

“Consumer Perception On Online Marketing”

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ABSTRACT

The main objective of this study is to investigate behavior of consumer towards online marketing and providing E-marketers with a constructional structure for their E-businesses' strategies. The specific objectives of this research are to know the consumers awareness and perception regarding products and services on internet, to know how internet provides acts as a hub of various products and services, to know how internet reduces the uncertainty in purchase decision process and in turn it leaves a satisfied customer. Eleven different factors were identified by studying the existing models of consumer attitudes that plays an important role in online purchase, then a model was proposed leading to online shopping. The data was collected by random sampling using Questionnaires. The sample size was 100. After probing the ten observed studies, a total of eleven interconnected factors for which the empirical evidences show significant relationships were been identified. These eleven factors includes: apparent usefulness, supposed ease of use, perceived satisfaction, exploring online shopping, security and privacy, worth of internet connection, attitude of customers towards online shopping, intention to shop via online means, decision making, online purchasing, and consumer satisfaction. Six variables out of eleven; apparent usefulness, supposed ease of use, perceived satisfaction, exploring online shopping, security and privacy, quality of internet connection are found to be independent variables in nature and five variables namely; attitude toward online shopping, intention to shop via online means, decision making, online purchasing, and consumer satisfaction are dependent variable in the study. Satisfaction of customer or consumer is considered to be a separate factor in this study which is explored as the by-product of this study. The questionnaire used was based on Likert five point scales ranging from strongly Agree to strongly disagree to test the model proposed for consumer perception towards online shopping.

Keywords: *Consumer's perception, Internet, Online Orientation, Marketing Trends*

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Introduction

Marketing Trends in India Online Travel Industry

Searches by Indians every month	Over 1 billion
Searches by Indians that result in sponsored links shown, every month	520 million
Total clicks on sponsored links by Indian users in a month	Over 6.8 million
Number of advertisers targeting Indians web-users	Over 60,000
Total annualized spend by all advertisers targeting Indian users	Rs.350 crores (US \$ 62 m)
Total annualized spend by Indian advertisers targeting Indian users	Rs.92 crores (US \$ 22 m)
Most amount spent by one advertiser	Rs.12.7 crores (US \$ 3.9 m)
All brands that spend more than Rs.10 lakhs a year in India	432
Indian brands that spend more than Rs.10 lakhs a year in India	145
Average number of key words bought by a brand	86
Most key words bought by a brand	94,377
Most clicks bought by a brand in a month	678,968
Average cost per click paid by advertiser in India	Rs.26.20 (\$ 1.36)
Highest cost per click paid by advertiser in India	Rs.385 (\$ 8.92)
Average search campaign click-through rate	0.82%

*Table 1: *Based on Google report by exchange4media*

The way Internet is changing consumers orientation to shop and buys goods and services, has rapidly evolved as a global phenomenon. Many companies have started using the Internet with the aim of cutting marketing costs, thereby reducing the price of their products and services in order to stay ahead in highly

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competitive markets. Companies also use the Internet to convey, communicate and disseminate information, to sell the product, to take feedback and also to conduct satisfaction surveys with customers.

Customers not only use internet to buy the product online, but to compare prices, product features and after sale service facilities they will receive if they purchase the product from a particular store. Many experts are optimistic about the prospect of online business. In addition to the tremendous potential of the E-commerce market, the Internet provides a unique opportunity for companies to more efficiently reach existing and potential customers. Although most of the revenue of online transactions comes from business-to-business commerce, the practitioners of business-to-consumer commerce should not lose confidence. Along with the development of E-retailing, researchers continue to explain E-consumers' behavior from different perspectives.

Online Shopping In India

Different models of consumer attitude of customers towards online shopping

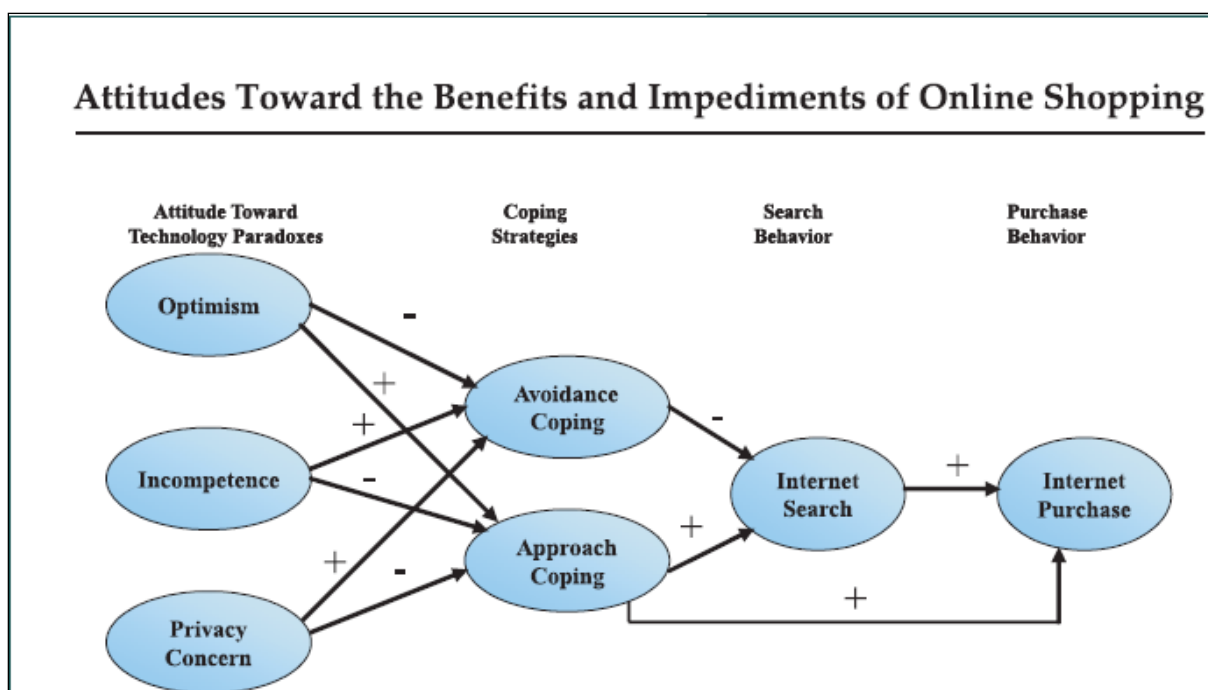


Figure 1: By: Mary Ann Eastlick

This diagram shows how consumer approach toward online shopping can lead either to approach coping (wanting to shop online) or to avoidance coping (deciding not to search or shop online). Someone who is hopeful toward the settlement of online shopping will build up approach coping. A person who is negative toward online shopping will believe of the drawback to it and make a decision to purchase in physical stores instead, which is the concept of avoidance coping.

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Framework for Consumers' Intentions to Shop Online

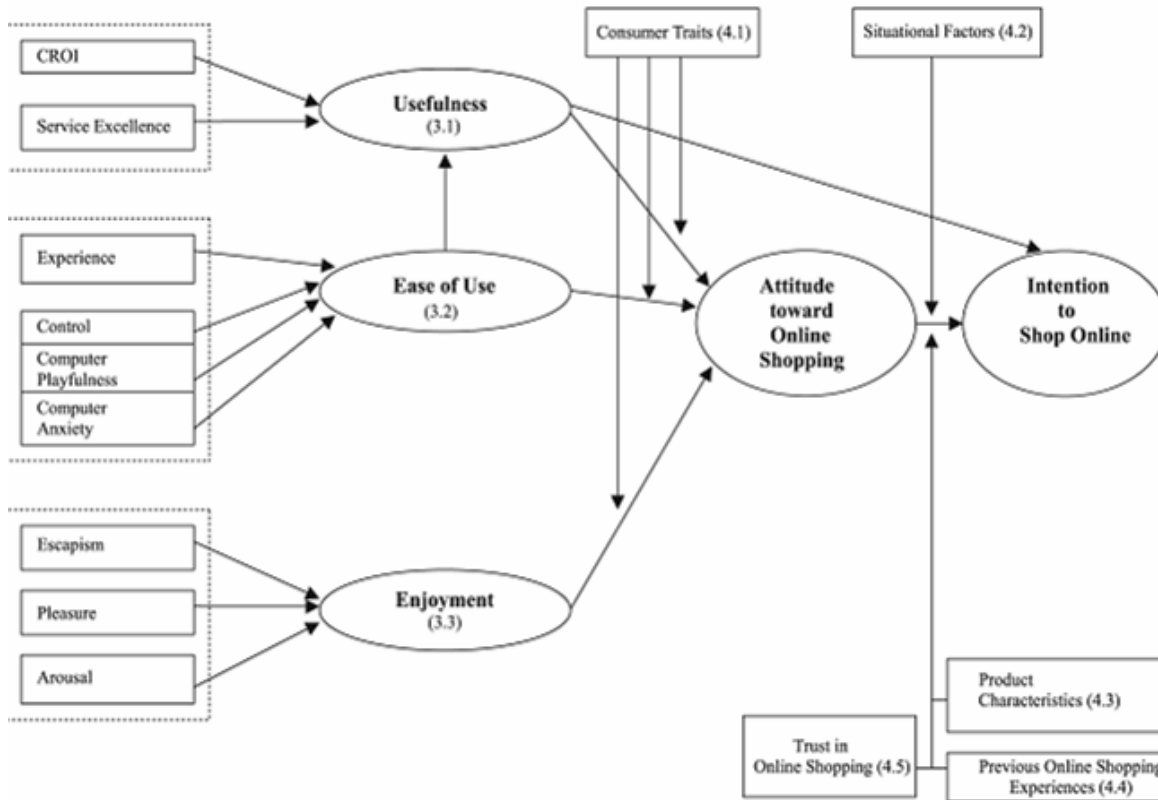


Figure 2:
 Research by
 Emerald

The beginning and development of Internet has been the biggest event of the century. E-commerce in India has come a long way from beginning in the 1999-2000 to a period where one can sell and find all sorts of stuff from a high cost and niche product to a small needle in

the online market.

Most corporations are using Internet to represent their product range and services so that it is accessible to the global market and to reach out to a larger range of their audience.

Computers and the Internet have completely changed the way one handles day-to-day transactions; online shopping is one of them. The Internet has brought about sweeping changes in the purchasing habits of the people. In the comfort of one's home, office or cyber cafe or anywhere across the globe, one can log on and buy just about anything from apparel, books, music and diamond jewellery to digital cameras, mobile phones, MP3 players, videos games, movie tickets, rail and air tickets. Ease, simplicity, convenience and security are the key factors turning the users to buy online. E-commerce revenues in the country are projected to reach Rs 5,300 crore in the year 2015-16, growing at 95% over 2014-15(Source: Internet and Mobile Association of India, IAMAI). This pertains to the business-to-consumer (B2C) segment. It may be too early to do a comparison with the e-commerce scenes in countries such as the US where billions of dollars are spent online but the business in India is growing exponentially every year, albeit from a smaller base, the total revenues have reached a respectful size.

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Recent Developments

The number of users logging on to the Internet is growing by leaps and bounds. The number of Indians who are online is expected to touch to 800 million by 2020, from the present 481 million with an increase of 11.34% in December 2016 according to the research conducted by IAMAI in December 2017. The numbers indicate a growing sense of comfort with the use of Internet for shopping. Accompanying this growth, there is an increasing maturity in the way people use the Internet. It's a classical curve. Online users typically start by using e-mail, gradually move on to browsing for news, information and entertainment, and finally graduate to shopping and conducting business online. Online sales have registered a huge jump and what was a concept five years ago is now beginning to hit the mainstream levels. Roughly 10% of the world's population more than 627 million people have shopped online at least once, in India it is just sprouted and beginning to perish. Internet is now going beyond the simple exchange of information to a shopping paradise. This medium is far bigger than expected, but many retailers and marketers are not using it to its full potential. Indian customers are increasingly getting comfortable with online shopping, and there is a higher acceptability for the concept. India has 45 million Internet users and more is now turning to online shopping. There has been an influx of online shopping sites in India with many companies hitching onto the Internet bandwagon. The revenues from online shopping are expected to more than double by 2014-15. According to IAMAI, the average number of transactions per month in India has gone up from 12 lakhs in 2013-14 to 16 lakh in 2014-15 and has doubled to 12.95 lakhs transactions per month in the year 2015-16. The online sales during the festival season had increased rapidly especially during Diwali and Ramzan which recorded a sales of Rs210 crore, a 117% increase from the Rs73 crore in the year 2014-15(source IAMAI). These figures clearly show that online shopping has truly come of age and consumers are keen to shop on the net. Effective customer communication on products plus reduced shipping costs and timely delivery has helped online marketers to seize a slice of the Rs 215 crore sales. Online shopping has become the latest trend among shoppers. Indians are becoming more comfortable with e-commerce. The consumer's attitude has been evolving towards online purchases. It has become increasingly positive over the years. The attitudes that drive people to shop online, such as convenience, price comparison and choice are improving tremendously in India.

Online Activities

The Internet has entered the mainstream consciousness over the past decade. This event has happened primarily because the web has got a graphical interface and the Internet has moved from governmental control to private hands. The activities which are happening on the Internet are email and instant messaging, general web surfing or browsing, reading news, hobby searches, entertainment searches, shopping and buying online, medical information searches, travel information searches, tracking credit cards, and playing games. Report i.e. email, chat or instant message is the basic activity for which the Internet is used. It is the single most important reason for people to go online. E-mail provides the opportunity to speak more often with a much broader circle of people than one can reach by telephone or by mail in a convenient way. In India to email constitutes the major activity on the Internet. It was found that more elderly people are increasingly using email as compared to the younger generations.

In India, the top five online activities are e-mail, surfing, chatting, search and job search. Some of the sites, which are commonly used for these particular activities, are:

- Gmail -Most preferred letter portal, tops for email and chat
- India time's –Best event and sports news provider.
- Naukri-Best recruitment portal
- Shaadi-Best for matrimonial services
- eBay-Best, online shopping portal
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Online Ticketing

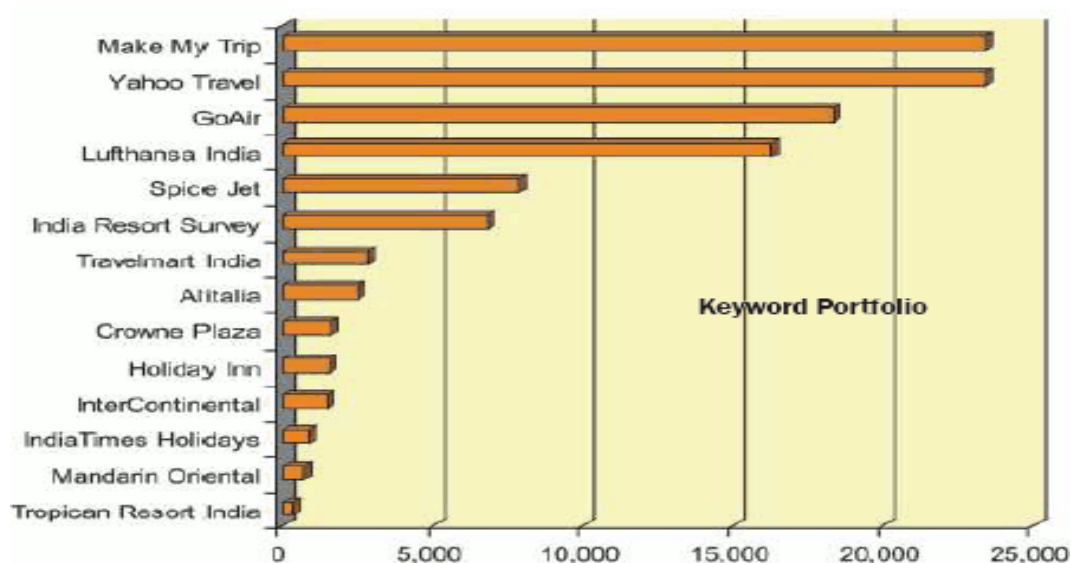


Figure 3: Keywords Portfolio: Online Travel India Firms

The growth in the online travel business today is phenomenal. The Indian online travel business is worth \$650-800 million and is growing at 40-50 per cent year by year, as the online population of the country is estimated to be 40 million (Source:IMRB). There has been a significant increase in online ticket booking in India with a double-digit growth, which has also lead to an increase in Indian tourism. This growth in the travel industry has definitely leaded to the increase in the travel portals. The scope for growth is immense in this sector as more Indians are using the Internet. Travel sites like MakeMyTrip.com (MMT) has been growing at about 20 per cent month-on-month, for the last four months, selling 2,400 tickets a day on an average (Source: MakeMyTrip.com). The online bookings in India was mainly stared because of the low cost carriers like Air Deccan which sells most of it tickets online. The revenue of the Indian Railway Catering and Tourism Corporation (IRCTC) has also increased phenomenally because of the online ticketing.

Thus Internet has become an indispensable part of life and has reduced the world to a global village. Many corporate are getting into this bandwagon, as there seem to be a humongous growth in the coming years. Airline, cinema, hotel bookings, etc are all increasingly going online.

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Literature Review

S.No	Source	Findings
1	Schiffman et al., 2001	The classic consumer purchasing decision-making theory can be characterized as a continuum extending from routine problem-solving behaviors, through to limited problem-solving behaviors and then towards extensive problem-solving behaviors
2	Peterson et al. 1997	It is an early stage in Internet development in terms of building an appropriate dedicated model of consumer buying behavior.
3	Jarvenpa Journal of Electronic Commerce Research, VOL. 6, and NO.2, 2005) Todd 1997	Decision sequences will be influenced by the starting point of the consumer, the relevant market structures and the characteristics of the product in question. Consumers' attitude of customers towards online shopping is a prominent factor affecting actual buying behavior.
4	Vellido et al. 2000	Nine factors associated with users' perception of online shopping were extracted. Among those factors the risk perception of users was demonstrated to be the main discriminator between people buying online and people not buying online.
5	Jarvenpaa 2000	Tested a model of consumer attitude towards specific web base stores, in which perceptions of the store's reputation and size were assumed to affect consumer trust of the retailer.
6	McAllister, 1995	Trust is interwoven with risk
7	Ganesan, 1994	One of the consequences of trust is that it reduces the consumer's perception of risk associated with opportunistic behavior
8	Mayer et al. 1995	Developed a model which combines traditional marketing philosophy on consumer motivation

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		to buy
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Data Analysis

In the survey the respondents were asked the following questions which helped to know about a regular shopper. The principal component analysis is giving 78.065 as commutative % which is good enough because data redundancy is less. Three components have been extracted with eigen values more than 1 after principal component analysis and rotated component analysis. The output value shows that following factors can be safely extracted after **factor analysis**:

- Not sure of product quality (Extracted from component 1)
- Transactions/credit card misuse (Extracted from component 1)
- Have to wait for delivery (Extracted from component 1)
- Significant discounts are not there (Extracted from component 2)

Findings

- The research showed that 65% of the Internet users had shopped online while 35% had not bought anything. This is mainly because of the changing lifestyle and taste patterns.
- It was seen that 14% of the online shoppers had shopped more than five times and 74% had shopped 2-4 times. The frequency shows the acceptance of Internet as a shopping medium.
- The increased usage of internet over the years has led to an increase in shopping, as these regular shoppers are able to make use of the various e-commerce activities.
- Internet is becoming an integral part of the daily activity of the regular online shopper. The regular online shoppers who have been using Internet for more than 20 hours are more comfortable and confident as a result they purchase more online as compared to who use Internet for less number of hours.
- It is true that more regular online shoppers use Internet shopping sites to gather information about products rather than to make a direct purchase.
- More males are shopping online as compared to women. This is mainly because women still like to feel, see and touch the product before buying. It was noticed that some of them felt shopping as a reason to go out with the family and spend time together, which was not possible in case of online shopping.
- The study showed convenience is the main driving force for online shopping. Other motivating forces, which had led to online shopping, were saves time product availability and superior selection and product comparison. Convenience here is characterized as ease of purchase, home delivery and ability to shop 24x7.S
- Satisfaction level plays an important role in online shopping with more regular shoppers falling under the category of satisfied. This shows that they were overall satisfied by the experience of shopping online.

Table 2 Future Category of Goods

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Railway tickets	83%
Airline tickets	80%
Electronic Gadgets	50%
Books	43%
Gifts	33%
Movies tickets	30%
Jewellery	23%
Computer Software	20%
Hotel Rooms/Car Rental	20%
Event Tickets	13%
Toys	13%
Infant / Child items	10%
Food / Groceries	7%
Accessories apparel	3%
CD/Videos	3%
Magazines	3%
Home tools and products	3%
Sporting goods	3%

The table 2 show that shows that there is a future growth in the electronic gadget and book categories also apart from railway and airline tickets, which continues to be on the priority list. There is a growth in these categories because traditionally products like audio-video, apparel, and computer accessories were purchased through catalogs and other forms of direct mail but toady online shopping serves a convenient means of distribution channel.

Another reason for the growth in these categories is because of well-established sites for travel, audio-video (e.g., CD-Now), and computers (e.g. www.dell.com, www.sonyvaio.com), which lure the consumers to buy these products. These goods do well because consumers are not bothered much about the touch and feel factors, which generally drive the shopping in India unlike categories like apparels and groceries where it still remain an important factor while purchasing. It is difficult to change the set mindset of consumers for

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certain categories of goods but still companies should keep innovating and find means and ways to attract more online shopping.

Recommendations

Online shopping in India is poised for greater acceleration as PC and Internet penetration grows. It is becoming one of the top Internet activities and there is a huge growth in this business as more manufacturers and providers are integrating the Internet into their sales model. But there are many things that need to occur in online shopping to generate higher revenues and the key to it lies in the hands of the marketers. To make online shopping a boom following methods can be followed.

India has a strong research and development (R&D) capability so companies should innovate rapidly to take care of the security issues. Technology like text to speech software's should be innovated to take care of the security concern. In India the total ownership of credit cards is small as compared to its population and there are also hesitant in using it as a mode of online payment therefore alternative methods of payment like cash on delivery (COD) where the end user pays cash after the product is delivered and debit cards where the bank accounts are directly debited should be used. Other technologies like encryption technologies trusted third-party certifications; digital ID systems and prepaid cards should be used. The consumers should be made aware that one of the safety aspect of using credit cards online is that in case of disputed credit card payments for online transactions the onus is on the merchants to prove that the transaction actually took place, as online users don't physically sign a credit slip. As a result online users are protected from fraudulent use of credit cards.

Conclusion

Increased Internet penetration, a hassle free shopping environment and high levels of Net savvy see more and more Indians shopping online. Consumers often display a bias for brands that they know well and have had a good experience in the past. Thus products of brands with a favorable bias will score over the products of less popular brands. A few would risk buying expensive jewelry from an unknown jeweler online. The customer is not sure of the quality of the product unless it is delivered to him and post delivery of the product, it is sometimes a lengthy process to get a faulty or the unsuitable product changed. Thus, unless the deliverables are as per the customer's expectations, it is hard to infuse more credibility in the e-Tailing market. To attract customers, the competing online players are adopting all means to provide products and services at the lowest prices. This has resulted in making the consumers choice-spoilt, who in turn surf various websites to spot the lowest price for the product. Thus, although the number of transactions is increasing, the value of the products sold is continuously falling owing to high competition and leaner margins. E-Tailing Market is faced by seasonal fluctuations. As told by an Industry player, "August to February is the peak seasons for sale, while March to July is the dry seasons for sale". During the peak season, occasions that drive the sales are Diwali, Raksha bandhan, Valentine's Day, New Year, Christmas, Mother's Day, Friendship Day etc are. On these occasions younger generations prefers buying and sending gifts online. Online frauds and breach are the biggest barriers to online sales. As a result, prospective buyers prefer staying away from revealing their credit card and bank details. It might take a few minutes to search, book and pay for products and services online, but the delivery of the product may take unreasonable time.

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It is a challenge for E-marketers to convert low frequency online buyers into regular buyers through successful website design and by addressing concerns about reliable performance. Thus, the online retailing raises more issues than the benefits it currently offers.

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