

## **A Study on Consumer Preferences and Behavior in Online Retail**

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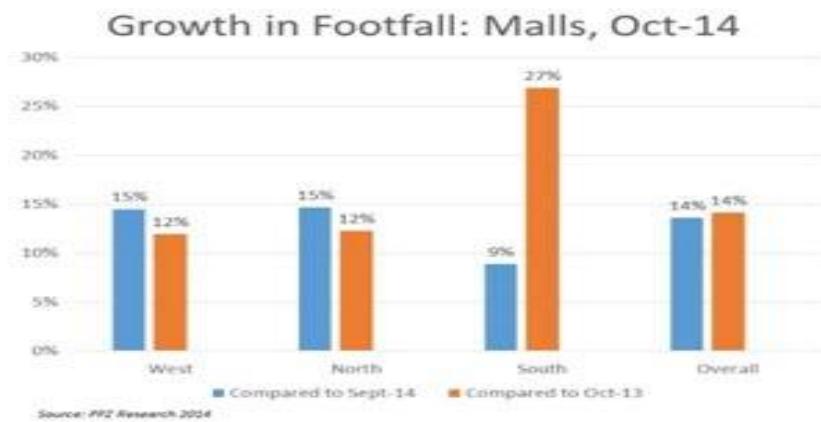
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### **1. Introduction**

Now days, there is common saying that on-line retail will eventually kill the traditional retail. Fortunately, such prophecies could not be further away from the truth. While the on-line retailers have recorded an explosive growth and is on track to keep growing very rapidly, the traditional retail has also been quietly nothing up impressive growth numbers. Not only that, spurred by the rapid growth of our economy, the entire retail market is set to grow very rapidly as well and in context, both organised retail and on-line retail together represent a paltry 7.5% of the estimated total retail market in the country.

A closer look at the numbers and a study of projections by many seems to indicate that both these forms, organised retail and the on-line retail together will still constitute just about 11% of the total retail market in the country even in 2017.

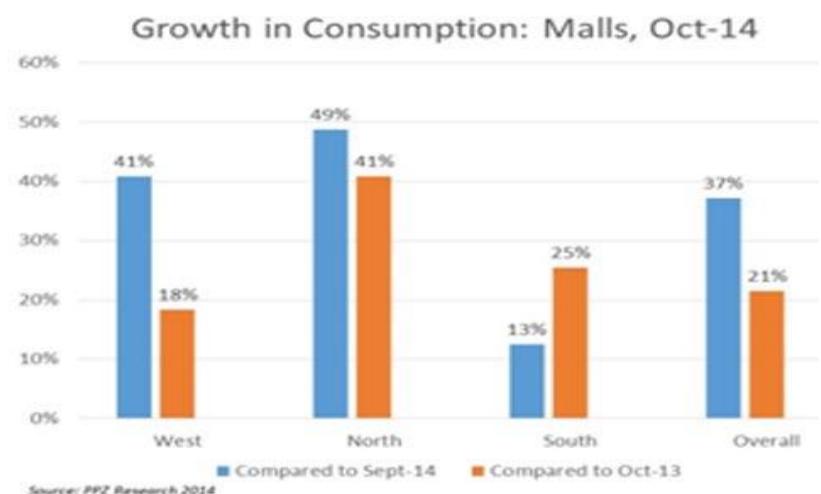
Consider the some of the indices as reported by key malls in the country where the growth augers seem quite impressive.



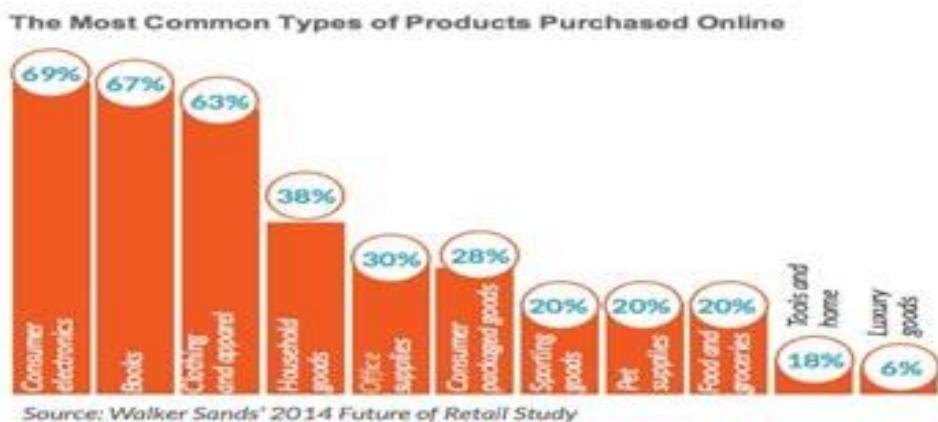
We compared the key months where the on-line retailers recorded a very high growth during this festive season. The numbers clearly indicate that customer's preference of malls has only increased over the last year. To be fair, this also takes into account that a few new malls have opened up in each of these areas around the same time that all the new on-line retailers made their presence felt to even out the game.

Similarly, the growth of cars to malls also recorded impressive increases and went as high as 25% in the south while the north recorded an 18% growth in October 2014 when compared to the same month last year. The growth in the numbers of two wheelers was even better for the same period of comparisons.

The key index that merits a closer look is the consumption across these centres.



While the total consumption across key malls in the north jumped by a whopping 41% in October 2014 when compared to the same month last year. This consumption growth at organised centres seems to be echoed across all regions.



So where is the catch? The popular on-line products and merchandise are typically offered by stores occupying around 10% of a mall. Some e-tail offerings are still a long way away from being popular on this medium and malls are preferred by a large margin. Moreover, some categories as Food and Beverage and Entertainment are unharmed and will be untouched by this channel of retailing. Indeed, the space occupied by such retailers in malls has been growing steadily from an average of 25% about 5 years ago to almost 35% in the newer malls and organised retail spaces today.

The on-line channel represents just 0.5% of total retail in the country today. Even in a developed economy as the USA where the organized retail constitutes 88% the on-line retail is still at just about 9% of the overall retail per research by CRISIL and McKinsey. That is approximately 11% of the total organized retail market as compared to our country where on-line retail is at about 7% of the organised retail. The China market perhaps merits a closer look, a market that has galloped away and made huge strides in the last two decades and is said to have some parallels with our economy. While the organised retail in China is approximately 25% of the total retail, the on-line retail is at 6%.

The trends and all data indicate that the growth of retail across channels will be spectacular in the coming years in India. While the retail pie size in India is growing rapidly, the

organized retailers and the on-line retailers are projected to grow much faster. And it is certainly nowhere near a zero sum game in any part of the world between traditional retailers and on-line retailers. All in all, some great times for the Indian consumer.

## **2. Review of Literature**

Consumer behavior has changed greatly over the past decades, but it has been evolutionary and the seeds of change have been apparent for generations.

Piyush K. Sinha, Arindam Banerjee, and Dwarika Prasad Uniyal, (2002), identified major drivers behind choice of stores for various shopping needs as exhibited by a typical Indian consumer, by conducting study on 293 participants recruited by e-mail.

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

Junhong Chu et.al. (2010), explored the moderating effects of household (e.g., shopping frequency) and product (e.g., sensory nature) characteristics on brand loyalty, size loyalty and price sensitivity across online and offline channels for grocery products. Data was collected from one of the five leading grocery chains in Spain. The study found that the households were more brand loyal and size loyal but less price sensitive in the online channel than in the offline channel.

Rick L. Andrews Ourso and Imran S. Currim, (2004), examined behavioral differences between consumers attracted to online shopping and traditional supermarket shopping using actual choice data from an online supermarket and traditional scanner panel data. The study found that as Compared to traditional supermarket consumers, online consumers prefer larger sizes to smaller sizes, do more screening on the basis of brand names, do less screening on the basis of sizes, have stronger choice set effects.

Koen Pauwels et.al., (2011), found that the offline revenue impact of the informational website critically depends on the product category and customer segment. 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.

Dong-Mo Koo, Ji-Hoon Lee (2011), proposed an interrelationship among dominance, energetic and tense arousal, pleasure and their impact on intention. Results from a survey of 406 consumers (217 from offline store customers and 189 online store users) demonstrated that dominance had a significant positive and/or negative effect on both energetic and tense arousal, it has no impact on pleasure and intention under both offline and online environment; Effect of dominance on tense arousal was not statistically significant in an online shopping environment; both energetic and tense arousal had a positive and/or negative impact on pleasure.

Yaobin Lu (2011), focused on factors that influence users' intention 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.

Isabel P. Riquelme and Sergio Román,(2014), examined the role of several consumers' cognitive and psychographic traits in their perceptions of retailers' deceptive practices (perceived deception) and the different effects on perceived deception associated with online vis-à-vis in-store shopping.

### **3 Research Design and Methodology**

#### **3.1 Objective of the Study**

- To study Consumer Behavior towards Online & Offline Retail

#### **3.2 Data Collection**

In the present study both Secondary as well as primary data has been collected. Secondary data was collected from newspapers, magazines, online research databases and journals. The primary data has been collected using structured questionnaire.

### **3.3 Research Methodology**

A well-structured questionnaire was designed and comprises of two sections. Section A consist of Demographic profile of the respondents and covers age, gender, occupation, income level, family members etc. and Section B comprises of questions related to various aspects of consumer behavior towards online and offline retail market.

### **3.4 Universe of the Study**

The study has been conducted at Bathinda City and at some nearby areas of Punjab state.

### **3.5 Sampling Method and Sample Size**

The data has been collected using convenience sampling method. In total 150 respondents were targeted and questionnaire has been sent, out of which 50 questionnaire were rejected due to incompleteness and incorrectness. Finally the data has been analyzed and results interpreted with a sample size of 100 respondents.

### **3.6 Research Tool**

In order to interpret the data well, descriptive statistics viz. mean and standard deviation has been used. SPSS 22 has been used as a statistical tool.

## **4. Data Analysis and Interpretation**

The data has been processed and analyzed so that findings can be interpreted, communicated and can be easily understood. The findings are presented in the best possible way with the help of tables and graph.

### **4.1 Demographic Profile of Respondents and their Awareness Level about Green Banking**

**Table 4.1 Demographic Profile of Respondents and Awareness Level**

Demographic Factors	Percentage of Respondents
<i>Age of the Respondent</i>	
18-25 years	68.6%
26-35 years	14.7%
36-50 years	8.7%
More than 50 years	8%
Total	100
<i>Qualification</i>	
Matriculation	5.30%
Higher Secondary	13.30%
Graduation	55.30%
Post-Graduation	26.1 %
Total	100
<i>Income</i>	
Below 10,000	-
10,001-30,000	23
30,001-50,000	25
50,001 & Above	52
Total	100
<i>Preferred Online Retail Websites</i>	
Paytm	48.7%
Flipkart	24%
Snap deal	15.3%
Amazon	8.7%
Myntra	2%
Jobang	1.3%
Total	100

The demographic profile of the surveyed respondents revealed that majority of consumers that prefer online retail market fall in the age group of 18 to 25 years, this is because of the increasing technological revolution among the youth population and they are able to use this technology for their well-being more than other age group category. The age group more than 50 years gives less preference to online retail market because of lack of adequate knowledge of technology used.

The above table shows that maximum consumer buying online are graduates, then next is Post Graduates which shows that qualification is a major factor for online shopping, Unless and until the person is qualified enough to access the internet. They cannot do online shopping.

The result shows that maximum users for online shopping are students and service class people and the fewer users include the housewives. Results also reveal that maximum respondents having income more than 50,000 prefer online shopping. While about maximum assessed online shopping, results reveal that most preference is given to Paytm because of its easy return and refund policies and because of maximum discount offers in the form of cashback conditions etc. After Paytm next segment was of Flipkart then comes Snap Deal and Amazon, while Mayntra and Jobang was having very less segment of consumers.

##### **5. Summary and Conclusion:**

Hence, the findings and analysis shows that the online retail would prove to be a biggest enemy of the store based retailing. As in the traditional retail, intermediaries dominate the value chain. Due to this, the original producer gets only the fraction of the money received from the consumer. By online retail there will be a win-win situation for both the consumer and the manufacturer as the manufacturer would be able to give discounts to the consumer (owing to the savings from nonpayment to intermediaries) and the consumer will get the goods at reasonable price. Online retailing is going to displace the huge number of footfalls from these stores. The large number of people would go unemployed due to reduction of business in the traditional retail. As the online retail is reducing the supply chain and the

number of middlemen, the displaced people would not get place anywhere in the traditional retail chain. Similarly the lack of infrastructure and supply chain in other products will support the online based retail

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