

Online Shopping V/S. Offline Shopping: An Analysis of Consumer Buying Preferences

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ABSTRACT

Recent advancements in technology have facilitated e-commerce around the globe. The online medium of e-commerce has provided and will continue to provide great opportunities for consumers and business. Research has shown growth in the interest of consumer in online shopping from 40% in the year 2012 to 78% in the year 2014 in the online shopping behaviour. Online shopping is now-a-days preferred because of better prices they offer, the convenience they provide because of shopping on our leisure, variety of products offered at one place, fewer traps as in the traditional shopping where the salesperson try to lure the customer to buy the product but in online shopping they'll lure the customers with offers but not pressurize them. Lastly customers privacy is valued in online shopping which is difficult in shopping offline. It is yet to be fully understood what more factors influence online shopping decision process. The Traditional shopping also has its pros like the feel-and-touch the products, face to face interaction with the salesperson, trying out of your outfit before buying and many other reasons to shop offline. The objective of this study is to provide an overview of online shopping decision process by comparing the offline and online decision making and identifying the factors that motivate online customers to decide or not to decide to buy online. The approach is used to find out what is different product a consumer buys and what is the most preferred and searched one. The research will also investigate the sources that attract consumer to prefer shopping online. The results also indicate that those attracted to purchase online perceive significantly lower channel risk, search effort, evaluation effort, and waiting (delivery) time online than offline and express significantly higher price search intentions online than offline. Although consumers attracted to offline channels also perceive lower search cost and higher price search intentions online than offline, their perceived online search effort and price search intentions are significantly lower than those attracted to online channels. It also suggests that demographics might not be effective bases for market segmentation. This study attempts to provide an exhaustive review on consumer behaviour of shopping online v/s offline.

Keywords: Online shopping, Offline shopping, Decision Process, Online Channels.

I INTRODUCTION

Online shopping is a form of electronic or e-commerce which allows consumers or buyers to directly purchase goods or services from a seller over the internet using a web browser. Online shopping can be called as e-shop, internet shop, online store and virtual store. The 21st century in India has witnessed for enormous increase in the number of online shoppers. The trend is common in western countries. But, in India with the advancement of Information Technology (IT) the growth of online shopping has immensely raised.

The concept of "teleshopping" was first introduced by Michael Aldrich in 1979 and in 1995 Amazon.com has launched its online shopping sites and later in the same year eBay also opened up its online shopping websites, which is the first online action website. Whereas, Traditional or Offline shopping can be traced back to the ancient Greece where the agora served as a marketplace where merchants kept stalls or shops to sell their goods. The modern phenomenon of shopping is closely linked to the emergence of the consumer society in the 18th century as rising prosperity and social mobility increased the number of people with disposable income for consumption

Inarguably, online and offline channels present different shopping experiences even when the same products are purchased. Instead of interacting with employees in a physical space, consumers interact in a virtual environment through the website interface. Additionally, the Internet is praised for its capabilities to provide interactivity (chat, e-mail), personalized experiences (registration, user input, personalization), multimedia (Flash animations, movies), shopping tools (virtual sales assistant, search engine, order tracking), community (virtual communities, consumer reviews), increased product selection and information.

Next, due to its in-home shopping characteristics online shopping is generally perceived to be more risky and, consequently, trust and risk play a more prominent role online. Not surprisingly, researchers have addressed that existing concepts, such as service quality or retail quality, may be inadequate to fully capture online shopping experiences.

II ONLINE BUYING BEHAVIOUR

Online buying behaviour also called online shopping behaviour and Internet shopping/buying behaviour refers to the process of purchasing products or services via the Internet. In the typical online shopping process, when potential consumers recognize a need for some merchandise or service, they go to the Internet and search for need-related information.

However, rather than searching actively, at times potential consumers are attracted by information about products or services associated with the felt need. They then evaluate alternatives and choose the one that best fits their criteria for meeting the felt need. Finally, a transaction is conducted and post-sales services provided. Online shopping attitude refers to consumers' psychological state in terms of making purchases on the Internet.

The e-stores are frequently visited by the Indian shoppers. Indian customers are also getting addicted to the online shopping and they do like various features of online shopping as by rest of the world. But the statistics available has shown that Indian market is still not a fully developed market for e-tail stores. The young population is the biggest attraction of this industry and they may contribute substantially to the growth of online shopping in India. The majority of internet users are youngsters, the majority of goods and services demanded are related to only this segment. Travel planning is one of the biggest services used by Indian Online shoppers.

III E-DEMAND

Internet users in India are increasing rapidly and along with that e-commerce market in India is also increasing. Current e-commerce revenue is around 10 billion US\$ and markets is expected that by 2024 it will become 125 US\$ billion. This segment focuses on the most products sold on Internet. They are categorised as: Travel e-commerce and Retail e-commerce. India's travel and tourism are second fastest growing travel and tourism industry in the world. In 2013 it grows by 18% and reach 23.3 billion US\$ and 27% of this (8.8 billion), is contributed by online travel market. 75% of total Indian e-commerce industry, business is contributed by the travel related e-commerce industry. The main businesses are: Online air ticket booking, online train ticket booking, online bus ticket booking, online hotel booking, online tour package booking and online movie booking.

Electronic goods, apparels and books are the most sold product category in Indian e-commerce industry. Among the sub categories apparels are the fastest growing retail market, which contributes more than 13.4 % of total e-retail market. Comparison shopping, which compares the price of goods and services grows faster than all other e-trading category. Consumer goods, sports/outdoor products and retail food sub categories have also shown early growth signs. According to e-tailing sites like Flipkart, Snapdeal, etc. Mobiles phones and related accessories are the highest selling items.

IV PAYMENT MEDIUM

E-Shoppers need to make payment for the purchases made. There are many modes of payment and there are many new payment medium are introduced. Looking back to the existing methods of payment, the most widely used by the consumer is Cash on Delivery (COD). Studies have shown, nearly a half of online shoppers prefer the cash on delivery mode of payment because of lower risk of default. Others medium include, payment through Plastic money i.e., Debit & Credit card. 21 per cent prefer payment through debit card and 16 per cent via credit card. The other modes of payment include internet banking (10 per cent) and other payment modes viz. prepaid cash cards, mobile wallets etc. (8 per cent).

V GEOGRAPHICAL INFLUENCE

Geographic distribution of shopping opportunities in the city or area where a person lives may play a significant role in shaping that person's e-shopping behaviour. Living in areas with more local shopping opportunities and better spatial access to them, for instance, may make e-shopping less advantageous when compared with living in areas with fewer local shopping opportunities or poorer access to them. This may render the adoption of e-shopping less urgent or unnecessary. The geographic context of people's residential areas, especially the spatial distribution of shopping opportunities and the accessibility of these opportunities from people's home locations, may thus have a significant impact on people's e-shopping behaviour. Studies have hypothesized and observed that people who live in areas with low accessibility to local shops are more likely to adopt e-shopping as the Internet could save them the time and travel required to undertake shopping tasks in the physical world.

VI SHOPPING PATTERN

The shopping patterns vary from customer to customer. Purchases are either made on weekly, monthly or once in a year by an E-shopper. Shopping styles are situation-specific or constantly changing. A consumer may make an unplanned purchase because something in the store, such as a point of purchase display, triggers a reminder that they need something. Unplanned purchases are usually made because of a need. An impulsive purchase is made spontaneously and usually without regard to costs or negative consequences.

They are usually motivated by the need for immediate self-gratification. This could be because of promotional offers or discounts which cause the consumer to think the products are on sale, when they may not be, and lowers their ability to think about the consequences.

In India, the e-commerce business industry is vast. The popularity of local e-commerce sites is also increasing in comparison to global e-commerce sites like Amazon, e-bay, etc. but the performance is remarkable. The following table gives a glimpse of the top ten trending E-commerce sites of 2015.

Table 1
Details of popular sites- (Source ANBLIC)

RANKING	WEBSITE	SERVICES OFFERED
1	Amazon	Most reputed name in the world of online shopping for products like e-books, electronics and others items.
2	Flipkart	Mega online store which offers wide range of products including clothes, books and Electronics.
3	Rediff Shopping	It is a one-stop solution that retails everything – from daily-needed objects to exclusive apparels manufactured by top international brands.
2	E-bay India	Has unique business concept where a seller can sell the product directly to buyer.
4	Jabong	Has been a front runner in online shopping websites in India and offer attractive discounts, promotional and deals for Indian customers on many fashion, home décor and lifestyle variants.
5	Yepme	Dealing with brands that specialize in manufacturing accessories like sunglasses, leather belts, fashionable shoes, etc.
6	Myntra	It retails many famous national and international brands like Puma, Adidas, John miller, Lotto and many more.
7	Snapdeal	It is online marketing and shopping company which has existence in more than 400 cities in India.
8	Nykka	With 300 curated, well priced and 100% genuine brands and 15,000 products, Nykaa prides itself for offering a comprehensive selection of makeup, skincare, hair care, fragrances, bath and body, luxury and wellness products for women and men.
9	Shopclues	An online mega store recorded highest growth in year 2012 and Alexa ranked 1000 in mid of August -13
10	HomeShop18	It is an online shopping website and retail distribution network company.

This study will try to cover all the aspect from the point of view of the consumer and will try to minimize the gap and provide close analysis of the topic.

VII LITERATURE REVIEW

Consumer behaviour has changed radically over a period of time. These days, it is becoming increasingly difficult to browse a newspaper, magazine, or business technology news segment on television without seeing some reference to the Internet, and the new information services available on it that offer some sort of access to "cyberspace" or "the information superhighway". Online

shopping continues to outpace growth in traditional retail. Many past searches have revealed both the medium are no less than the other, it basically depends on the consumer.

Kwak et al., (2002); Miyazaki and Fernandez, (2001), suggested that variables like, demographics and personality variables such as opinion leadership or risk aversiveness are very important factors that are considered is trying to determine the hypothetical proposition of Internet purchases. Risk taking propensity is also a powerful factor. The risk taking tendency of E-shoppers is high. Consumers with concerns like high levels of privacy and security have lower purchasing power in online markets but they

balance out this by their quest for making use of the information advantage of the environment.

Underhill, (2004), believes that the fact consumer's cannot see and feel the merchandise will hinder the internet. He also agrees that some consumers still like visiting and enjoying browsing books in a bookstore, with the hope that something else may catch their eye and therefore another purchase is made.

Aron M. Levin, Irwin P. Levin and Joshua A. Weller, (2005), for the study, they took two samples of size 199 which was used from a large mid-western American university and an online survey panel. They found that the preferences for shopping online or offline differ across various products, consumers, and stages of the shopping experience. Online shopping was preferred more when attributes such as large selection and shopping quickly were predominant. Whereas, when attributes such as personal service and ability to see-touch-handle the product were predominant, offline shopping was preferred.

Journal on Online Shopping Acceptance Model (OSAM), Lina Zhou, Liwei Dai and Dongsong Zhang, (2007), conducted an extensive survey to explain consumer acceptance of online shopping by model called OSAM (Online Shopping Acceptance Model). The study focused on consumer factors in online shopping research, there are other system-product/service-, and vendor-related factors that could be important predictors of consumer acceptance of online shopping. In addition, trust is a complex construct that has been widely studied in online shopping acceptance research

Portas, (2011), founded that the scale of the internet has pushed shopping boundaries, and although evidence demonstrates the high street will never be able to compete with prices, highlighting consumers are always money conscious, and the range of inventory held by warehouses such as Amazon; evidence suggests there are many ways the high street can improve; focusing on experience, customer knowledge and specialism.

Koen Pauwels et al., (2011), found that the product category and customer segment has a great influence on the offline revenue of the informational website. The lower online search costs were especially beneficial for sensory products and for customers distant from the store. In contrast, customers in a particular segment reduce their shopping trips, suggesting their online actions partially substitute for experiential shopping in the physical store

Yaqbin Lu (2011) focused on psychology of customers to transfer their usage from the offline to the online channel that offer similar services. The study revealed that innovativeness in new technology and relative benefit had positive effects on users' intention to transfer usage. Moreover, the findings of the study also indicated that internet experience moderates the relationship between relative benefit and consumers' intention to transfer usage from offline to online services.

Journal on Online v/s Offline competition, Ethan Lieber and Chad Syverson, (2011), focusing on the emergence of online channels in a market can bring substantial changes to the market's economic fundamentals and, through these changes, affect outcomes at both the market level and for individual firms. The potential for such shifts has implications in turn for firms' competitive strategies. Incumbent offline sellers and new pure-play online entrants alike must account for the many ways a market's offline and online channels interact when making pricing, investment, entry, and other critical decisions. Online channels have yet to fully establish themselves in some markets and, in those where they have been developed, are typically growing faster than bricks-and-mortar channels.

VIII RESEARCH METHODOLOGY

(a) Research Objectives

- (i) To understand the underlying concepts behind online and offline consumer buying behaviour.
- (ii) To study the preferences of a consumer with respect to shopping 'online' and 'offline'.
- (iii) To study the consumer preference towards combination of 'online' and 'offline' shopping modes.

(b) Research Design

The present research being 'conclusive' in nature follows 'Descriptive Research Design'. Being a descriptive research, quantifiable information is collected and is subsequently used for statistical inferences on target audience through data analysis.

(c) Sampling

The sample size of 100 respondents is taken so as to get the desired and reliable result. The sample is selected from the 'Traditional Shoppers' of the Northern Region. "Judgmental Sampling Technique" has been used as a Non-Probability Sampling Method in the present study

(d) Collection of Data

The study involves collection of vital information by both 'Primary' & 'Secondary' means. Primary Data is collected by the means of questionnaire (sent to the respondents through online and offline channels). The Secondary Data is collected from Websites & Journals/Books.

(e) Limitations of the Study

- (i) Many surveyed respondents did not reply all the questions.
- (ii) The sample size was small which may not represent the entire population.
- (iii) Time period was limited to complete the study.
- (iv) The study is limited to respondents of certain categories only.

(f) Data Analysis & Interpretation

- (i) The analysis shows that there are more number of male 'online shoppers' in comparison to female 'online shoppers'.
- (ii) The data collected through survey shows that most of the online shoppers lies in the age group of 18-25 i.e. the youngsters because the young generation have knowledge about the Internet and are frequent users of these sites and good number of shoppers lies in the age group 46-60.
- (iii) The survey also shows most of the people prefer both traditional as well as online medium for shopping because there are some things you cannot buy online because they require personal attention in respect to offline and online alone.
- (iv) The data shows the most purchased online products are electronics (around 26%) because now most electronics companies are directly launching their products online, followed by apparels and accessories (around 25%) because we can buy clothes of international brands online and the least bought product is automotive (only around 3%) because the product needs personal attention of the buyer.
- (v) The topmost reasons given by the respondents for choosing offline shopping are 'no or less product disappointments' & 'feel of the product and instant satisfaction' as the consumer prefers buying the product after touching and trying (in case of garments) which mentally satisfies them.
- (vi) 'Wide range of products' was highest among the reasons given by the respondents preferring online shopping because the consumer get variety of products under one roof, followed by

convenience on their terms because of delivering services offered by these sites.

- (vii) However, the analysis reveals that most of the respondents preferring online shopping were uncertain about the shopping sites and products offered by the e-commerce sites.
- (viii) The interpretation further shows that there are very frequent customers of e-commerce sites because of the increasing knowledge about internet and change in people's lifestyle in contrast to customers who rarely visit these sites.
- (ix) The analysis has also supported the statement that "the products sold online are not genuine because customers have concerns about product quality, size and delivery."

IX CONCLUSION

- (a) Most people have different perception of shopping. Some people prefer to go online while some stick to traditional method of shopping and the third category people are those who go both offline as well as online for shopping. It is thus concluded that, **people prefer both offline and online medium of shopping because they feel that few things require the feel while others could be bought online just by specifications**
- (b) There are more number of male shoppers in comparison to female shoppers and it is concluded that male shop from online medium because they feel it is convenient and moreover there are e-market users in the age group of 18-25 who have knowledge about the internet and now it's a rage among the youngsters now-a-days about purchasing online because internet gives access to those sites whose brand is not available in India.
- (c) Consumer electronics (electronic equipments intended for everyday use), is one of the top-selling products at online retail services. The usage of personal computers, telephones, and different devices has increased exponentially, and is likely to keep going so, as technology improves and innovations come along in Apparels and accessories. People consider Apparels in terms of motivators to shop online. The consumers highlight cash back guarantee as the number one benefit. Ability to give cash on delivery, fast delivery, great deals and access to branded products has been highlighted amongst the other benefits of shopping online. Some of the drawbacks like missing the touch of the fabric, fear of faulty products and disclosure of their personal information have been quoted as disadvantage.

- (d) **'Seeing & feeling the product'** is concluded as the chief reason as to why the consumers don't like virtual shopping as they just can't feel pixels. Many customers have "Try before Buy" policy which is good because it gives them satisfaction. These kinds of buyers prefer to buy product after touching and trying a product and this leads to no product disappointment.
- (e) **One can get several brands and products from different sellers at one place while shopping online.** We can get in on the latest international trends without spending money on travel. You can shop from retailers in other parts of the country or even the world without being limited by geographic area. That makes online shopping convenient as it gives the opportunity to shop 24 x 7 and also opportunity reward with 'no pollution' shopping. You don't have to wait in a line or wait till the shop assistant helps you with your purchases. You can do your shopping in minutes even if you are busy, apart from saving time and avoiding crowds.
- (f) Finally, the analysis suggests that **there are very frequent users of e-market sites as everything is just one click away and online comparison of prices helps to buy cheapest product within a specific quality range.**

X SUGGESTIONS

- (a) Companies should send free samples to the customer because some people still do not buy clothing because they miss the feel. Birch-box took this approach and now has a 50% conversion rate. There could be an option given on the site to try their product in the nearby store if the company's product is available.
- (b) Websites like Flipkart should expand their delivery services because some products like Smartphone are not delivered in small areas like Dehradun and some products also lack Cash on Delivery option which is drawback for the company.
- (c) E-Commerce websites should also provide guest checkout because consumers don't want to give out personal data unless it's strictly necessary.
- (d) E-commerce companies should create and publicize a great return policy whether or not individual customers take advantage of your offer. Everyone's more likely to buy when he knows about and has trust in a store's return policy.

- (e) There exists a fear of unsecured transaction i.e. online payment gateway. These sites should therefore mention the security of the transactions; which will increase peoples faith in the online shopping.

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