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## **THE IMPACT OF ONLINE SHOPPING ON CUSTOMER SATISFACTION IN INDIAN MARKETING**

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### **ABSTRACT**

Shopping on the Internet is convenient as there is no time restriction, it is comfortable since it is in a user friendly environment and there is also an instant satisfaction of ordering, paying and delivering. A one-to-one basis, as well as, a two way communication with customers through the Internet is possible. Enhancing brand image, creating awareness and providing customer service are more important than just selling the products or entertaining customers. With better technologies, companies can create a stronger brand image and thus increase sales. On the other side, it is easier for customers to receive a kind of acknowledgement; feeling that they did not waste their time. Nowadays, people live a busy life and shopping online is time consuming for them. The company also saves time since whenever a customer uses his/her credit card to purchase a product's-marketing is seen as a promotional as well as informational tool. This new era of commerce is beneficial for marketing logistics, a global presence, to establish and maintain a competitive edge, shorten components of supply chains, for cost savings and research advantage in India.

**Key-Words:** *Online Shopping, Retail, E-Tailers, global marketing.*

### **INTRODUCTION:**

#### **Background of the Online Shopping Industry in India:**

Competing in a high-pressure business scenario has become a challenge for retailers. As an effective alternative sales channel sellers are looking at the internet, which gives them direct access to target customers. Online retailing (also known as e-tail) is a web-enabled interface between a retailer and its target consumers for selling products and services on the web with the facility of ecommerce. These kinds of retailers are also known as e-tailers. Almost all big retailers are now electronically present on the World Wide Web. The online shopping environment has gone through a lot of transformation and today it is still developing in a much diversified way. It has become very popular in the areas of apparel, arts and handicrafts, books, car rentals, computers and electronics, cosmetics, financial services, gifts and novelties, etc. Some of the major advantages of e-retailing which makes it popular among the retailers are: low investment cost, direct access to target customers, quick return on investment This kind of retail format helps the retailers to serve their customer quickly and more efficiently by offering them a detailed portfolio of products and services. On the other hand, availability of the point of transaction data helps the retailers to analyze and interpret their target customers. It has become the most efficient way to offer valuable information to the customers like discounts, promotions, new and existing products as per the customer requirements and past shopping behavior. Availability of plenty of information about the products has increased the confidence level among the consumers. The increasing purchasing power of the Indian customers is set to bring online shopping boom in India. One of the latest additions to online retail is advertising through social media websites like Facebook, Twitter, Google+, etc. Apart from website technologies, retail leaders are trying to adopt video, mobile and social media strategies with a view to provide

richer, more engaging and user friendly experience. After bringing revolution in the metro cities, online retailing is set to create sensation even in the rural areas. Furthermore, with the opening up of the Indian economy in relation to change in the FDI strategies, it is a wake-up call for retailers that have done too little to develop an online strategy as retail giants like Tesco, and Amazon have already started actions and strategy implementation in the Indian retail market.

### **ONLINE CONSUMER BUYING BEHAVIOR:**

Everybody in the world is the consumer. Each of us buys and sells or consumes goods and services in life. Consumer behavior is very complex and is determined to a large extent by social and psychological factors. Consumer behavior can be defined as those acts of individuals directly involved in obtaining, using and disposing of economic goods and services. The relevance and importance of understanding consumer behavior is rooted in modern marketing. The needs of not even two consumers are the same. Therefore they buy only those products and services which satisfy their wants and desires. To survive in the market, a firm has to be constantly innovating and understanding the latest consumer needs and tastes. It will be extremely useful in exploiting marketing opportunities and in meeting the challenges that the Indian market offers. Online consumer behavior parallels that of offline consumer behavior with some obvious differences. The stages of the consumer decision process are basically the same whether the consumer is online or offline. But the general model of consumer behavior needs modification to take into account new factors. In the online model, web site features along with consumer skills, product characteristics, attitudes towards online purchasing and perceptions about control over the Web environment play a vital role. There are parallels in the analog world, where it is well known that consumer behavior can be influenced by store design, and that understanding the precise movements of consumers through a physical store can enhance sales if goods and promotions are arranged along the most likely consumer tracks. Consumer skills refer to the knowledge that consumer has about how to conduct online transactions. Product characteristics refer to the fact that some products can be easily described, packaged and shipped over the Internet whereas others cannot. Combined with traditional factors such as brand, advertising and firm capabilities, these factors lead to specific attitudes about online shopping. Consumer behavior regarding the use of internet for shopping varies. Some consumers either lack access or resist using this new channel of distribution, primarily due to privacy and security concerns. Other shoppers choose to browse the Web so as to gather information and then visit the stores to negotiate the purchase face to face with the retailer. Few shoppers visit retail stores first and then buy from an e-tailer. Still others do all the shopping online: gathering information, negotiating, purchasing and either arranging for delivery or picking up the merchandise in the store.

### **OBJECTIVES OF THE STUDY:**

The primary objective of this study is to identify and understand the factors affecting customer satisfaction with respect to online shopping in India. The Secondary Objectives are:

- ❖ To identify product categories for which customers favor online shopping and product categories for which they still abide by the traditional approach.
- ❖ To identify features that customers expect at an online shopping portal.
- ❖ To identify the different payment and delivery systems preferred by the customers.
- ❖ To identify the inhibitions faced by customers during online purchases.
- ❖ To identify how these factors interact to influence customer purchase decisions.

### **Demonetization and Digital Banking Environment in India and its Effect on Customer Satisfaction in India:**

In terms of impact, few events can equal the demonetization of high-value Indian currency notes which took effect from November 9, 2016. The stories and rumors have been prolific, arguments and counterarguments

endless; queues have reappeared in the age of 4G and the internet, and the media frenzy has been unparalleled. Economists appear to be widely divided over the efficacy and the impact of the move on the black money, which is variously estimated at 23 percent to 75 percent of the GDP. Demonetization is intended to flush out the black money and encourage a move to a cashless (or less cash-based) state and bring the parallel sector into the mainstream economy.

Critics argue that these motives have little economic justification and are more political in nature, in view of the coming state assembly elections in Punjab and Uttar Pradesh. To them, the amount of counterfeit currency in circulation is too small to be of any significance (0.004 percent of total cash in circulation); critics also point out that demonetization is unlikely to bring out much black money, since the bulk of it is held in illiquid assets such as land or gold and jewelry. Meanwhile, the common man has had to bear the economic hardship as 90 percent of all transactions are paid in cash. The brunt of the impact falls on those associated with the informal sector, which accounts for 80 percent of all jobs, where 85 percent of the workers are paid in cash.

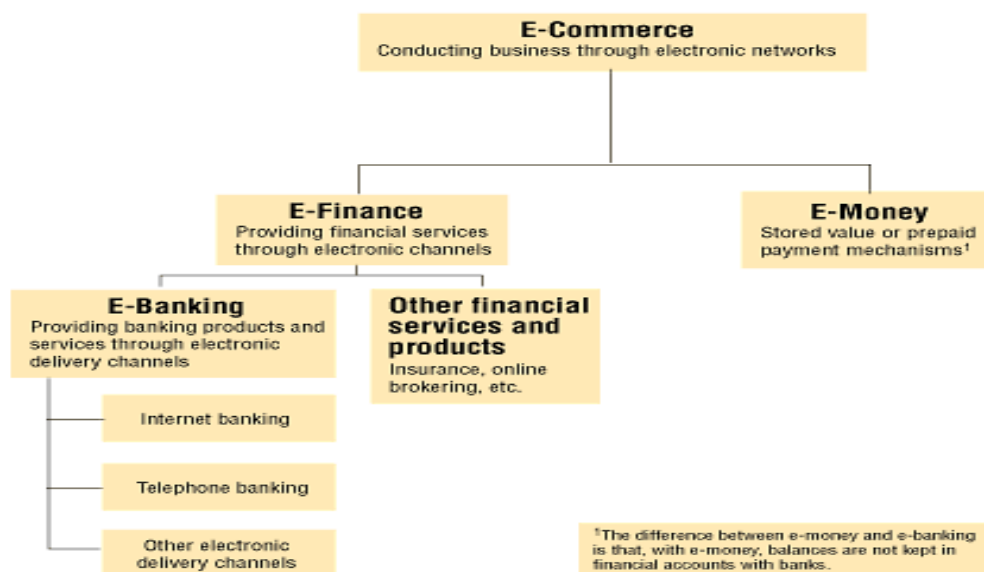
### **Introduction:**

Notwithstanding the above critiques, there is no doubt that the move creates a tremendous impetus toward greater financial inclusion. Demonetization has operationalized the Jan-Dhan bank accounts, with around 210 billion rupees (\$3 billion) in deposits, based on recent statistics. The Pradhan Mantri Jan-Dhan Yojana (PMJDY) was launched in 2014 to achieve greater financial inclusion, and increased bank account penetration from 35 percent to 53 percent during last three years. But around 74 percent of these new accounts remained non-operational with zero balances.

### **Internet banking:**

Internet is being used by banks to disseminate information to customers about bank's products and services through their websites. The banking services are provided through Net with convenience of ease and accessibility. Internet banking offers many benefits to the banks viz. vast reach, reduced transaction costs, direct marketing and cross selling, build bank's brand, etc. It also offers benefits to customers' viz. reduced cost, convenience, banking with the bank and not the branch, speed, better cash management, etc. The new private sector banks – ICICI Bank, HDFC Bank, UTI Bank and the Global Trust Bank have taken the lead in Net Banking.

### **What is electronic banking?**



**Data Warehousing and Data Mining:**

This technique is used to develop and use customer data to check their profile, retention and loyalty patterns. They provide valuable inputs for retaining customers and developing products and services for the future.

**ATMs:**

At present installed number of ATMs in the country is 1800, which is likely to be more than 4000 by next year. Most of the demand for this technology is coming from State owned banks. Until now, ATM services have been confined to deposits and withdrawal from bank accounts by customers. The growth in ATMs has been fuelled by a race among banks to expand their customer base by going in for more value added services (bill payments and ticketing services) on these machines.

**Telebanking or Mobile banking:**

These services empower the customer with an instant access to routine queries and transaction or check bank balances.

**Computerized decision support system:**

This helps the banks in applying optimization techniques in functional areas such as, asset–liability management, optimization of investment portfolios and asset portfolios through linear programming. This is a practical tool which helps the bank managers and customers in optimizing investment decisions.

**E-mail:**

Banks can maintain the list of its best customers and inform these members through Email the various services and schemes offered by the bank. These days this is considered as one of the cheapest and effective means of communication.

**Computer networking:**

Networking between the branches of divisional, regional, zonal and head office of banks provide access to customer data base from the executive desk. This will integrate the front-office applications with back-office requirements, thus generating MIS for branch managers and executives at the different controlling offices including Head office for accurate, speedy and cost-effective customer services.

**Customer smart cards:**

These cards are issued to key customers which carries all the relevant information, details of previous and repeat purchases, to make it convenient for the customers to recall and for the banks to keep a track of the behavioural and purchase trends. Utilities like BEST in Mumbai are already using smart cards for ticketing in its luxury buses.

**Analytical CRM:**

Analytical CRM aims at storing, analyzing and applying the knowledge about ways to approach customers, typically using data mining. Analyzing customer relationships from a lifetime perspective is critical for success.

The Data Monitors report titled "Analytical CRM," forecasts that global enterprise investment in analytical CRM will grow from an estimated \$2.3 billion today to more than \$3 billion in 2009. By employing analytical CRM analytics, businesses stand to gain a fuller understanding of their customers in order to serve them better, thus increasing customer longevity and generating more profit. Analytical CRM is the active collection, concentration and analysis of data gathered about the customer and his interactions with the business.

**Widening the relationship with customers by acquiring new and profitable customers:**

To widen your customer relationships, Data mining can answer questions like:

- Which kind of customers would you like to acquire?
- Which kind of customers will drive your growth in future?
- Which new customers are likely to be interested in your products?

Customer acquisition is the number one issue for small company marketers. As corporations increase budgets to attract and obtain new customers, data mining becomes a critical tool for profiling good customers, performing market segmentation, and improving the results of direct-marketing campaigns. The number of campaigns that can be managed in a given time period is often much lower than what the business demands. Data mining solves these problems by putting tools in the hands of the marketers driving these campaigns -- it keeps control where the need is. As a result, marketers can be much more responsive to creating new campaigns and can implement a direct feedback loop to improve their efforts on a regular basis.

**Lengthening the relationship with your top customers by targeting existing resources and strengthening the foundation of those relationships:**

To lengthen your customer relationships, Data mining can answer these questions:

- Which customers in particular do you want to keep?
- Which customers will drive most of your profits?
- Which customers might switch to your competitors and why?
- Which customers are dissatisfied with your services and products?

**Customer retention:**

This retention is also a major issue for all businesses. One Harvard study suggests: "Reducing customer attrition by 5 per cent can double a company's profits." Given the high Cost of finding new customers, a key issue for many organisations is customer retention. Often referred to as chum, customer turnover is a difficult problem to manage because it usually occurs without warning. For example, when a customer calls their long-distance carrier to have their account closed in favour of a competitor, the telecommunications provider knows only at that moment that their valued customer is churning. Once they are predisposed to leave, it is unlikely that the customer can be convinced to stay.

Data mining introduces a major paradigm shift to churn management by adding predictive capabilities. Data-mining tools can be used to model the patterns of past churning customers by examining billing histories, demographic information, and other customer data. Then, the same model can be used to predict other good customers who are likely to leave in the near future. Armed with this information, the marketer can proactively instigate campaigns to keep their customer, rather than fighting to get them back later.

**Deepening the relationship with customers by transforming minor customers into highly profitable ones.**

Intensifying and deepening customer relationships also require Data mining tools to answer essential questions, such as:

- With which customers can you increase the share of wallet?
- Which products and services interest a particular customer?
- Which products are typically bought together? Which cross selling opportunities should you consider?

**Cross-selling:**

Growing a customer's value is yet another critical marketing function. The notion of increasing customer share is a key to most organisations. Unlike increasing market share, which focuses on obtaining a greater number of customers, increasing customer share refers to getting more of the dollars each individual customer has to spend. Two common methods for this are customer-based product-launch campaigns, and cross-selling.

In India, ICICI Bank is using the techniques of data mining to acquire new customers. These But widening

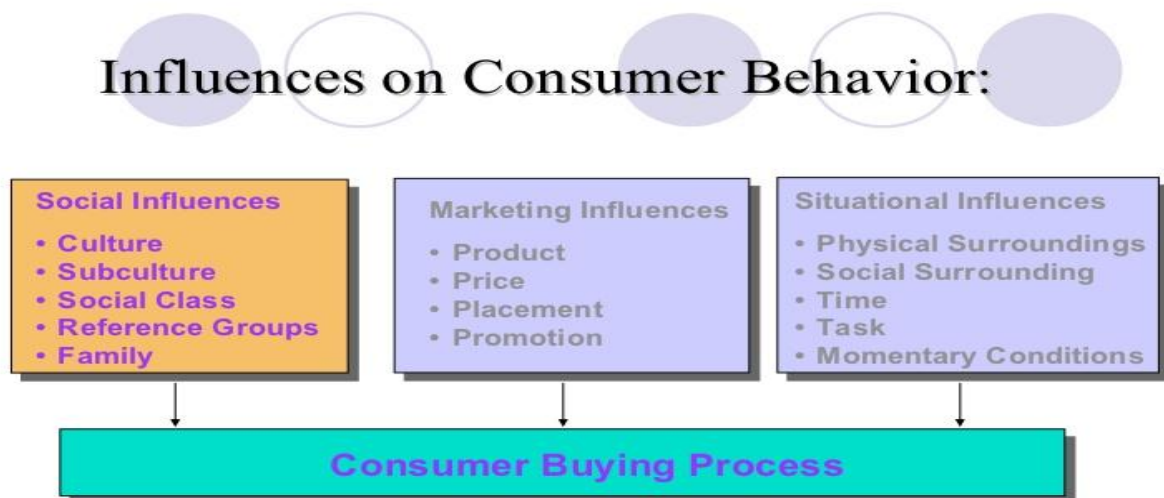
losses and piddly revenues are common across large and small Indian e-commerce companies:

| Company   | FY16 revenue                        | FY16 loss                           |
|-----------|-------------------------------------|-------------------------------------|
| Flipkart  | Rs1,952 crore (2.5 times over FY15) | Rs2,306 crore (2.1 times over FY15) |
| Snapdeal  | Rs1,457 crore (0.6x)                | Rs3,316 crore (1.5x)                |
| Shopclues | Rs178 crore (2.2)                   | Rs383 crore (3.8x)                  |
| FirstCry  | Rs174 crore (1.5x)                  | Rs123 crore (2x)                    |
| Pepperfry | Rs98 crore (4x)                     | Rs154 crore (2x)                    |

### Research Purpose:

The development of e-commerce activities, of which the traditional way of trade has led to a fundamental change in the status of the consumer and made a fundamental shift, from the previous passive consumers to active status, not only through the network to find the required fast product information, but also can it easily turn any of the merchants. Therefore, in the Internet time, compared to traditional enterprises, to make customers satisfied and to cultivate customers' loyalty for e-business is much more important. In addition, the current consumer online shopping satisfaction and trust is not high.

This section will provide all information regarding the thesis background, purpose, research questions, limitations of survey and theories. It presents the introduction of consumer behavior, online shopping, consumer behavior towards online shopping and online shopping in India.



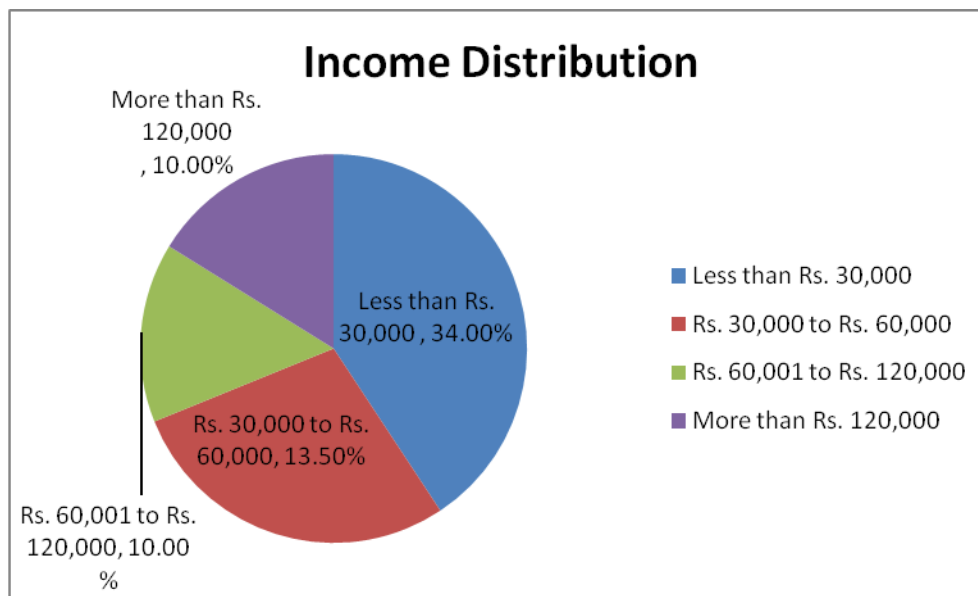
### Sample:

The factor that intended to examine can be applied to and investigated in India population that uses the internet and buys consumable goods. Since there are time and resource constraint that is why specific population had been approached in order to generalize the results includes 300 respondents. The questionnaire was mainly distributed in the rural areas of Rajasthan but the major reliance was on the distribution through email and through personal contacts. Initially total 300 people were approached to get response, out of 300,100 were simply excluded from the research as the contacted persons have not used the internet for shopping and they have no knowledge or access to the online shopping so 200 Respondents are studied for analysis and research.

**Income Distribution among respondents:**

| Income Distribution       | Frequency | Percentage |
|---------------------------|-----------|------------|
| Less than Rs. 30,000      | 68        | 34.00 %    |
| Rs. 30,000 to Rs. 60,000  | 27        | 13.50 %    |
| Rs. 60,001 to Rs. 120,000 | 20        | 10.00 %    |
| More than Rs. 120,000     | 20        | 10.00%     |
| Can't tell                | 65        | 32.50 %    |
| Grand Total               | 200       | 100.00%    |

**Figure: Income Distribution Among respondents**



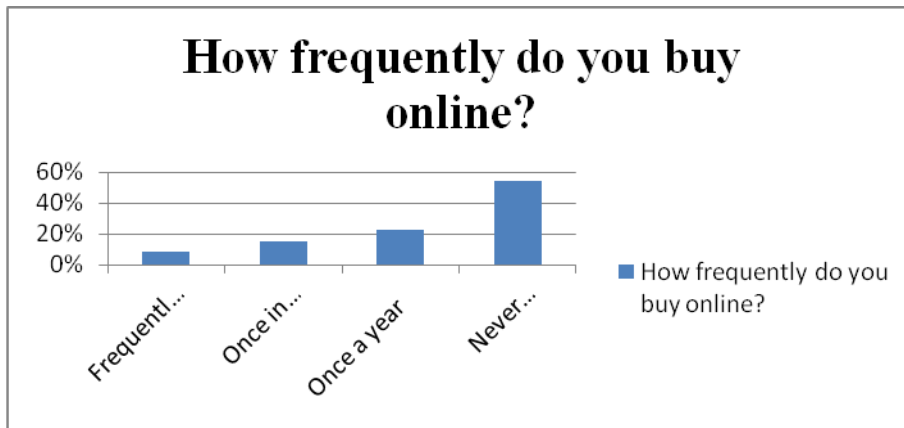
**Interpretation:**

From the survey it was analyzed that the highest frequency in income distribution fall under Can't tell which is very strange thing but from the survey it is happening, may be males are reluctant to tell their income while we have majority of respondents are males and 34% fall under less than 30K.

**Table: Frequently buy online**

| How frequently do you buy online?   | Frequency  | Percentage     |
|-------------------------------------|------------|----------------|
| Frequently or at least once a month | 17         | 8.5%           |
| Once in six month                   | 30         | 15%            |
| Once a year                         | 45         | 22.5%          |
| Never bought online                 | 108        | 54%            |
| <b>Grand Total</b>                  | <b>200</b> | <b>100.00%</b> |

**Figure: Analysis of frequently buy online**



**Interpretation:**

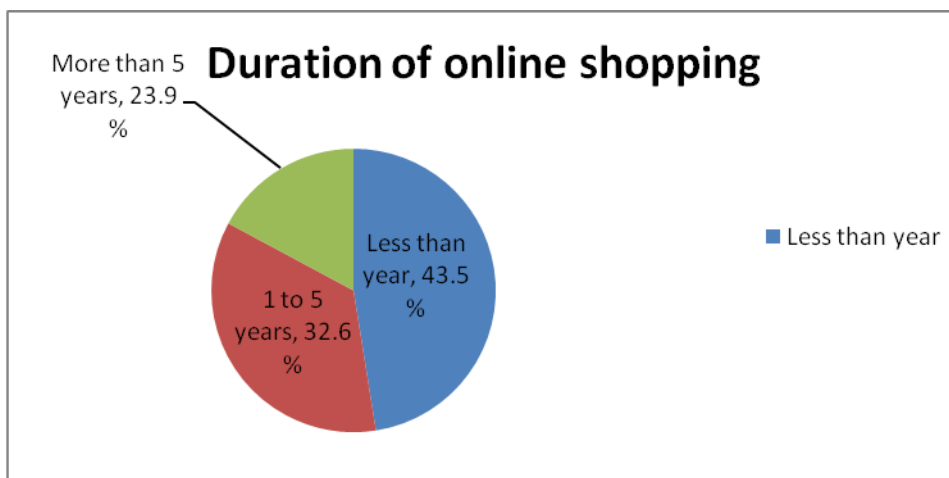
Majority of the respondents had never bought online anything. Total 108 frequencies which is the 54 % of total respondent; highest among others segmentation of frequently do purchasing online. 22.5% of respondents have bought things online once a year, 15% respondents bought online things once in a month and same percentage lies under the category of respondents who buy at least once in six months. It is clear from the data that majority of the people in India are not buying things online.

From the next question we can analyze that how long people have been buying online in India. We know that 54% people had not made online purchases.

**Table: How long have been doing online shopping**

| How Long have been doing online shopping | Frequency | Percentage  |
|--|-----------|-------------|
| Less than year                           | 40        | 43.5%       |
| 1 to 5 years                             | 30        | 32.6%       |
| More than 5 years                        | 22        | 23.9%       |
| <b>Grand Total</b>                       | <b>92</b> | <b>100%</b> |

**Figure: Analysis of Duration of online shopping**



**Interpretation:**

From the above question, it is clear that from 44% of respondents have been doing online shopping from which 43.5% of respondents have been doing online shopping for less than a year, it indicates that people in India are

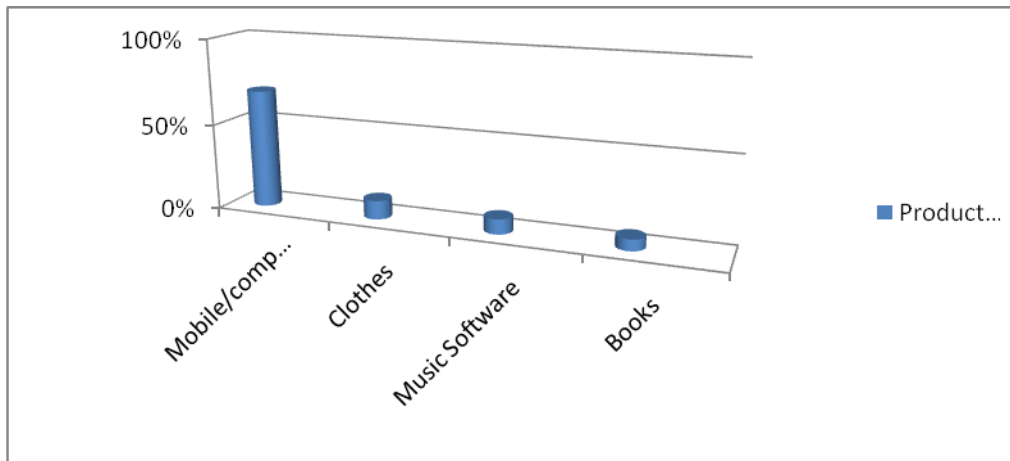


not addicted to online shopping and just currently involve in it. While 32.6% from 44% respondents have been doing online shopping since 1 to 5 years and 23.9% have been doing online shopping more than 5 years. In the next question survey it is analyzed that what things people in India are buying from online source.

**Table: Buy online products segmentations**

| Product Segmentation                          | Frequency | Percentage |
|---|-----------|------------|
| Mobile/computer/camera (Electronics Products) | 63        | 68.5%      |
| Clothes                                       | 10        | 10.9%      |
| Music Software                                | 08        | 8.7%       |
| Books   | 6         | 6.5%       |
| Cosmetic and Jewelry                          | 3         | 3.2%       |
| Others  | 2         | 2.2%       |
| <b>Total</b>                                  | <b>92</b> | <b>100</b> |

**Figure: Product Segmentation**



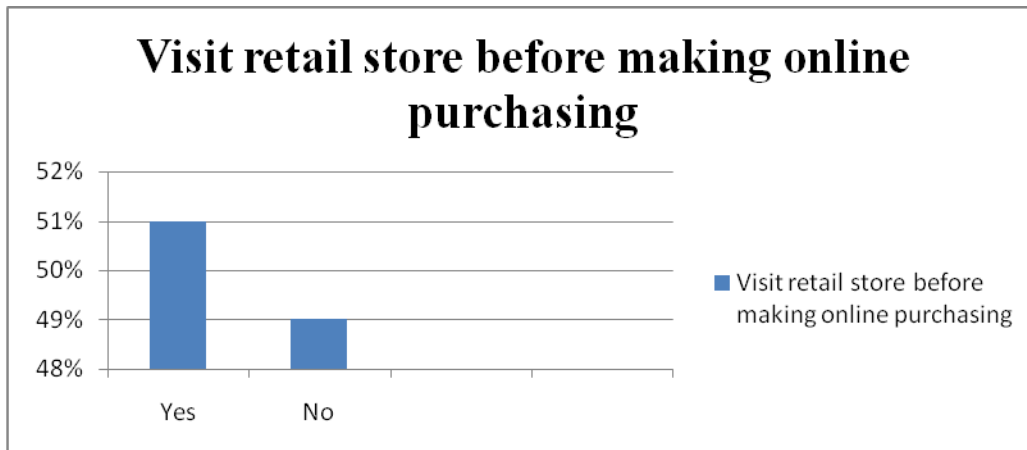
**Interpretation:**

From the above chart, total 92 respondents who had made online purchasing out of which 63 respondents bought electronic products. It is the highest frequency of 69 % followed by clothes products of 10.9 %.Music and software are bought by 8.7% of consumers who are buying online. Books, Cosmetics and jewellery are bought by 6.5 %, 3.2 % and 2.2 % respectively.

**Table: Visit retail store before purchasing online**

| Do you go to retail store first before making your Final purchase online? | Frequency | Percentage     |
|---|-----------|----------------|
| Yes   | 47        | 51%            |
| No  | 45        | 49%            |
| <b>Grand Total</b>  | <b>92</b> | <b>100.00%</b> |

Figure: Visit retail store before making online purchasing



**Interpretation:**

This question was asked to judge the consciousness of consumer and approach regarding the selection of product about offered online products. It is analyzed that 51 % of respondents do visit the retail store to see and check the actual product before actually buying from an online store while 49 % of them don't bother to see the actual product in offline store.

Table: How many times electronic products buy online in a year

| Approximately how many times did you shop Electronics product over Internet during last Year | Frequency | Percentage     |
|--|-----------|----------------|
| At least once  | 56        | 61%            |
| 1 to 3 times   | 24        | 26%            |
| More than 3 times  | 12        | 13%            |
| <b>Grand Total</b>   | <b>92</b> | <b>100.00%</b> |

**Conclusions, Recommendations & Suggestions:**

The findings and results reflect the perceptions, preferences and factors influencing satisfaction of online shoppers in India. The results indicate that the respondents are becoming more internet savvy every day. As they become more confident they are ready to buy high value products online as well. Businesses venturing into or expanding into the online market need to reduce the customer perceived risks by making shopping portals easier to navigate, providing secure payment options as per norms, ensuring speed and quality of delivery to gain and maintain customer trust, better presentation and categorization to make up for the missing touch and feel experience etc.

Efforts need to be taken to educate the online buyers on the steps that need to be undertaken while making an online purchase. Moreover, the feedback of an online buyer should be captured to identify flaws in service delivery. This can be done through online communities and blogs that serve as advertising and marketing tools and a source of feedback for enterprises.

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