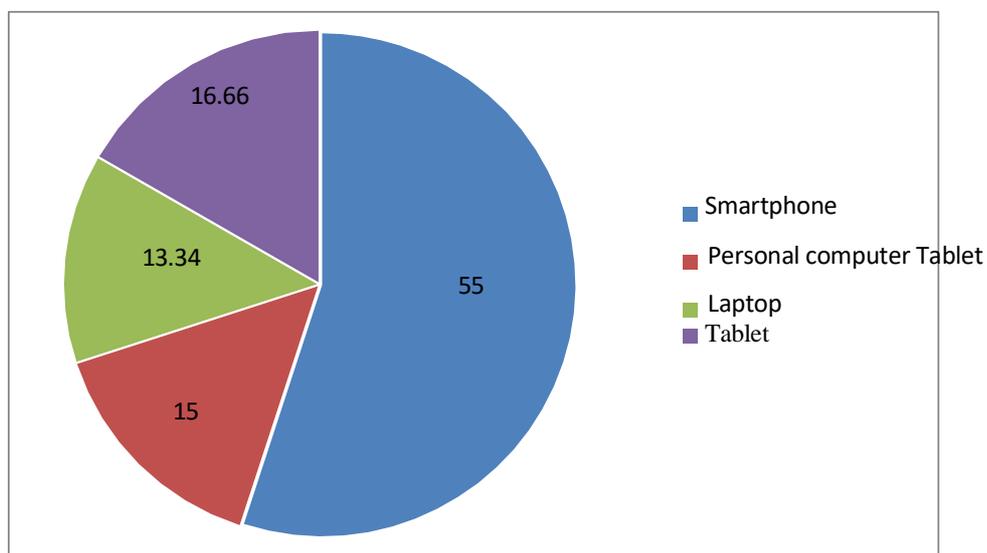


Table 4.4

“Online shopping is more convenient than traditional shopping”

| Scale of agree | No. of respondents | Percentage |
|-------------------|--------------------|------------|
| Strongly agree | 24 | 40 |
| Agree | 28 | 46.67 |
| Neutral | 7 | 11.67 |
| Disagree | 1 | 1.66 |
| Strongly disagree | - | - |
| Total | 60 | 100 |

Source: survey data

Interpretation

Here the above table shows that 40% of respondents are strongly agree to the statement of „Online shopping is more convenience the traditional shopping”, 46.67% of respondents are agree to this statements, and 11.67% of respondents are in neutral and 1.66% of respondents are disagree with this statements.

Chart 4.3

“Online shopping is more convenient than traditional shopping”

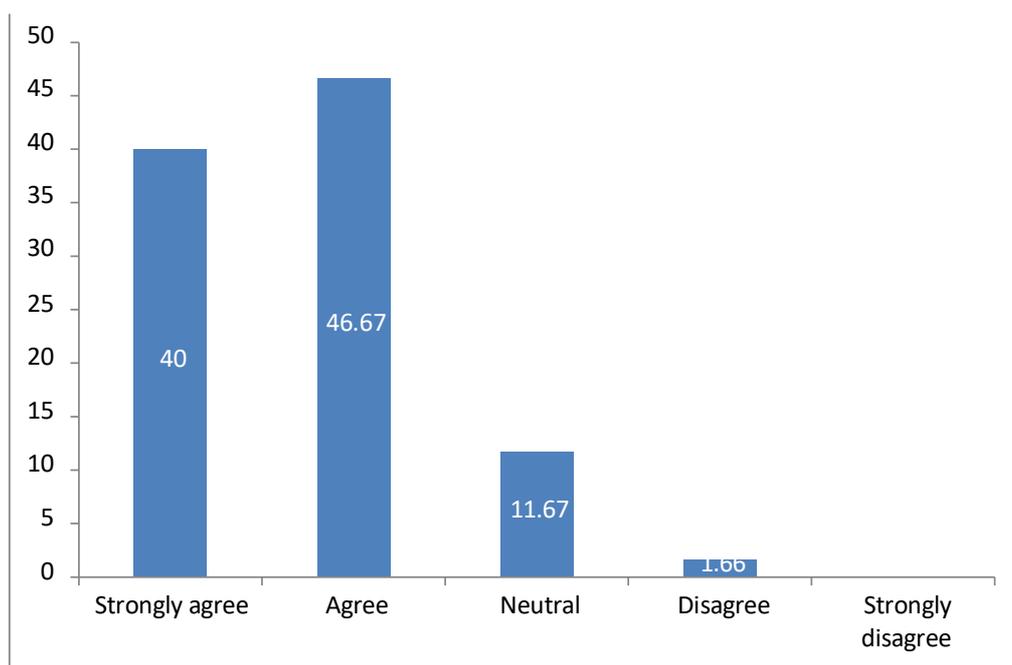


Table 4.5

Number of online purchasing

| Time | No. of respondents | Percentage |
|-----------------|---------------------------|-------------------|
| 1-3 | 28 | 46.66 |
| 4-7 | 21 | 35 |
| 8-11 | 3 | 5 |
| 12 - 15 | 4 | 6.67 |
| Above 15 | 4 | 6.67 |
| Total | 60 | 100 |

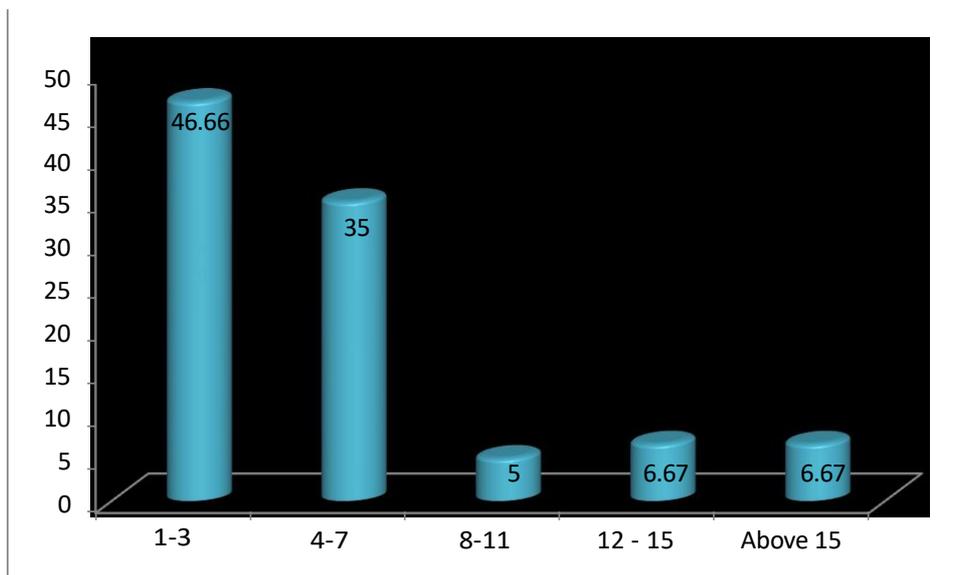
Source: survey data

Interpretation

Here, this table shows that first time online shopping of respondents is 46.66%.and 35% respondents take 4-7 purchase.5% respondents choose 8-11 online purchase. 6.67% respondents take 12-15 and more than 15 online purchases

Chart 4.4

Number of online purchasing



Occupation and Factors influencing online shopping

The relationship between different occupation and Factors influencing online shopping can be tested by using one way ANOVA. The five points likert scale from, more relevant with score of 5 to more irrelevant with score of 1 is used in this study. The score of each variable (e.g. occupation) in terms of frequency is used to calculate the weighted average for each variable. For instance if we denote “more relevant” by “5”, the other by “4,3,2,1” then we can use 60 input data by dividing 26 input data of respondents of student only, 12 input data of respondents of business, 8 input data of respondents of govt employees, , 5 input data of respondents of professionals and 9 input data of respondents of other occupational group as follows: in student (Convenience) $5*5 + 4*15 + 3*6 + 2*0 + 1*0 = 103$. $103/26$ (sample size) we get 3.96 *, which is the weighted average for this variable in student. In business (Convenience) $5*7 + 4*3 + 3*2 + 2*0 + 1*0 = 53$. $53/12$ we get 4.42 **. In the same way weighted average of variables are calculated. The average of each group (student, business, Govt.Employee, Profession, and Other occupation) is calculated and lastly we will analyse the significance difference in different occupation and factors influencing online shopping.

Table 4.6

Factors influencing online shopping

| Factors | More relevant | Relevant | Neutral | Irrelevant | More irrelevant | Total |
|------------------------|---------------|------------|-----------|------------|-----------------|------------|
| Convenience | 26 | 25 | 9 | 0 | 0 | 60 |
| Time savings | 29 | 24 | 6 | 1 | 0 | 60 |
| Availability | 19 | 26 | 11 | 4 | 0 | 60 |
| Review of products | 19 | 25 | 11 | 4 | 1 | 60 |
| Price | 22 | 26 | 9 | 3 | 0 | 60 |
| Quality | 9 | 29 | 15 | 6 | 1 | 60 |
| Comparison of products | 17 | 23 | 16 | 2 | 2 | 60 |
| Total | 141 | 178 | 77 | 20 | 4 | 420 |

Source: survey data

“Ho = there is no significant difference between occupation and factors affecting online shopping”

“H1 = There is significant difference between occupation and factors affecting online shopping”

Table 4.6.1

Relationship between occupation and factors influencing online shopping

| factors influencing | Weighted average of different level | | | | |
|------------------------|-------------------------------------|----------|---------------|------------|--------|
| | Student | Business | Govt.Employee | Profession | Others |
| Convenience | 3.96 | 4.42 | 4.63 | 4.6 | 4.55 |
| Time savings | 4.11 | 4.58 | 4.63 | 4.2 | 3.16 |
| Availability | 4.26 | 3.75 | 4.13 | 4 | 3.44 |
| Review of products | 3.76 | 3.91 | 4.13 | 3.4 | 3.08 |
| Price | 4.03 | 4.33 | 4.38 | 4 | 3.08 |
| Quality | 3.57 | 3.33 | 3.88 | 3.8 | 2.83 |
| Comparison of products | 3.80 | 4.25 | 4.25 | 3.6 | 2.83 |
| Total | 27.49 | 28.57 | 30.03 | 27.6 | 22.97 |

Table 4.6.2

ANOVA TABLE

| Sources of variation | Sum of squares | Degree of freedom | Mean squares | F ratio |
|----------------------|----------------|-------------------|--------------|-------------|
| Between samples | SSC 3.99 | K-1 4 | MSC 0.997 | F — 6.64 |
| Within the sample | SSE 4.50 | N-K 30 | MSE 0.15 | |
| Total | 8.49 | N-1 34 | | |

Interpretation

Calculated value $F = \frac{1}{0.15} = 6.64$

Degree of freedom = (4, 30) = 2.69

The table value F at 5% level of significance for (4, 30) degree of freedom is 2.69 which is less than calculated value. So we reject the null hypothesis that is there is significant difference between occupation and factors affecting online shopping.

.Table 4.7

Preference in online shopping website

| websites | No. of respondents | Percentage |
|-----------------|---------------------------|-------------------|
| Amazon | 19 | 13.28 |
| Flipkart | 48 | 33.56 |
| eBay | 9 | 6.30 |
| Myntra | 33 | 23.08 |
| Jabong | 8 | 5.59 |
| Snapdeal | 17 | 11.89 |
| Yepme | 9 | 6.30 |
| Total | 143 | 100 |

Source: survey data

Interpretation

Here, the above table shows that 33.56% of respondents are prefer Flipkart for online shopping, 13.28% of respondents are preferring Amazon for online shopping, 6.30% of respondents are preferring eBay for online shopping, 23.08% of respondents are preferring for Myntra and 11.89%, 6.30%, 5.59% respectively for Snapdeal, Yepme and jabong.

Chart 4.5

Preference in online shopping website

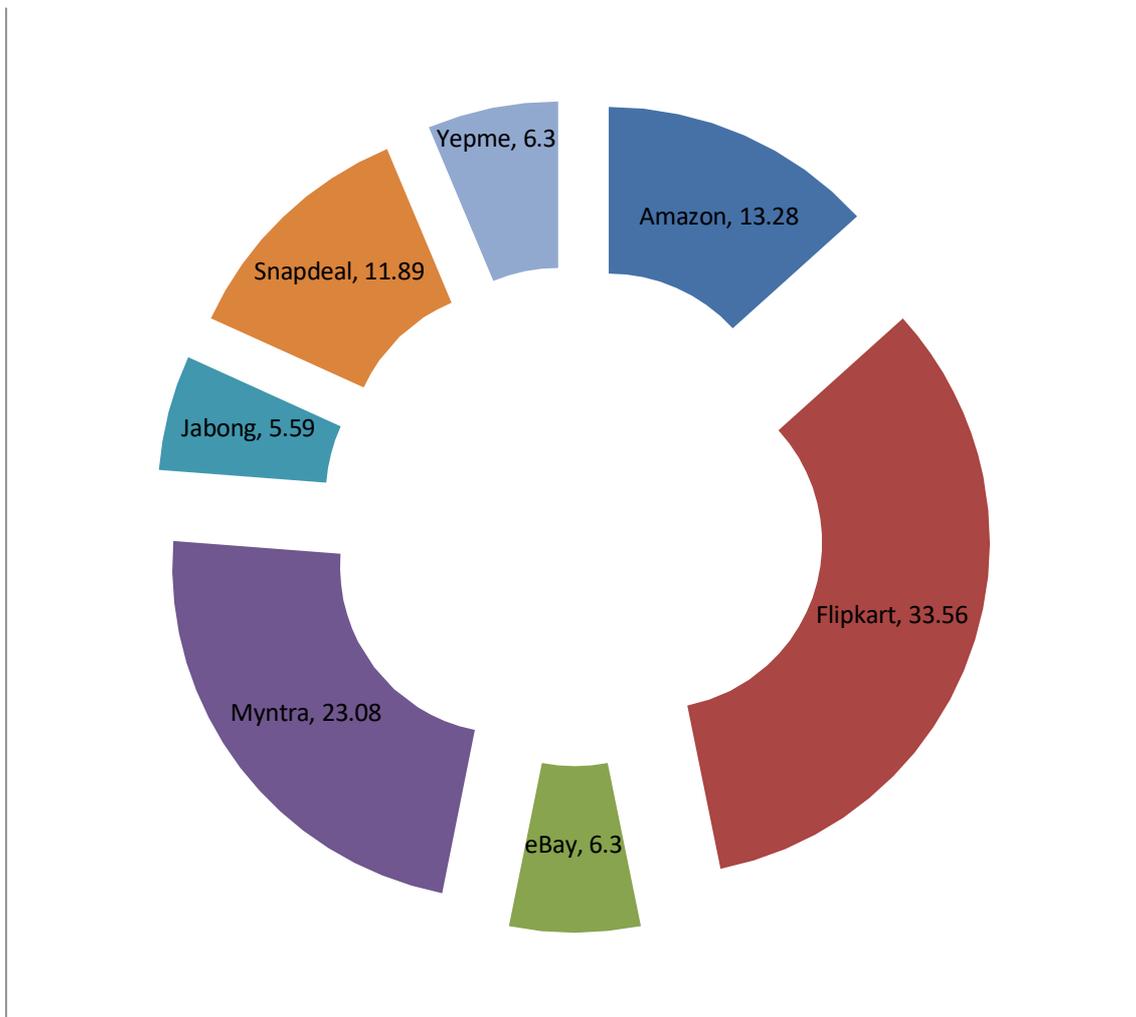


Table 4.8

Source of information about online shopping

| Sources | No. of respondents | Percentage |
|--------------|--------------------|------------|
| Friends | 22 | 36.68 |
| TV | 7 | 11.66 |
| Social media | 24 | 40 |
| Websites | 7 | 11.66 |
| Total | 60 | 100 |

Source: survey data

Interpretation

Table 4.8 shows the sources of information about the online shopping. 40% of respondents are get information about the online shopping from social media, 36.68% of respondents are get from friends, 11.66%, 11.66% of respondents are respectively get from TV and websites.

Chart 4.6

Source of information about online shopping

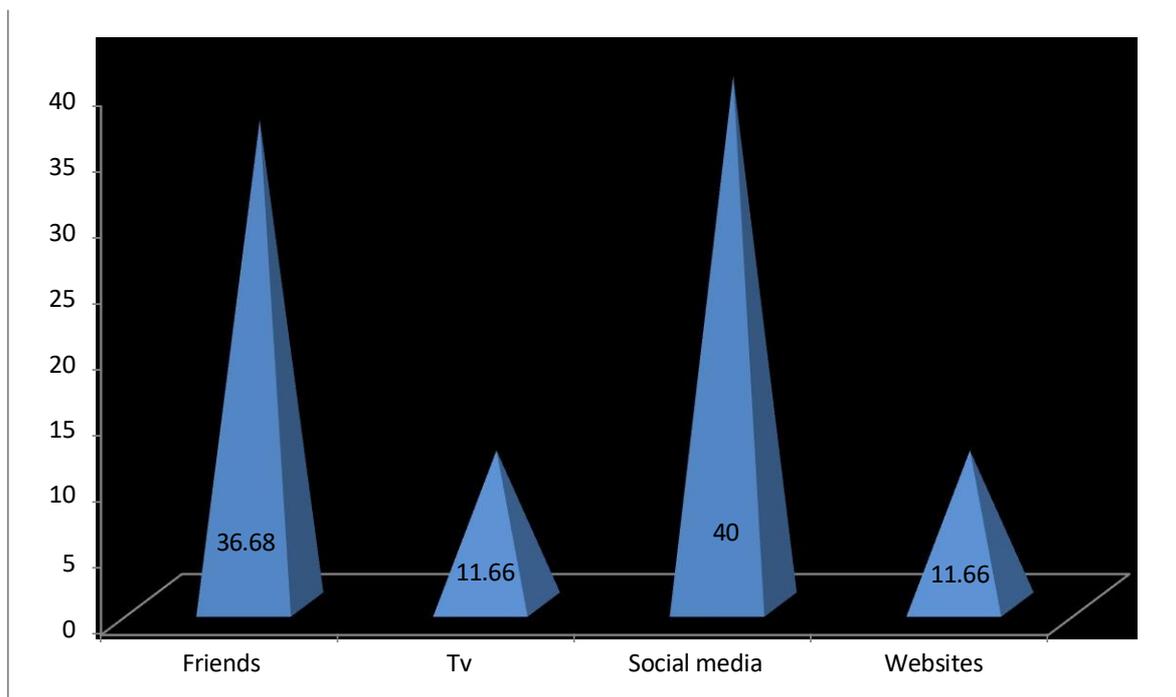


Table 4.9

Favourite products in online shopping

| Products | No. of respondents | Percentage |
|-----------------------------------|---------------------------|-------------------|
| Mobile & accessories | 31 | 17.51 |
| Footwear | 41 | 23.29 |
| Cloths | 36 | 20.32 |
| Computer & accessories | 5 | 2.87 |
| Books | 7 | 3.93 |
| Games | 2 | 1.16 |
| Watches & bags | 13 | 6.74 |
| e-books | 3 | 1.68 |
| Electronics | 14 | 7.86 |
| Wallets | 7 | 3.93 |
| Sports & fitness | 12 | 6.76 |
| Home appliances | 7 | 3.95 |
| Total | 178 | 100 |

Source: survey data

Interpretation

Here, the above table shows that 23.29% of respondents were choose footwear as favourite product in online shopping, cloths (20.32%) are the second favourite product, mobile and accessories selected by 17.51% of respondents, 7.86% of respondents were chosen the electronics as their favourite in online shopping, 2.87%, 3.95%, 6.74%, 1.68%, 3.93%, and 6.76% of respondents were choose products respectively computer & accessories, home appliances, watches& bags, e- books, wallets, and sports& fitness as their favourite product in online shopping.

Chart 4.7

Favourite product in online shopping

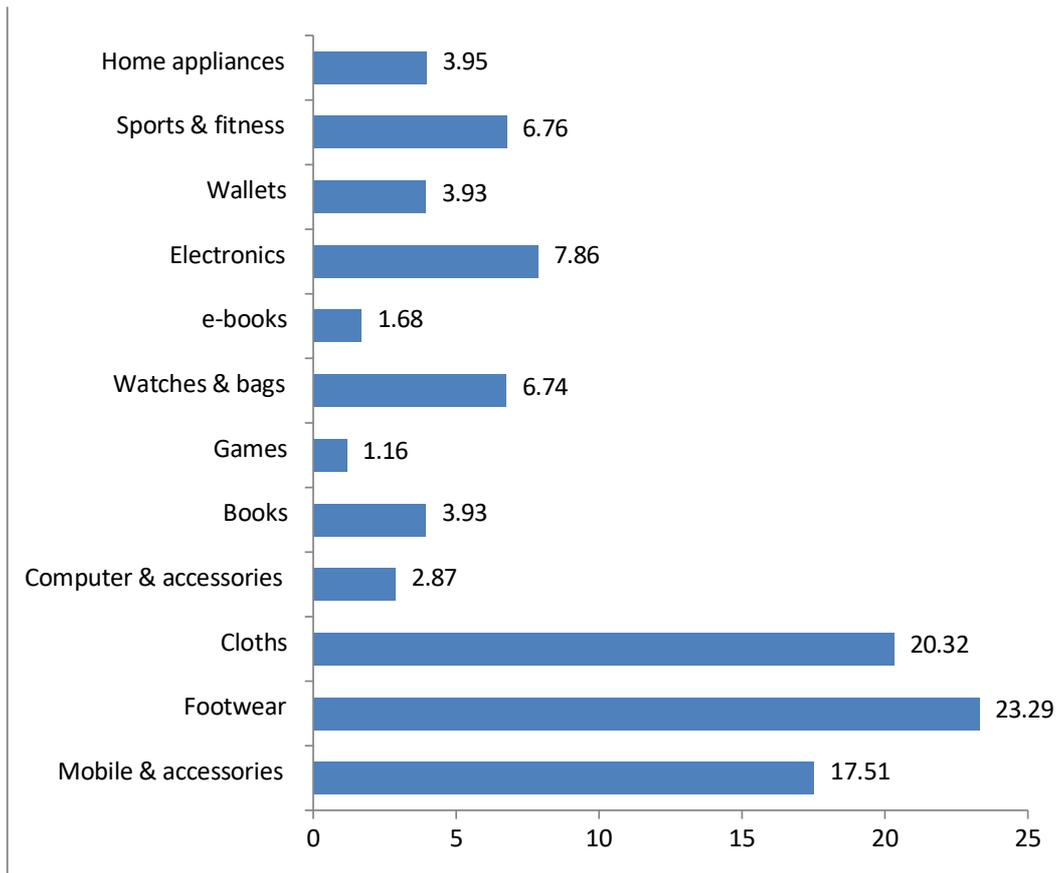


Table 4.10

Online shopping time

| Time | No. of respondents | Percentage |
|----------------------|---------------------------|-------------------|
| Offer time | 27 | 45 |
| Needed time | 25 | 41.66 |
| Seasonal time | 2 | 3.34 |
| Free time | 6 | 10 |
| Total | 60 | 100 |

Source: survey data

Interpretation

Here the table shows that 45% of respondents were did online shopping in offer time, 41.66% of respondents were in needed time, 10% of respondents were did online shopping in free time and 3.34% of respondents were only in seasonal time.

Chart 4.8

Online shopping time

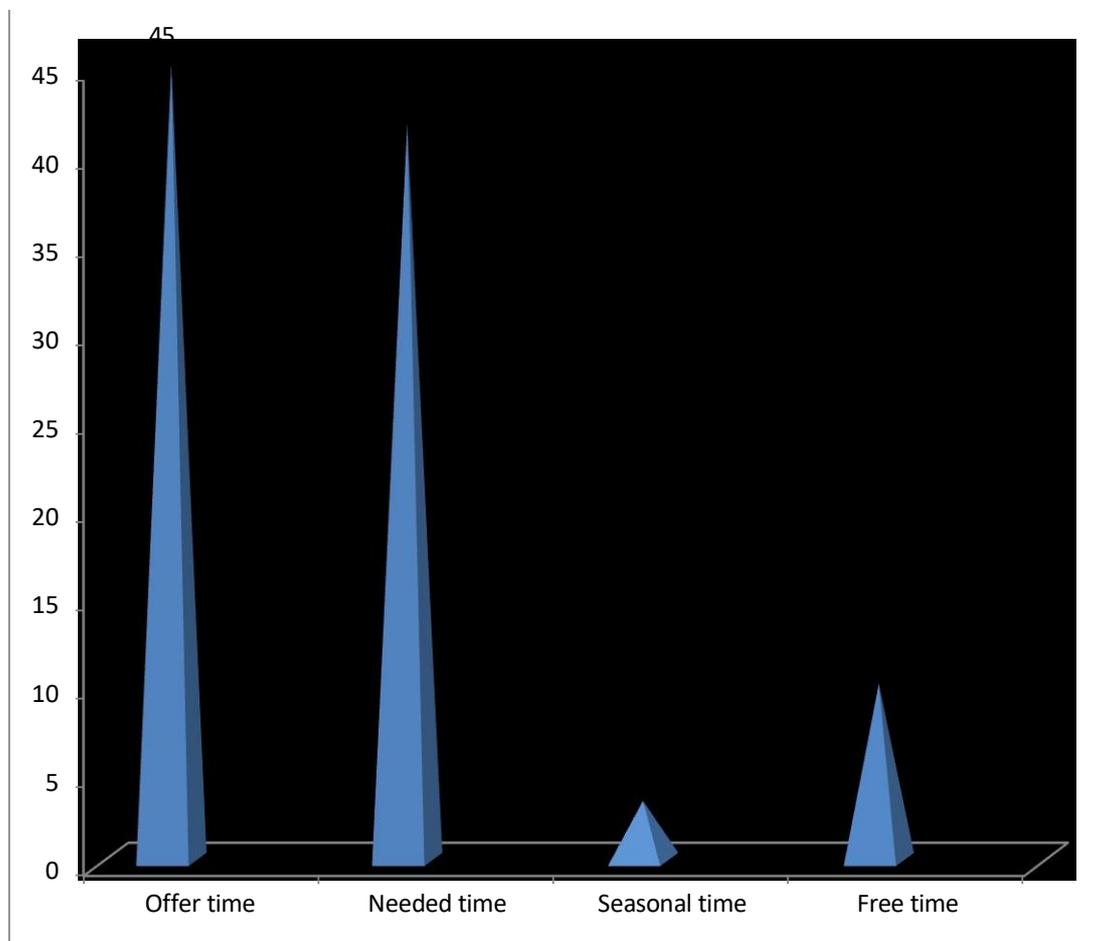


Table 4.11

Review of product in online shopping

| Scale | No. of respondents | Percentage |
|--------------|--------------------|------------|
| Always | 23 | 38.34 |
| Most of time | 21 | 35 |
| Sometime | 10 | 16.66 |
| Rarely | 3 | 5 |
| Never | 3 | 5 |
| Total | 60 | 100 |

Source: survey data

Interpretation

Here, 50% of respondents were always considering the review of products, 27.5% of respondents were consider review of product in most of time, 8.75% of respondents were sometime considering the review of products, 7.5% of respondents were never consider the review of products and 6.25% of respondents rarely considering the review of product.

Chart 4.9

Review of product in online shopping

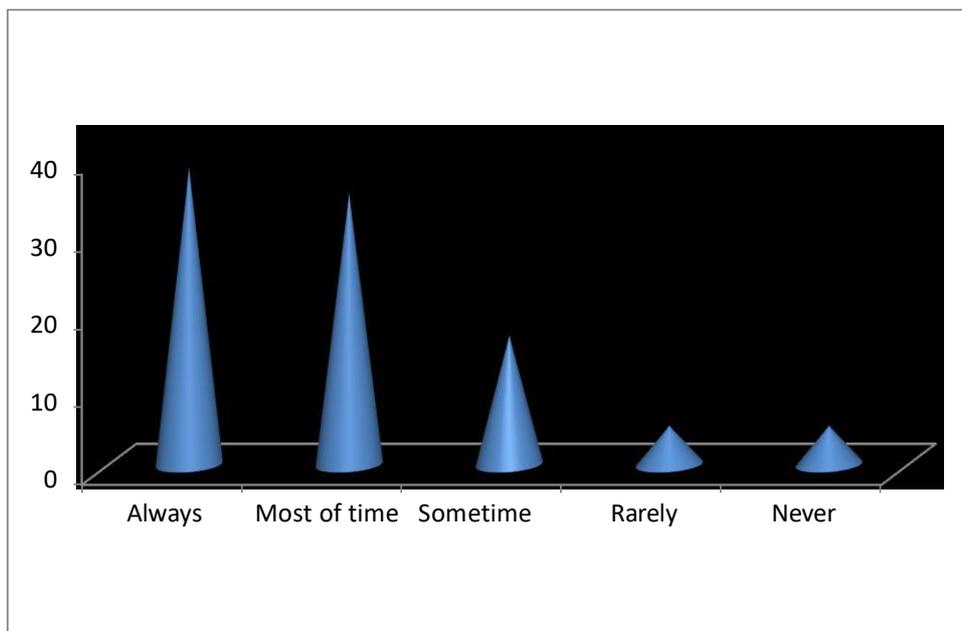


Table 4.12

Correlation between number of purchase and review of product

| First time experience | X | Review of product | Y |
|-----------------------|----|-------------------|----|
| 1-3 | 28 | Always | 23 |
| 4-6 | 21 | Most of time | 21 |
| 6-8 | 3 | Sometime | 10 |
| 8 - 10 | 4 | Rarely | 3 |
| Above 10 | 4 | Never | 3 |
| Source: survey data | | | |

Table 4.12.1

Correlation Table

| X | Y | X ² | Y ² | XY |
|----|----|----------------|----------------|------|
| 28 | 23 | 784 | 529 | 644 |
| 21 | 21 | 441 | 441 | 441 |
| 3 | 10 | 9 | 100 | 30 |
| 4 | 3 | 16 | 9 | 12 |
| 4 | 3 | 16 | 9 | 12 |
| 60 | 60 | 1266 | 1088 | 1139 |
| | | | | |

$$r = \frac{n \sum xy - (\sum x \sum y)}{\sqrt{n \sum x^2 - (\sum x)^2} \times \sqrt{n \sum y^2 - (\sum y)^2}}$$
$$r = \frac{5 \times 1139 - (60 \times 60)}{\sqrt{5 \times 1266 - 60^2} \sqrt{5 \times 1088 - 60^2}} = 0.93$$

Interpretation

So there is a high positive correlation between number of online purchase and considering of the product reviews

Table 4.13

Income Spend on online shopping per month

| Income | No. of Online shoppers | Percentage |
|--------------------|-------------------------------|-------------------|
| Below 1000 | 18 | 30 |
| 1000 - 1500 | 17 | 28.34 |
| 1500 - 2000 | 13 | 21.66 |
| 2000 - 2500 | 8 | 13.34 |
| Above 2500 | 4 | 6.66 |
| Total | 60 | 100 |

Source: Survey Data

Interpretation

In case of monthly income spend on online shopping, 30% of respondents below 1000 to online shopping. 28.34% of respondents spend 1000 - 1500 to online shopping. 21.66% of respondents spend on online shopping 1500 - 2000 from there income. 13.34% and 6.66% of respondents spend 2000 - 2500 and above 2500 respectively for online shopping.

Chart 4.10

Income spend on online shopping per month

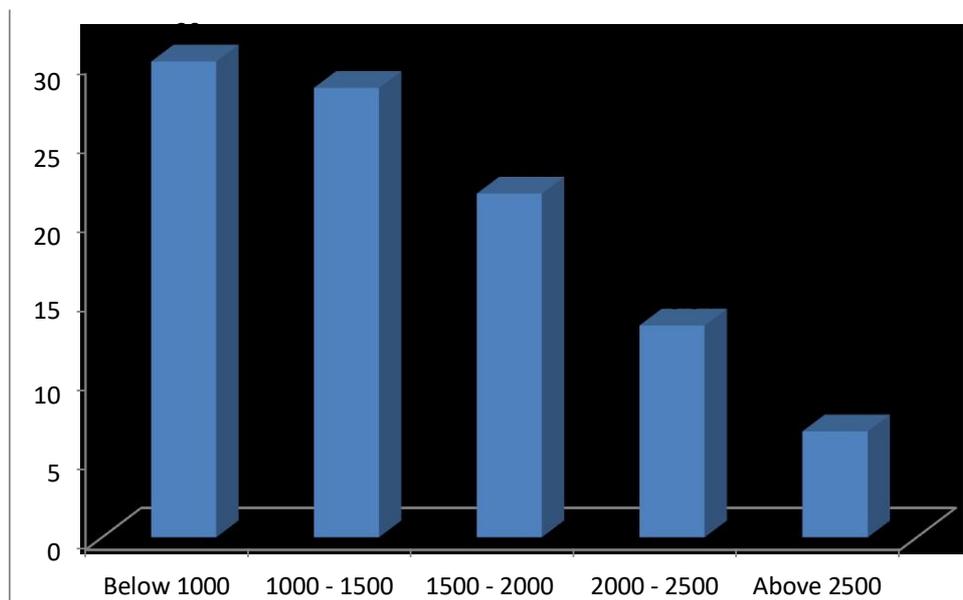


Table 4.14

“Mode of payment is relevant in online shopping”

| Scale of agree | No. of respondents | Percentage |
|-------------------|--------------------|------------|
| Strongly agree | 20 | 33.34 |
| Agree | 31 | 51.66 |
| Neutral | 8 | 13.34 |
| Disagree | 1 | 1.66 |
| Strongly disagree | - | - |
| Total | 60 | 100 |

Source: survey data

Interpretation

Here, this table shows that 33.34% of respondents strongly agree with “mode of payment is relevant for online shopping”, 51.66% of respondents were agreeing with this statement and 13.34% of respondents were neutral with this statement. And 1.66 of respondents was disagreeing with this statement.

Chart 4.11

“Mode of payment is relevant in online shopping”

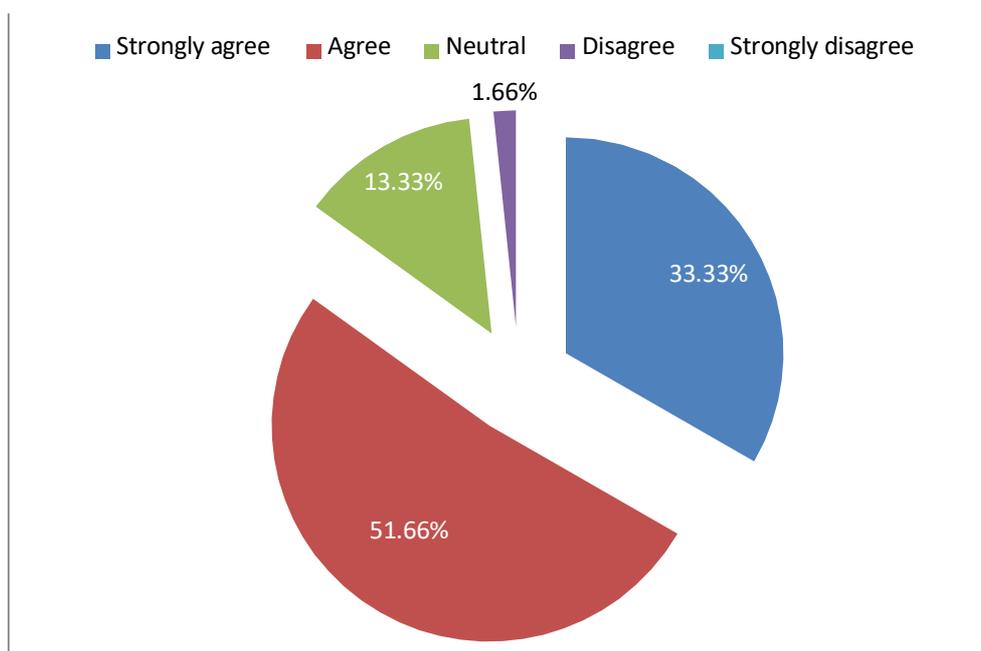


Table 4.15

Preference in mode of payment

| Methods | No. of respondents | Percentage |
|-------------------------|---------------------------|-------------------|
| Credit cards | 3 | 5 |
| Debit cards | 25 | 41.66 |
| Cash on delivery | 25 | 41.66 |
| Internet banking | 7 | 11.68 |
| Total | 60 | 100 |

Source: survey data

Interpretation

The above table shows that 41.66% of respondents preferred both cash on delivery and debit card as mode of payment in online shopping, 5% of respondents were using credit card and 11.68% of respondents were using the internet banking for payment in online shopping.

Chart 4.12

Preference in mode of payment

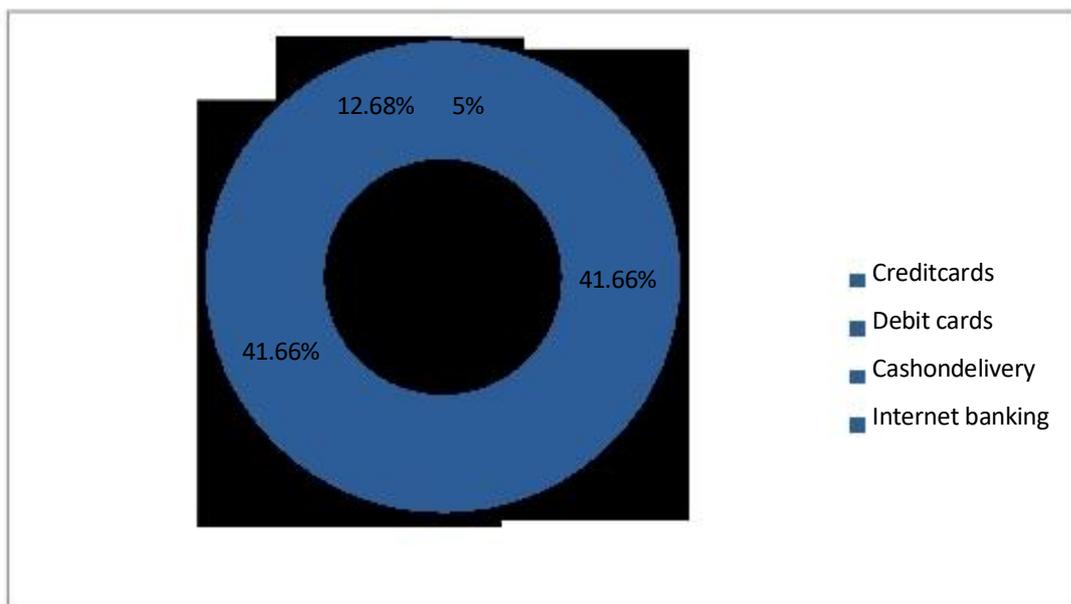


Table 4.16

Place of product delivery

| Place of delivery | No. of respondents | Percentage |
|--------------------------|---------------------------|-------------------|
| Home delivery | 28 | 46.66 |
| Post office | 20 | 33.34 |
| Courier service | 12 | 20 |
| Other | - | - |
| Total | 60 | 100 |

Source: survey data

Interpretation

Here, the above table shows that 46.66% of respondents were getting product through home delivery, 33.34% of respondents were get through post office and 20% of respondents were get through courier service.

Chart 4.13

Place of product delivery

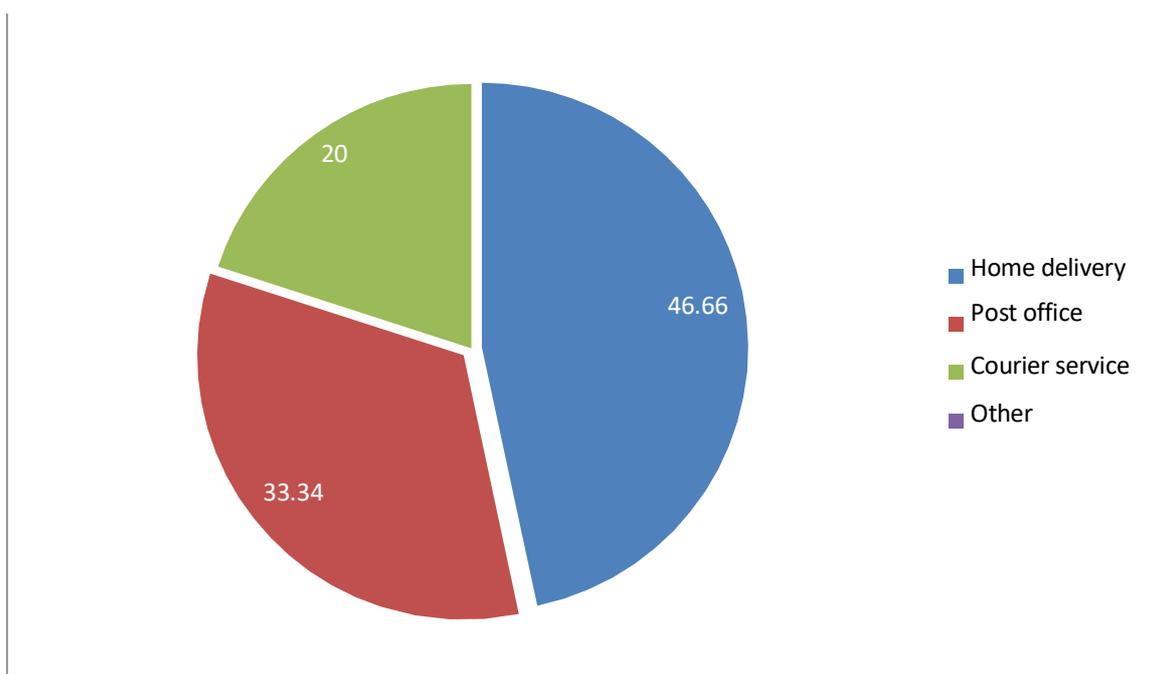


Table 4.17

Satisfaction in delivery of product

| Status | No. of respondents | Percentage |
|--------------|--------------------|------------|
| Yes | 46 | 76.66 |
| No | 14 | 23.34 |
| Total | 60 | 100 |

Source: survey data

Interpretation

Here, table 4.17 shows the satisfaction of respondents in product delivery time. 76.66% of respondents were satisfied with the delivery time of products and remaining 23.34% of respondents were unsatisfied with the delivery time of the product.

Chart 4.14

Satisfaction in delivery of product

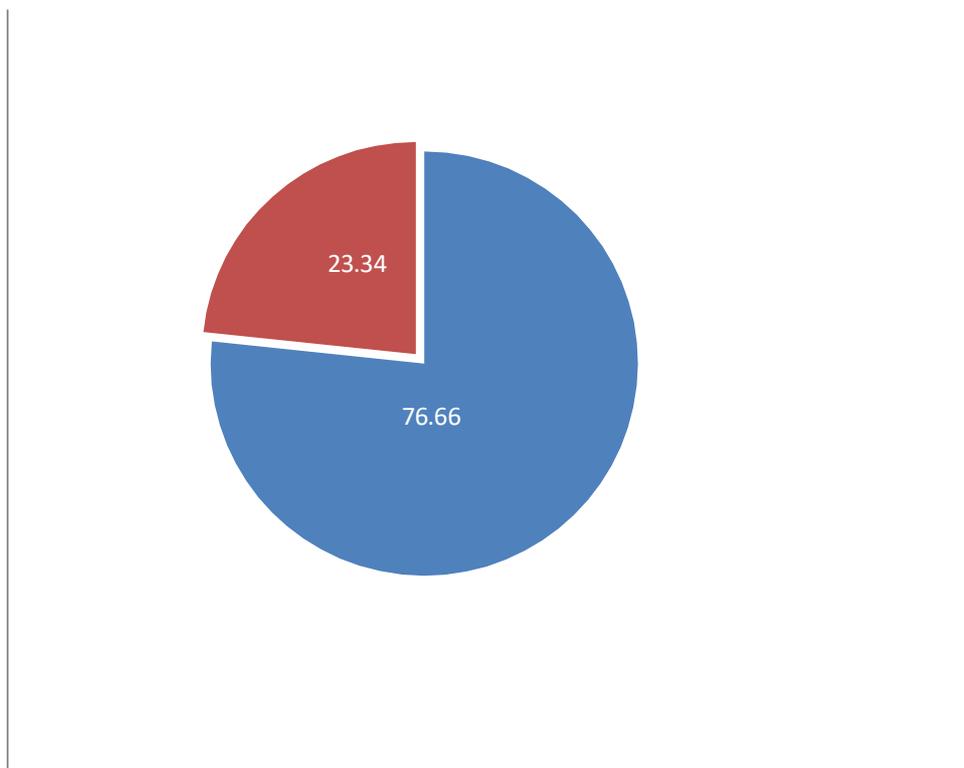


Table 4.18

Online sites and customer's requirement

| scale | No. of respondents | Percentage |
|--------------|--------------------|------------|
| Always | 20 | 33.34 |
| Frequently | 28 | 46.66 |
| occasionally | 6 | 10 |
| rarely | 4 | 6.66 |
| never | 2 | 3.34 |
| Total | 60 | 100s |

Interpretation

Here, 33.34% of respondents were always satisfied with online purchasing, 46.66% of respondents were frequently satisfied with online purchasing, 10% of respondents were occasionally satisfied with online purchasing, 6.66% of respondents were rarely satisfied with online purchasing, and 3.34% of respondents never satisfied with online shopping.

Chart 4.15

Online sites and customer's requirement

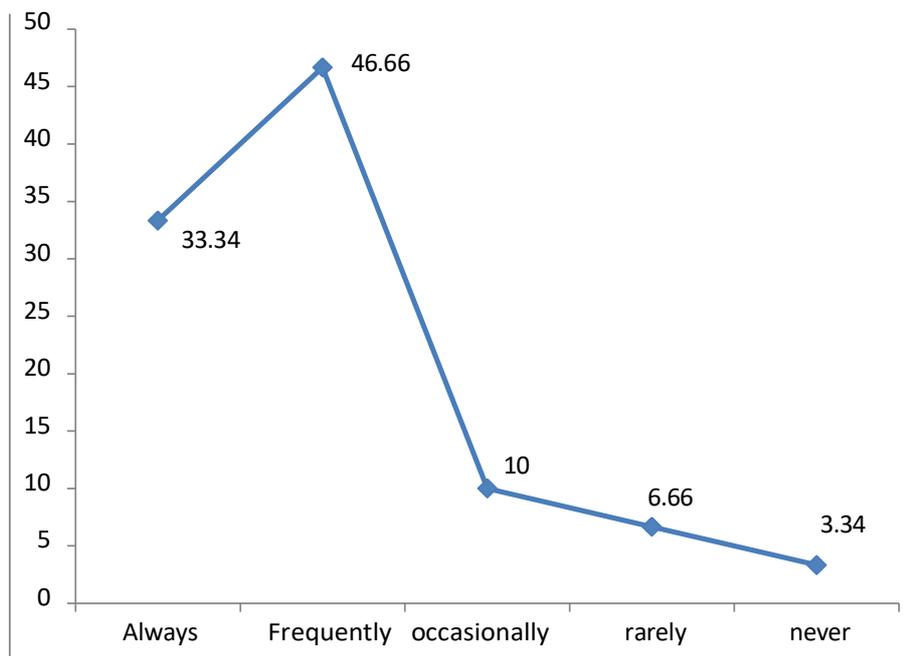


Table 4.19

Most important element to a website user

| Status | No. of respondents | Percentage |
|----------|--------------------|------------|
| Security | 18 | 30 |
| Trust | 27 | 45 |
| Privacy | 15 | 25 |
| Others | - | - |
| Total | 60 | 100 |

Interpretation

Here, 30% of respondents believe that security is the most important to a website user. 45% of respondents believe that trust is the most important to website user. And 25% of respondents believe that privacy is most important to website user.

Chart 4.16

Most important element to a website user

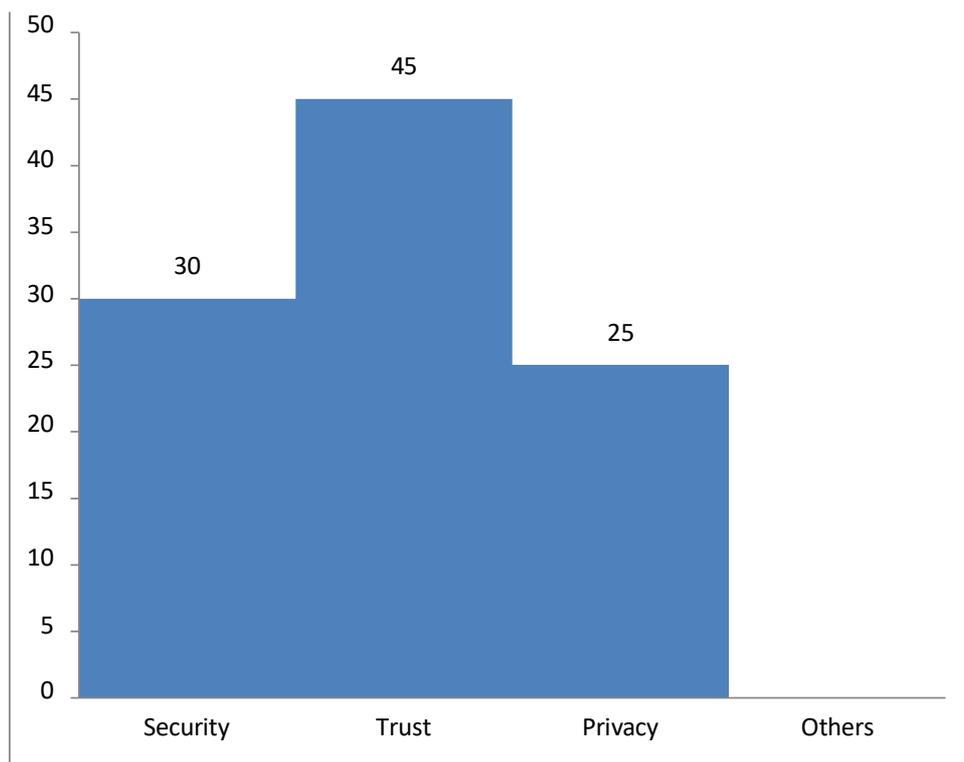


Table 4.20

“I get good promotional offers while online shopping”

| Scale of agree | No. of respondents | Percentage |
|-------------------|--------------------|------------|
| Strongly agree | 13 | 21.68 |
| Agree | 36 | 60 |
| Neutral | 9 | 15 |
| Disagree | 1 | 1.66 |
| Strongly disagree | 1 | 1.66 |
| Total | 60 | 100 |

Interpretation

Here, this table shows that 21.68% of respondents strongly agree with “I get good promotional offers while online shopping”, 60% of respondents were agreeing with this statement. 15% of respondents were neutral with this statement. And 1.66 of respondents was disagreeing and strongly disagrees with this statement.

Chart 4.17

“I get good promotional offers while online shopping”

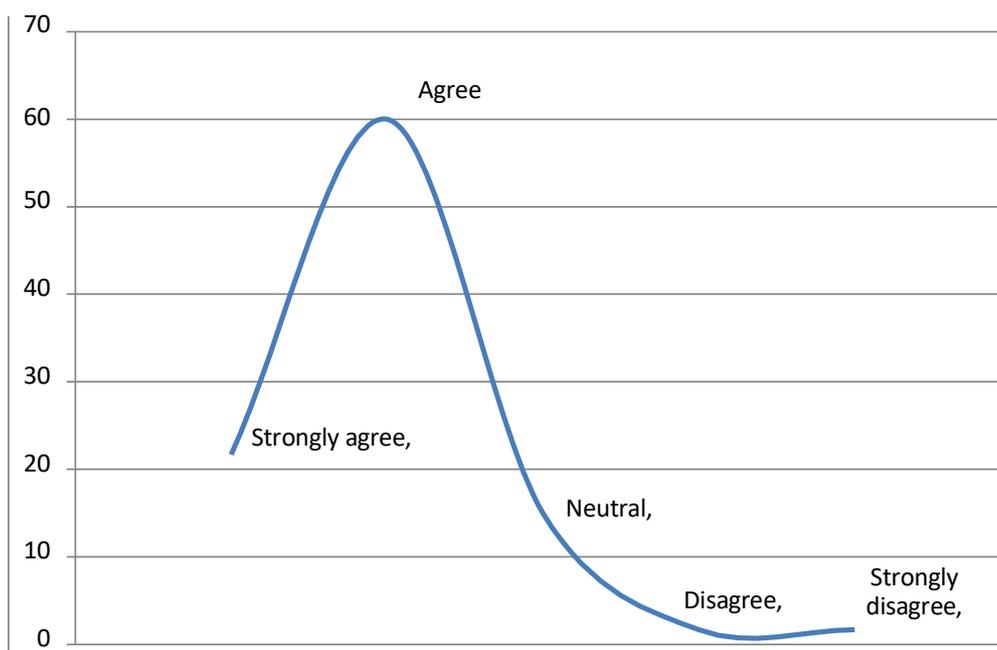


Table 4.21**Weighted average ranking****Difficulties in online shopping**

| Factors | Ranks | | | | | | | Total weight | Total average weight | Weighted average ranking |
|------------------------------------|-------|----|----|----|----|----|----|--------------|----------------------|--------------------------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | | | |
| High cost of access | 1 | 6 | 1 | 9 | 3 | 6 | 34 | 139 | 2.31 | 7 |
| Duplication of product | 7 | 13 | 13 | 11 | 11 | 4 | 1 | 278 | 4.63 | 2 |
| Security issues in payment | 12 | 10 | 11 | 10 | 8 | 7 | 2 | 279 | 4.65 | 1 |
| Loss of privacy | 10 | 11 | 12 | 6 | 9 | 11 | 1 | 270 | 4.5 | 3 |
| Difficulties in return | 16 | 4 | 8 | 10 | 6 | 8 | 8 | 258 | 4.3 | 4 |
| Attitude of courier service | 5 | 7 | 6 | 10 | 8 | 17 | 7 | 212 | 3.53 | 6 |
| Fake information of product | 9 | 9 | 9 | 4 | 15 | 7 | 7 | 244 | 4.06 | 5 |

Source: survey data

Interpretation

Here, the table 4.21 shows the information about weighted average ranking of the difficulties faced by online shoppers. 1st rank for Security issues in payment, 2nd rank for duplication of product, 3rd rank for loss of privacy, 4th rank for the difficulties in return, 5th rank for fake information of product, 6th rank for attitude of courier service, 7th rank for high cost of accessing. From this we can understand that a security issue in payment is the first problem or difficulty faced by the online shoppers. Duplication of duplication of product is second difficulty faced by the online shoppers, loss of privacy is the third difficulty faced by the online shoppers, difficulties in returning the purchased product is fourth problem faced by the online shoppers, Fake information of product, Attitude of courier service, High cost of access is respectively in fifth, sixth and seventh position in difficulties facing the online shoppers.

Table 4. 22

Weighted ranking

Reasons for traditional shopping

| Factors | Ranks | | | | | | | | Total weight | Weighted ranking |
|--|-------|----|----|----|----|----|----|----|--------------|------------------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | | |
| Not familiar with online shopping | 10 | 10 | 11 | 5 | 4 | 9 | 5 | 6 | 300 | 2 |
| Worry on payment security | 12 | 16 | 8 | 5 | 8 | 5 | 5 | 1 | 339 | 1 |
| Worry on product quality | 7 | 9 | 7 | 9 | 7 | 10 | 6 | 5 | 281 | 5 |
| Enjoy traditional shopping | 9 | 6 | 8 | 9 | 8 | 8 | 9 | 3 | 284 | 4 |
| Too complicated procedures | 4 | 7 | 6 | 9 | 7 | 5 | 12 | 10 | 239 | 7 |
| Unable to touch the product | 13 | 4 | 9 | 6 | 9 | 7 | 7 | 5 | 292 | 3 |
| No interaction with shop assistants | 3 | 7 | 9 | 11 | 10 | 7 | 7 | 6 | 263 | 6 |
| Expensive shipment fees | 2 | 1 | 2 | 6 | 7 | 9 | 9 | 24 | 162 | 8 |

Source: survey data

Interpretation

Here, the table 4.22 shows the information about weighted ranking of the Reasons for traditional shopping. 1st rank for worry on payment security. 2nd rank for Not familiar with online shopping, 3rd rank for Unable to touch the product, 4th rank for Enjoy traditional shopping, 5th rank for Worry on product quality, 6th rank for No interaction with shop assistants, 7th rank for Too complicated procedures, 8th rank for Expensive shipment fees.

Table 4.23

Bothered in payment of tax while online purchasing

| Status | No. of respondents | Percentage |
|--------|--------------------|------------|
| Yes | 28 | 46.66 |
| No | 32 | 53.34 |
| Total | 60 | 100 |

Source: survey data

Interpretation

Here, the above table shows that 53.34% of respondents were not bothered about the payment of tax while purchasing through online and 46.66% of respondents were bothered about the payment of tax while doing online shopping.

Chart 4.18

Bothered in payment of tax while online purchasing

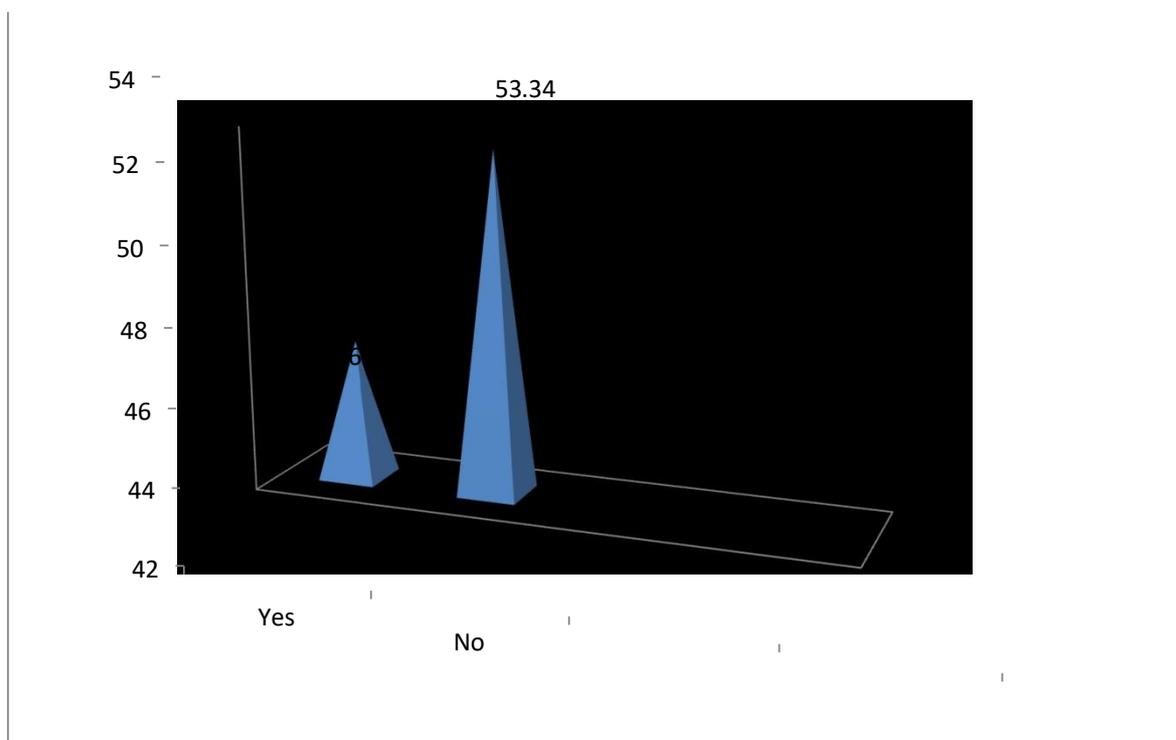


Table 4.24

“Cost of internet connectivity affects online shopping behaviour”

| Scale of agree | No. of respondents | Percentage |
|-------------------|--------------------|------------|
| Strongly agree | 1 | 1.66 |
| Agree | 16 | 26.66 |
| Neutral | 12 | 20 |
| Disagree | 23 | 38.34 |
| Strongly disagree | 8 | 13.34 |
| Total | 60 | 100 |

Source: survey data

Interpretation

Here, the above table shows that 1.66% of respondents were strongly agree with “cost of internet connectivity affect online shopping behaviour”, 26.66% respondents were agree, 20% were in neutral, 38.34% were disagree with this and 13.34% of respondents were strongly disagree with this statement.

Chart 4.19

“Cost of internet connectivity affects online shopping behaviour”

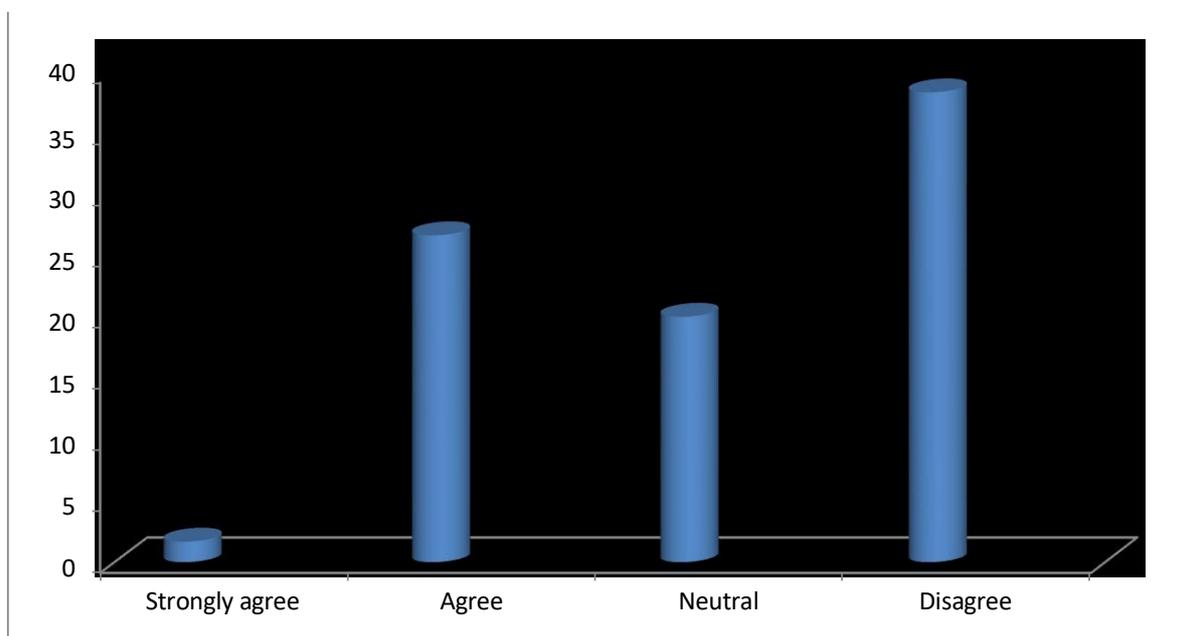


Table 4.25

Recommend to others

| Status | No. of respondents | Percentage |
|--------|--------------------|------------|
| Yes | 58 | 96.66 |
| No | 2 | 3.34 |
| Total | 60 | 100 |

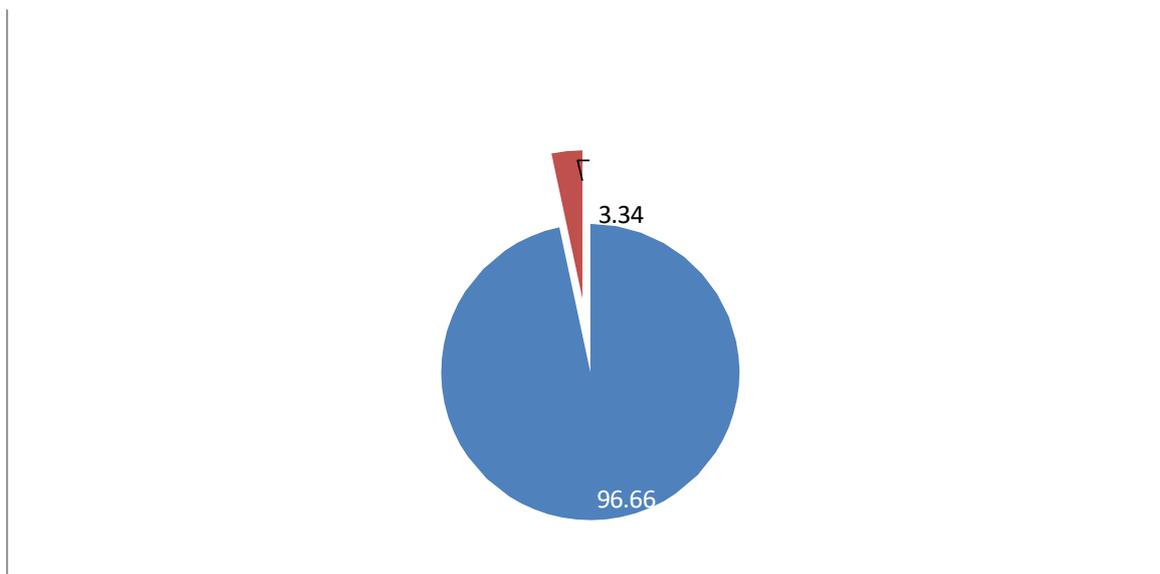
Source: survey data

Interpretation

Here, the table shows that 96.66% of respondents were recommend online shopping to others and remaining 3.34% of respondents are not recommend the online shopping to others

Chart 4.20

Recommend to others



CHAPTER - 5
SUMMARY, FINDINGS, SUGGESTIONS
AND CONCLUSION

5.1 SUMMARY

The main object of the study entitled “A STUDY ON THE CUSTOMER PERCEPTION TOWARDS ONLINE SHOPPING WITH SPECIAL REFERENCE TO NILAMBUR AREA” is to identify the factors which influence customers to shop online. The study also aims to find out which category of products are purchased by online shoppers and difficulties faced by the customers while online shopping.

The first chapter is introduction chapter contains the basic information regarding the study. It is divided into 10 parts which includes Introduction, Statement of problem, Objectives of the study, Hypothesis of the study, Importance of the study, Research methodology, Tools and technique use for the study, Period of the study, Limitations of the study and Chapter Plan.

The Second chapter includes Review of literature and Conceptual framework of Consumer perception. This chapter providing current literature on consumer online purchasing decisions has mainly concentrated on identifying the factors which affect the willingness of consumers to engage in Internet shopping.

The Third chapter is a conceptual framework of E-commerce. This chapter explains about E-commerce and its types. It also includes the main differences between traditional commerce and e-commerce. An introduction to online shopping, its advantages, disadvantages, and popular online shopping websites are explained in the chapter.

The Fourth chapter is the most important chapter of the study. It includes the data analysis and interpretation of collected data. ANOVA, Correlation, Weighted Ranking, , Weighted Average Ranking, and Percentage are used for the analysis of the data. Tables and various graphs are used to presentation of analysed data.

5.2 FINDINGS

- Positive correlation between number of online purchasing and considering of product reviews
- Security issues in payments is ranked 1 from the difficulties faced by the customers in online shopping
- There is significant differences between occupation and factors influencing online shopping
- 23.29% of respondents were chosen footwear as favorite product in online shopping; clothes (20.32%) are the second favorite product.
- 55% of customers used smartphone for accessing internet
- Social media (40%) is the main source of information about the online shopping
- 45 % of customers prefer offer time for online shopping
- 38.34% of customers are always consider the product reviews while online shopping
- 41.66% of customers prefer Cash on Delivery and debit card as the payment method in online shopping
- 53.34% of customers are not bothered on payment of tax in online shopping
- 56.66% of customers are in the age category of 18-25
- 40% of customers strongly agree with online shopping more convenient than traditional shopping
- Male population makes more online purchase than female population
- Educated people are likely to make online purchases. Because Most of the persons who make online purchases are graduates and higher secondary education. Students tend to make more online purchases than any other occupation Flipkart.com is the most used online shopping website by the online shoppers. Then follows Myntra.com, amazon.com etc.
- In case of monthly income spend on online shopping, 30% of respondents spend below 1000 to online shopping. 28.34% of respondents spend 1000 - 1500 to online shopping.

- In case of occupation classifications 20% of respondents are businessman, 43.34% of respondents are students.
- 33.34% of respondents strongly agree with “mode of payment is relevant for online shopping”
- 33.34% of respondents were always satisfied with online purchasing
- 30% of respondents believe that security is the most important to a website user.45% of respondents believe that trust is the most important to website user. And 25% of respondents believe that privacy is most important to website user.
- 20% of respondents have earned monthly income between 25000 and 40000.
- 21.68% of respondents strongly agree with “I get good promotional offers while online shopping”,
- Worry on payment security is ranked 1 from the reasons for traditional shopping.
- 1.66% of respondents were strongly agree with “ cost of internet connectivity affect online shopping behavior”, 26.66% respondents were agree, 20% were in neutral,
- 38.34% were disagree with this and 13.34% of respondents were strongly disagree with this statement.
- 96.66% of respondents were recommend online shopping to others and remaining
- 3.34% of respondents are not recommend the online shopping to others
- 26.6% and 11.6% of respondents are using the internet respectively 3 year to 5 year and below 1 year.

5.3 SUGGESTIONS

Every online shopping websites should introduce mobile applications for all operating systems of mobile and timely update the application

- All the online shopping websites should give more importance to social media for advertisement programs
- Online shopping websites should ensure the product reviews are correct for making trust among the customers
- Online shopping websites should introduce strict control and supervision in selection of sellers for introducing products to websites
- Every online shopping websites should maintain Cash on Delivery method for payment
- Government should introduce adequate schemes for imposing tax on online purchased goods and to bother customer for payment of tax while online purchasing
- Online shopping websites should upload adequate contents and design for ensuring
- quality of the websites
- Online shopping websites should open wide collection of mobiles and accessories
- Online shopping websites should introduce new programs or applications for keeping privacy of online shoppers
- The online shopping websites should provide more promotional offers such as discount coupons, free shipping etc. to attract more customers to the website.
- The product displayed in the website and the product delivered to the customer should be same without even minor differences.
- All online shopping websites should provide an option to return the product if it is damaged or does not match the product displayed.

5.4 CONCLUSION

Online shopping is becoming more popular day by day with the increase in the usage of internet and smartphones. Understanding customer's need for online selling has become challenge for marketers. Specially understanding the consumers perception towards online shopping. Therefore our study has focused mainly on three research questions,

1. To find out and analyse the factors which influence customers to shop online.
2. To determine the difficulties faced by customers in the online shopping
3. To identify which category of products are purchased by online shoppers

Security issues in payments are ranked 1 from the difficulties faced by the customers in online shopping. And 2nd rank for duplication of product.

Analysis of Variance (ANOVA) has been carried out to check whether there is any significant difference between occupation and factors affecting for online shopping the results show that there is significant difference.

23.29% of respondents were choose footwear as favourite product in online shopping, cloths (20.32%) are the second favourite product, mobile and accessories selected by 17.51% of respondents.

Correlation has been carried out for knowing is there is any correlation between number of online purchasing and considering review of products, the result is positive correlation between them.

We foresee that our findings will give a clear and wide picture to online retailers will help them understand the specific factors that influence consumers to shop online, so they can build up their strategies to cater to the needs of online shoppers.