

**EXPERIENCES AND PERCEPTIONS OF ONLINE SHOPPERS- A STUDY FROM
THE PERSPECTIVE OF STUDENTS OF ENGINEERING AND MANAGEMENT**

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E-Mail: gdpawan@gmail.com**ABSTRACT**

Purpose: The purpose of this paper is to present the experiences and perceptions of students on online shopping. *Design/methodology:* The feedback is taken from students of engineering and management institutions of repute through a structured questionnaire to represent a well informed and net savvy sample. *Findings:* The factors that significantly impact online buyers are ease of buying, advantages of online buying when compared to brick and mortar stores, acceptance of online marketing as an alternate marketing channel and the influence of reviews on online shoppers. Most of the findings are in line with existing research findings on online shopping with few differences. *Research limitations/implications:* The study was conducted at Chaitanya Bharati Institute of Technology (CBIT), Mahatma Gandhi Institute of Technology (MGIT), School of Business Management, CBIT and David Memorial Institute of Management (DMIM) institutions in Hyderabad and Secunderabad. *Practical implications:* Online firms may find the results interesting to review and fine tune their strategies in the light of prevailing competitive environment in e-commerce. *Originality/value:* Against earlier studies undertaken on online shopping by young customers, this study is intended to help online firms to tweak their marketing strategies by providing insights into the mindset of students below the age of 25 years.

Keywords: Online shopping, students, experiences, perceptions.

INTRODUCTION

Electronic commerce (e-commerce) or online marketing, also known as e-tailing is the business done with the help of internet. It is a recent phenomenon in India. As per Kalakota and Whinstone(2009), the term applies to use of computer networks to search and retrieve information in support of human and corporate decision making. Turban et al (2009) define it as the process of buying, selling or exchange of products, services or information through computer networks. It involves selling directly to customers and organizations who are the end users on the internet.

The growth of the e-commerce is due to various advantages which prompt the consumer to adopt immediately. As per Chan et al(2010) the benefits of e-tailing to the customer (2001) are: 1. Convenience 2. Better information 3. Competitive price 4. Customisation and 5. Shopping anywhere at any time.

In India, internet penetration is very low, but is growing steadily. It is reported that every second, three Indians experience the internet for the first time and by 2030 more than 1 billion of them will be on the online bandwagon. At sales of \$16 billion last year, it is the fastest growing e-commerce market in the world (Economist, 2016) and a very big employment generator (Friedman, 2016). Alok Bhardwaj, Executive VP, Cannon India further says, "E-commerce has grown into a disruptive force in the Indian consumer market" (Business Line, 12.08.14) with intense battle being waged by few players in e-commerce market.

As regards demographics, two-thirds of Indians are below the age of 35 and are also the top online customers (The Economist, 2016). Gutguttia (2016) confirms that e-tailers in India have target audience of 25-35 year olds. Binny Bansal, CEO of Flipkart had gone on record by saying that company was targeting young and middle income Indians who have high aspirations with quality and convenience and therefore their focus is on customer experience and customer satisfaction (Economic Times, 2016).

Keeping the above backdrop in perspective, the study is undertaken to find the experiences and perceptions of students below 25 years of age of engineering and management.

LITERATURE SURVEY

Based on exploratory research by Wolfinbarger and Gilly (2000) it was found that online shopping experiences are perceived and evaluated by shoppers with respect to their ability to deliver satisfaction on 'goal fulfillment' buying which includes (1) convenience and accessibility (2) unique and broad selection (3) availability of accurate and comprehensive information and (4) lack of sociality from salespeople, retail workers, spouses and kids. Each of these goal-oriented attributes was explicitly associated with freedom and control of consumer.

A study by Ramanathan (2010) showed that "satisfaction with claims" was the most important criterion by online customers. Also, "Comparative prices" and "Refunds/returns" were found to be desirable criteria. According to a survey conducted in USA, an overwhelming 90 percent of respondents claimed that positive online reviews influenced buying decisions, while 86 percent said buying decisions were influenced by negative online reviews (Dimensional Research, 2013)

Dobre and Constantin (2010) study revealed that the products that are sought by online shoppers were those that had novelty and variety. Young people were found to be the largest buyers as they were open to new technology. Further, educational background and income levels were found to have an influence on online shoppers more than on traditional shoppers. Other advantages like faster transaction, flexibility, less physical effort, payment modes and quick order processing were found to be other major reasons for popularity of online shopping.

In a study conducted by Changchit and Christi (2006), it was revealed that past experience; perceived benefits and ease of shopping were rated higher by the online buyers. The 'Online Shopping Customer Experience Study' research commissioned by UPS highlighted the factors that impact customer satisfaction with the online shopping experience. Key findings were:

- Knowing the delivery time estimate is ranked among the top factors influencing online shopping.
- 63 per cent of online buyers look at the retailer's return policy before making a purchase.

In fact, to help Internet firms to succeed, Torkzadeh and Dhillon (2002) developed two research instruments that measure the factors under 'Means Objectives' and Fundamental Objectives'. The 'Means Objectives' instrument is a 5-factor, 21-item scale that measures parameters in terms of Internet product choice, online payment, Internet vendor trust, shopping travel, and Internet shipping errors. The 'Fundamental Objectives' instrument is a 4-factor, 16-item scale which measured parameters including Internet shopping convenience, Internet ecology, Internet customer relation, and Internet product value.

OBJECTIVES

To study online shopping experiences and perceptions of engineering and management students through factor analysis.

1. METHODOLOGY

The study was undertaken with the help of a structured questionnaire to elicit responses on critical parameters of online buying by students of engineering and management institutions when compared to shopping at retail stores. The sample size was 144 and the study was undertaken in CBIT, MGIT, School of Business Management (CBIT) and DMIM in Hyderabad and Secunderabad regions.

2. LIMITATIONS OF THE STUDY

The study was confined to students of engineering and management under 25 years of age belonging to prestigious institutions of repute in Hyderabad and Secunderabad.

3. DATA ANALYSIS AND INTERPRETATION

A. Table:1 provides the demographic characteristics of the respondents

Table 1. Demographic characteristics of respondents (N=144)

S.No	Characteristic	Categories	Number	Percentage
1	Gender	M	82	56.9
		F	62	43.1
2	Age	<25 yrs	144	100
3	Family Income	<Rs 2Lakhs	53	36.8
		Rs 2- 4 Lakhs	39	27.1
		Rs 4-6 Lakhs	18	12.5
		Rs 6-8 Lakhs	13	9.0
		>Rs 8 Lakhs	21	14.6
4	Family Size	2 members	4	2.8
		3-5 members	128	88.9
		6-8 members	12	8.3
5	Education	Graduates*	104	72.2
		Post Graduates*	40	27.8
6	Occupation	Students	144	100
Note:* pursuing				

B. OBJECTIVE 1: IMPORTANT SURVEY FINDINGS

A few of the findings of the study are submitted in the following illustrations.

- a) The study showed that 37.5% shopped on line on special occasions. Another 11% shopped during festivals, 9% on birthdays and majority of students- 40.3% shopped on ‘other’ occasions. Please see figure: 2

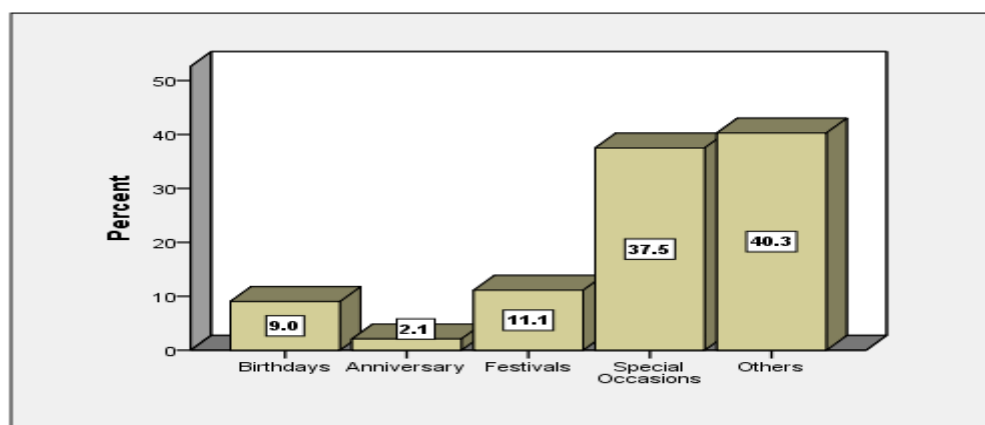


Figure:1 On what occasions do you buy online?

- b) As regards the preference for products bought online 33.6% students bought garments/clothing, 32.2% electronic items, 18.9 % fashion accessories and 3.5 % furnishing items. Around 11.9% shopped online for ‘other items’. Please see figure:2

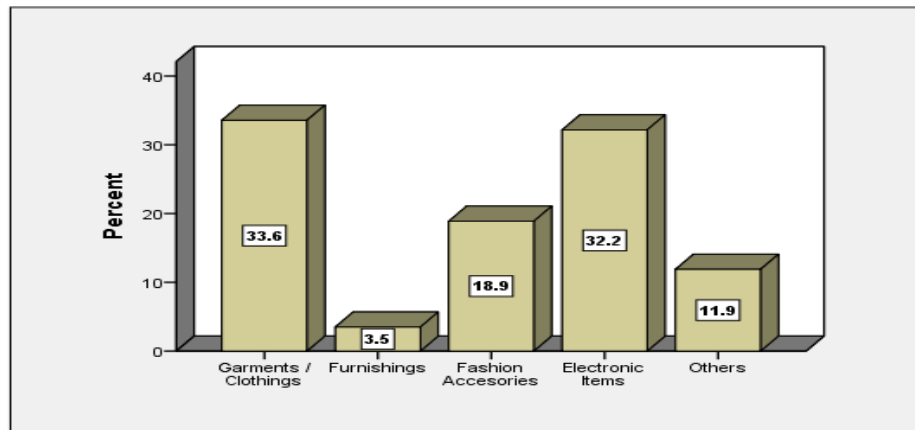


Figure:2 Which products do you prefer buying online ?

- c) In terms of monthly spending, 38% spent less than Rs 1000 , 26.1 % between Rs 1000-2000, 18.3% between Rs 2000-3000, 10.6 % between Rs 3000-5000 and around 7% spent more than Rs 5000. Please see figure:3

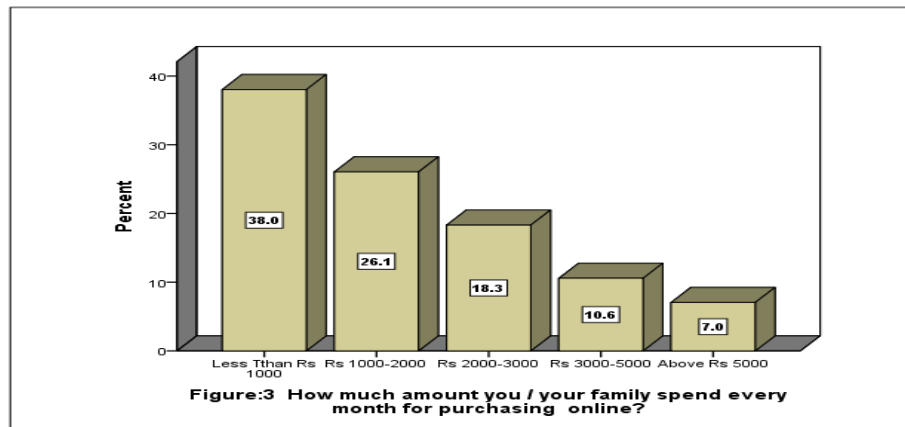


Figure:3 How much amount you / your family spend every month for purchasing online?

- d) The study revealed that 63.8% students preferred shopping on Flipkart and a meager 15.2% shopped on Amazon. Snapdeal had 11.6 % students shopping on its website, with Jabong at 3.6%. The share of 'other' was at 5.8%. Please see figure: 4 for details.

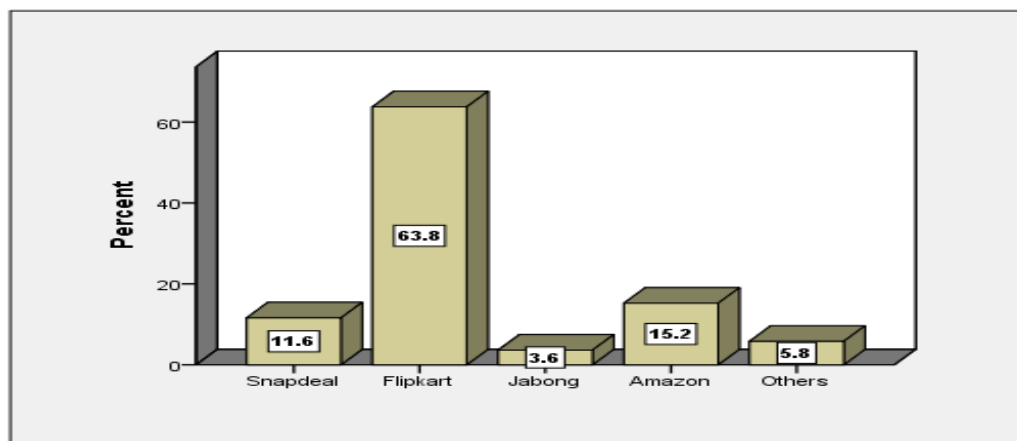


Figure:4 Which are your favourite online retail stores / websites?

- e) The study revealed interesting facts about the reasons for shopping on particular web-sites. Around 31.2% students preferred to shop for attractive prices, 26.8% for variety, 27.5 % for trustworthiness of the online site, 10.1% for payment terms and 4.3% for 'other' parameters. Please see figure:5

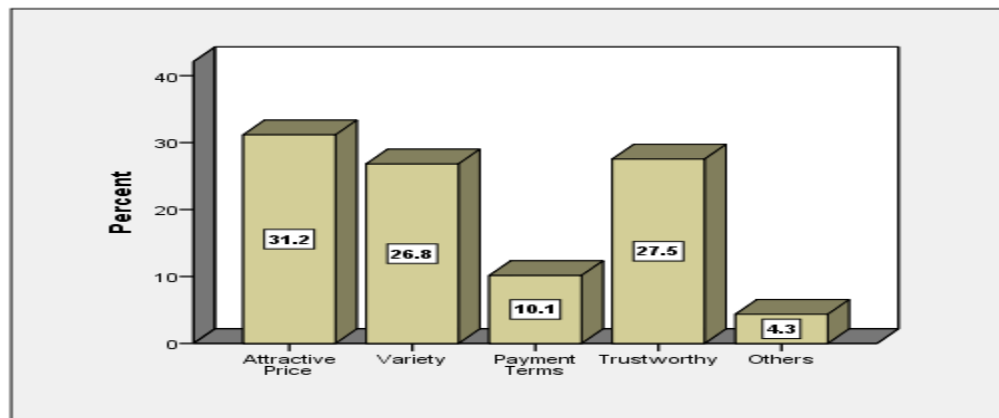


Figure:5 On what parameters you rate the above online retail firms/ websites as your favorite

- f) As regards the viability and survival of retail stores, the study revealed that with online sellers offering attractive prices 46.8 % respondents agreed that the retail stores would become unprofitable. In fact 8.6% strongly agreed with statement, whereas, 16.5% disagreed and other 2.2 % strongly disagreed. Interestingly 25.9 % were not sure of the outcome. Please see figure:6 for details.

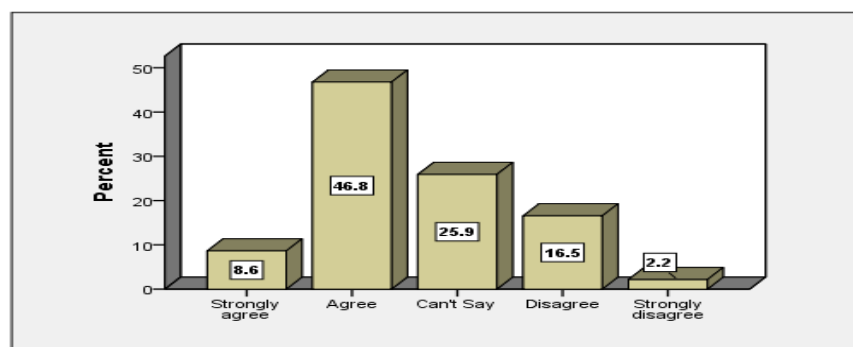


Figure:6 With online firms offering attractive prices ,retail stores would become unprofitable

- g) The study revealed that 41.4% felt cheated when they received poor quality products, 22.9 % with fake brand, 13.6 with undue delay, 12.9 % with wrong size and another 9.3% had 'other' reasons. Please see figure:7

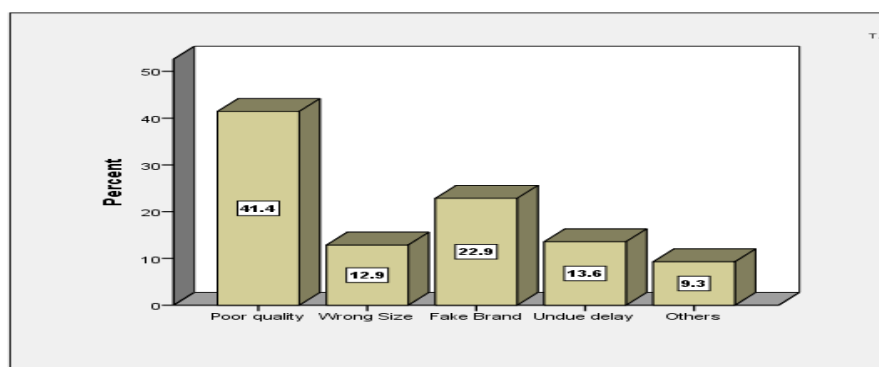


Figure:7 You feel cheated by online marketing firm when the ...

C. OBJECTIVE 2: TO FIND FACTORS OF ONLINE SHOPPING

The Kaiser-Meyer-Olkin (KMO) measure of sampling accuracy of 0.678 indicates that the data selected is suitable for factor analysis as it is higher than the acceptable limit of 0.50. Further, as the significant value is 0.000 which is less than P value of 0.05, the factors selected through factor analysis can be accepted. Please see table: 2.

Table 2. KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.678
Bartlett's Test of Sphericity		290.563
Approx. Chi-Square		78
Df		.000
Sig.		

From Table: 3 we can know the percentage of variance of each component. Factors with eigen value of more than one (1) is considered as factors. Accordingly, we have five components (factors) defining 60.735 % of the variance of the variables, indicating that these components explain 60.735% of the original data set.

From table: 4 the rotated component matrix using Principal Component Analysis can be seen, wherein, the factors are rotated using varimax with Kaiser Normalisation rotation method. We have considered only those variables which have loadings closer to 0.5 or greater than 0.5 for interpretation purpose. It can be seen that the five factors that have emerged cover all the thirteen variables (statements V1 to V13) explaining 60.735% of the original data set.

NAMING OF THE FACTORS

Considering the above outcome we name the factors as follows:

Factor1: Experiences in terms of ease in buying online.

Factor2: Comparison of online buying with retail buying in terms of advantages.

Factor3: Perceptions of online buyers as regards retail format.

Factor 4: Accepting online marketing as a genuine and trusted additional channel.

Factor 5 : Influence of product reviews on online shoppers.

Please see table: 5 for details.

Table: 3

Total Variance Explained									
Comp onent	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.067	23.593	23.593	3.067	23.593	23.593	2.161	16.623	16.623
2	1.453	11.176	34.769	1.453	11.176	34.769	1.959	15.066	31.690
3	1.255	9.651	44.420	1.255	9.651	44.420	1.417	10.901	42.591
4	1.121	8.621	53.041	1.121	8.621	53.041	1.306	10.049	52.640
5	1.000	7.694	60.735	1.000	7.694	60.735	1.052	8.095	60.735
6	.954	7.339	68.074						
7	.916	7.045	75.120						
8	.795	6.119	81.239						

9	.644	4.950	86.189						
10	.490	3.771	89.960						
11	.481	3.700	93.660						
12	.422	3.247	96.907						
13	.402	3.093	100.000						
Extraction Method: Principal Component Analysis.									

Table:4
Rotated Component Matrix^a

Statements	Component				
	1	2	3	4	5
V1.Buying online is less costly than buying from a retail shop	.157	.740	.258	.034	-.051
V2.Online websites provide more choice when compared to retail stores	.186	.792	-.061	-.043	.056
V3.Online web sites provide convenience in shopping.	.676	-.037	-.145	.170	.246
V4.Online purchase process helps in saving time.	.595	.252	.144	-.320	-.038
V5.Navigating through online websites is easy	.571	.323	.031	.087	-.109
V6.Payment methods of online purchase are convenient.	.540	.213	.071	.056	.138
V7.Online marketing firms deliver goods as promised.	.537	-.124	.125	.474	.063
V8.You are influenced by reading reviews of other customers before buying online.	.141	.097	.101	-.028	.897
V9.Online purchase provides more satisfaction than purchasing from retail store.	.002	.688	-.014	.355	.198
V10. All online marketing websites are genuine and could be trusted.	.156	.222	.039	.814	-.085
V11.The Return Policy followed by online firms is customer friendly.	.524	-.056	.529	.068	-.247
V12. Aggressive sales promotion by online retail firms, like huge discounts, prompt you to buy more than what you had planned for .	.122	.078	.840	-.061	.083
V13. With online firms offering attractive prices ,retail stores would become unprofitable	-.225	.112	.535	.374	.176
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.					
a. Rotation converged in 15 iterations.					

Table:5
Naming of the Factors

Factor	Factor Name	Question	Factor score
1	Experiences (Ease in Purchasing online)	Payment methods of online purchase are convenient .	0.540
		Online marketing firms deliver goods as promised.	0.537
		Online web sites provide convenience in shopping.	0.676
		Navigating through online websites is easy	0.571
		Online purchase process helps in saving time.	0.595
2	Comparison (E-tailing Vs Retailing)	Buying online is less costly than buying from a retail stores	0.740
		Online websites provide more choice when compared to retail stores.	0.792
		Online purchase provides more satisfaction than purchasing from retail stores.	0.688
3	Perceptions	Aggressive sales promotion by online retail firms , like huge discounts, prompt you to buy more than what you had planned for	0.840
		With online firms offering attractive prices ,retail stores would become unprofitable	0.535
		The Return Policy followed by online firms is customer friendly .	0.529
4	Acceptance	All online marketing firms/ websites are genuine and could be trusted .	0.814
5	Influence	Are influenced by reading the reviews of other customers before buying online	0.897

CONCLUSION

The study reveals that 33.6% students shop online for garments/clothing and 32% electronic items. As regards occasions, 37.5% buy on special occasions, 11% during festivals and 9% shop online on birthdays. Around 38% spent less than Rs 1000 per month, 18.3% between Rs 2000-3000, 10.6 % between Rs 3000-5000 and around 7% spent more than Rs 5000. Flipkart is preferred by 63.8% students, followed by Amazon and Snapdeal at 15.2% and 11.6% respectively. The preferred parameters of the students for shopping on these web-sites were acceptable price, trust and variety of products with percentages of 31.2, 27.5 and 26.8 respectively. Lastly the students felt disappointed and cheated when they received poor quality products (44.4%), received fake brands (22.9%) and faced delay in delivery (13.6%). Around 55% perceived that with online firms providing attractive prices, retail stores would become unprofitable.

From factor analysis it was statistically found that the main factors for shopping online by students were experiences (convenience, savings in time, payment methods, delivery as promised and ease in navigating), advantages of shopping online over retail stores (choice of products, lower price, greater satisfaction) perceptions (prompted to do more than required shopping, return policy and viability of retail stores), acceptance of online shopping as an alternative marketing channel and impact of reviews on online shopping by students.

The above findings were mostly in line with earlier research findings of young shoppers covered in literature survey.

SUGGESTIONS AND SCOPE OF FUTURE RESEARCH

Students are like 'innovators' and 'early adopters' of theory of diffusion of innovation proposed by Everett M. Rogers and are open to experiment with new ideas and also quickly adapt to new technologies. This statement aptly applies to online shopping. Once students start earning, online firms could mould their spending pattern by altering their strategies and offerings for each category of products in line with the findings. With more and more products getting added, online firms would be on a better footing to deal with young customers expectations.

This study could also help understand students' preferences in other emerging markets. Further, to tailor the offerings, further studies could be undertaken with different age groups between 18-30 years to

cover separately urban, rural, and educated internet savvy youth/students and fresh employees for different categories of products. It is expected that the incremental business for online firms is going to come from these segments with increase in internet penetration.

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