

UNDERSTANDING BEHAVIOUR OF ONLINE SHOPPERS

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***T**HE last decade witnessed rapid changes in technology, which was accompanied with altered patterns of trading; at high speed on the Internet. E-commerce came thus into picture in the early nineties. Giving birth to great hopes, however, the e-commerce bubble began to burst by the end of the nineties. The dot coms were the worst hit. People wrote off B- to- C business. But during the past one year, with the industry showing signs of a revival, business interest in e-commerce seems to have returned. Any lessons learned? If the industry fails to read the consumer wrongly once again, a second failure is very likely. It is important to know what the consumer is looking for when buying online. Products are available in the real market, so why does he come there. Bringing him "in" once does not fetch profits, making him return, repeatedly, does. And those who do not (buy online), what keeps them away (?). The paper reports findings of a survey on online buying behaviour. It was observed that gift items including greeting cards, wrist watches, crystal-ware etc. (13%), garments (13%), home appliances (13%) and food items (11%) were the kind of goods most respondents went for during online purchases. While about one-fifth (21%) of the items purchased cost Rs. 1,000 to Rs. 2,000, an equal number (21%) falling in the range of Rs. 2000 to Rs. 5,000. When the respondents were asked why they chose online as a medium over outdoor shopping, about one-third (34%) replied that they bought online because of the special facility of customization; wide range of products (choice) available for example, various combinations in pizza, in case of garments numerous styles on display; to seek novel products which are available only on website such as, certain special kinds of leather bags, some handicraft and ornamental goods, etc.*

In the last decade, the e-commerce revolution affected economic growth and development, all around the world. As a result of the Internet, which acted as a facilitator in the process, organizations began to convert- from "physical" to "virtual". Every business started to jump onto the band wagon- setting up web sites directly to sell the customer. But, as is well known, the dot coms soon turned out to be dot bom(b)s. About "555 dotcom ventures worldwide" closed shop during Jan 2000- June 2001 (Computers Today 2002).

Were the dot coms entirely to be blamed? It is believed by many that while the dot coms were growing in their own natural pace, unrealistic expectations actually led to the equally exaggerated disappointment in industry. Also to be blamed for the "failure" were factors such as low bandwidth, low surfing, wrong strategy, etc. But "to say that B to C as a whole has failed to take off is not entirely correct". The number of online buyers was 20 million with average purchase at \$330 in the 2000 holiday season in the USA which jumped to 29 million at \$392 in 2001 (holiday season) (Sanders 2002). Amazon.com had an audience at over 31million in the month of Nov (2001) alone followed by yahoo.com at 27million. The retail sales at AOL rose up by 67% in 2001 (US \$ 33billion) over the previous year (Cox 2002).

"B to C e-commerce is a viable business model". It is believed to be in the region of Rs. 30 crore during 2001-02 and expected to grow to Rs. 100 crore in 2002-03, and to Rs. 1000 crore by 2005 (Computers Today, 2002). It is in its infancy but has great growth potential. But how should one forge ahead now? Going head in first, one is bound to read the board wrongly, hence, one ought to go along with the right strategy. For example, studies show that most consumers who buy online mention "customer service" as a primary reason for doing so. Are dotcoms giving the right service? One needs to study the situation carefully before venturing with the e-business strategy.

For this, it is quite important to acquire background information on the customer as to who is he, what does he buy, how and when does he like to buy. It is also important to know – is he satisfied with his online purchases/ service, would he like to go for online shopping, tomorrow, if yes, what (?), etc. Such information may help discover new niches in the market and assist developing appropriate future strategies.

With these objectives in mind, a study was carried out among online buyers. Preliminary investigations revealed that about 1 out of every 10 business executives has had at least one online-shopping experiences in the past (Negi et al 2000). Hence, the sample for the study was drawn from the corporate sector, mainly in the IT industry, since that is where most e-buyers seemed to exist. In all, 105 online buyers were contacted personally and interviewed at their respective companies. An equal number of non-buyers were also interviewed. Thus, the total number of respondents stood at 210.

In order to ensure that non-buyers closely matched with the buyers in other respects, the former were (also) picked up from the same company (the non-buyer resembled the buyer in terms of designation/ administrative level). About 50 companies in Delhi (such as, SSI, NIIT, Tulec, Tata Infotech, Aptech, Trident, etc.) were covered during the survey. Information was collected from the respondents on their buying behaviour, background, experiences, and satisfaction. Almost all middle level executives claimed to be Internet users, whereas 1 - 3 respondents in each company has had at least one online buying experience.

Sample Profile of the Respondents

The respondents (executives from the corporate world), were mostly from the younger-middle age groups (25-35). A great majority (75%) among the respondents were males. In terms of education, the respondents could almost equally be divided into two categories- with 52% Post-Graduates and 48% Graduates. On the family front, the majority (59%) had middle-sized families with the rest somewhat evenly distributed between small/ large families.

Table 1: Profile of Respondents

Age (Years)	<25	25-30	31-35	36-45
Respondents (%)	18	49	26	27
Gender	Male	Female	–	–
Respondents (%)	75	25	–	–
Education	Graduation	Post Graduation	–	–
Respondents (%)	48	52	–	–
Family Size	1	2	3-5	>5
Respondents (%)	4	22	59	15

With respect to their positions in their respective companies, 39% respondents were placed at the middle management level, 28% at senior ranks, and 16% in junior management positions. A great majority (74%) among the respondents had high income levels (1,20,001- 5,20,000) while 15% fell in the top income group (above 5,20,001). The majority (62%) among them possessed some Engineering or Technological degree (with/ out Management qualifications) while one-fourth (26%) were Management post-graduates.

Buying Habits (Patterns)

The study showed that near about half (45%) of the online buyers had bought goods over the net twice, followed by about one-third (37%), who had bought for the first time. However, there were about 13% who had purchased online on three occasions, while 2% were frequent buyers (about 6 to 10 times). It is interesting to note that while surveys even in the U.S. (Parasuraman 1998) report a bulk of the online buyers to be first times, online buying seems to have been taken well in this country. Although this needs to be investigated further, the dotcoms should make a note of this as it suggests a growing habit.

Table 2: Professional Details of Respondents

Mgt/Admin Level	CEO/Dir.	Sr. Mgr.	Mid. Mgr.	Jr. Mgr.	Others	–	–
Respondents (%)	1	28	39	16	16	–	–
Salary (Rs)	Upto 1,20,000	1,20,001- 2,20,000	2,20,001- 3,20,000	3,20,001- 4,20,000	4,20,001- 5,20,000	5,20,001- 6,20,000	above 6,20,001
Respondents (%)	11	21	17	17	19	04	11
Specialization Area	Science	Engg./Tech.	Mgt.	–	–	–	–
Respondents (%)	12	62	26	–	–	–	–

Nature of goods purchased: The study (data) revealed that gift items including greeting cards, wrist watches, crystal-ware etc. (13%), garments (13%), home appliances (13%) and food items (11%) were the kind of goods most respondents went for during online purchases. This was followed by educational material (9%), CDs (6%), leather goods (6%), jewellery and footwear (both 4%), software (2.5%) and 2% who bought electrical appliances, online. Even in future, about one-fourth (27%) of the buyers plan to use online shops for gifting purposes, followed by CDs (23%), garments (17%) and selecting home appliances (10%). It is notable, that among those non-buyers who believe they will be buying online in the near future, it is the same kind of goods that are being sought online- CDs & educational material (17% each), gift items, and garments (16.5% each), electronic goods, home appliances, software etc. (8%). Dotcoms planning to enter into retail business should make a note of this. Cosmetics may not be successful in this kind of trade; neither perhaps, would hardware goods. Even though Compaq sells almost half its PCs online in countries like USA, PC and software are yet to catch up in India. Perhaps, the touch and feel mindset thwarts the electronic and other heavy goods (such as, furniture, automobile, brown and white goods) purchases in the country.

In terms of the prices of the goods bought, about one-fifth (21%) items purchased cost Rs. 1,000 to Rs. 2,000 and mostly included products such as, garments, food items, books, and footwear, with an equal number (21%) falling in the range of Rs. 2000 to Rs. 5,000. Therefore, while the customer is coming out of his shell to part with his money at an unknown/unseen market place, he is still not ready to take a bigger risk. But with quality delivery, honesty, and consistency, trust can be developed between the parties, which will give way to transactions of higher value, in due course of time. Trust is especially relevant where credit card payment is also involved.

When asked about future intentions, a majority (59%) among the buyers stated that they would definitely buy something in the near future, while the rest (about 40%) were uncertain. In the case of non-buyers, about one-fifth (21%) stated that they would surely buy on the Net, in the near future, while the others were either uncertain (38%) or against such an idea (26%).

Using the net: About half (51%) of the buyers had logged in from their homes, with the rest (42%) doing so from their offices. Since many people surfing on the net today do not have the infrastructure required at their homes, office goers appear to be a huge market for the online sellers, as well. With this category (office goers) using the net for both organizational and personal purposes, perhaps, directing communications (product advertisements, schemes) for consumers on business/ organization related sites might prove to be as effective as on sites popular among individuals. However, there is a warning signal for organizations, here – its resources (PC & Internet hours), telephone charges, man hours, etc. are being misused. Perhaps, it is time they (organizations) developed a code to tackle this problem, either by charging them a flat fee with a permission to use Internet during certain free timings (lunch, pre and post working hours) or strictly disallowing the practice altogether. But this (latter), may be more difficult to implement all the time, hence, the former strategy should be more feasible.

When the respondents were asked why they chose online as a medium over outdoor shopping, about one-third (34%) replied that they bought online because of the special facility of customization, wide range of products (choice) available for example, various combinations in pizza, in case of garments numerous styles on display; to seek novel products which are available only on website such as, certain special kinds of leather bags, some handicraft and ornamental goods, etc. About one-fourth (26%) mentioned “better” quality of products and easy availability (15%) on website, that is, one need not search through several shops, counters and rows for the

goods in mind, as the reasons. While about 12% use this medium to benefit from the low prices on various products, followed by 7% who find it convenient (anytime of the week/day) to buy. The same attributes were mentioned again when respondents were asked to state the reasons for engaging in online buying in the foreseeable future (more than 90% buyers said that they would be buying online again). This indicates that these are customers who are looking for something more than just the usual product- besides “higher” quality, they look for a wide selection without the “hassle” of walking around for it, and they are in search of styles and opportunities to apply their own creativity into the purchase experience. In a nutshell, convenience, quality, variety and involvement.

Attitude: The buyers already have a more favourable attitude towards online purchases, as compared to others. Results showed that buyers agreed more strongly as compared to non-buyers, that e-shopping is a buyer-friendly process and online payment facility makes it very attractive. Also, that the custom design facility in some goods, is a unique advantage and the packaging of the products purchased over the Net is good. Further, buyers personally believe that discounts are available on many sites thus lowering product prices, while non-buyers tend to disagree. But buyers disagree that goods delivered on e-buying are not the same as selected, as compared to non-buyers. However, buyers also believe more strongly as compared to non-buyers that e-buying is undesirable since it cuts you off socially and is harmful as it reduces physical activity, although they strongly disagreed that e-shopping is difficult.

About half (51%) of the non-buyers stated that they never felt any need to go for online purchases (the reason for not engaging in online buying), while about one-fourth (25%) found their unfamiliarity with the Net buying process as a barrier to the medium. While, about 8% of the respondents felt it was a costly medium of purchase.

It is observed that non-buyers are unaware about the advantages of online shopping viz. custom design facility, and, seem to have certain misconceptions about price, apprehensions on website friendliness, as also, delivery of the (chosen) goods. Several lessons are to be learnt, here. Foremost, the false notions should be corrected through both online and off-line communications. Further, while online buyers may not be the ones looking for low prices (they value time and convenience over money), most consumers in our country would walk miles to get a good bargain. Even though e-buyers do realize that product prices get lower on the net, the others are not aware about this. Therefore, if one is looking to broaden the market the price advantage should be quite effective.

Considering that half (50%) of the buyers were influenced either by their friends or relatives, (with about 38% by print media), it appears that word (word of mouth) communication through reference groups will be a more effective method of inducing online buying. Perhaps, the dotcoms should try to develop relationships with their existing customers and turn them into their advocates and promotion tools. Since not all customers will be opinion leaders, having identified those who actually are, special schemes can be developed for them.

Innovativeness: Innovativeness (tendency to adopt newer things or using anything new) among buyers was found to be higher (mean 3.8) than that among non-buyers (3.3). Buyers believe more strongly than non-buyers, that they know about hi-tech services before other people do and will try a hi-tech service, even if they do not know much about it. And if they heard that a hi-tech method of buying goods existed, they would be interested enough to try it out. Non-buyers disagree less strongly, as compared to buyers, that they are among the last in their circle of friends to know about hi-tech services and to venture into it, as also, that they have used it far less as compared to them. Therefore, one must remember that this group (Non-buyer) of people will be a shade harder to convince.

Channel Viewership and Website Visited

Non-buyers can be motivated to make online purchases through right communication, but one must know where they can be reached. The study showed that with respect to channel viewership among non-buyers, Star Plus was popular among one-fourth (25%), followed by Sony (19%), Zee (19%), and Discovery (12%). Therefore, these channels could be used to motivate new customers. Incidentally, even among buyers, about one-fourth (23%) stated Star Plus, followed by Discovery (19%), Sony (16%), Zee (14%) and ESPN (9%).

When asked about websites generally visited, more than one-fourth (29%) of the buyers mentioned yahoo.com followed by rediff.com (18%), 123indiatimes.com (11%) and amazon.com (8%). While among non-buyers, about

Table 3: Psychographic & Demographic Differences Between Non/buyers

S.N.	Item	Mean		t-value	p
		Buyers	Non-Buyers		
1.	Perception (after factor analysis)	5.39	4.60	12.48	<0.01
2.	Innovativeness	3.83	3.34	10.78	<0.01
3.	Internet access points	4.48	2.78	7.125	<0.01
4.	Internet usage period	3.00	2.85	1.36	<0.20
5.	Sex	1.27	1.24	0.48	<0.70
6.	Age	2.23	2.23	–	–
7.	Education	2.49	2.61	-1.654	<0.15
8.	Occupation	4.74	4.74	–	–
9.	Company Mgt./Admin. level	3.46	3.35	0.770	<0.45
10.	Salary	3.67	3.65	0.076	<0.10
11.	Family size	2.83	2.91	-0.781	<0.45
12.	Hours (usage/week)	30.58	21.85	7.520	<0.01

one-third (31%) browsed through yahoo.com followed by rediff.com (14%), amazon.com (12%) and microsoft.com (11%). Yahoo.com was found to be the most popular search engine among the respondents of both categories. These sites could also be selected to direct communications to develop customers, as well as, to develop relationships.

Lastly, in view of the general lack of access to internet, which is perhaps a big obstacle to online purchasing, and lower familiarity with the process among non-buyers, as compared to the buyers, perhaps, in times to come, some online retailers may consider setting up cyber cafes for common consumers with nominal charges (no profit or minimal profit basis) in order to encourage online buying. To avoid crowding and making the plan more effective, one could restrict use (of the facility) for only online shoppers (possibly from specific sites, too).

Some websites e.g. www.etoys.com remind its customers of the occasions on which they should be sending gifts and e-cards to their friends and family members with the communication that the present is ready for delivery. Steps such as this ensure that one gets an edge over real-world rivals. Of course, the best retailing practice on the Net should be to provide not just a great shopping experience, but also to offer better customer service & additional value.

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