

Attitude of Consumers towards Online-Marketing

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Abstract:

The digital environment has changed the way consumers and businesses interact, provided new opportunities by facilitating access to information and reduced transaction costs. The digital environment is also likely to have wider economic benefits in terms of increased innovation, creativity, learning, instant and unlimited access to information sources and reduced environmental costs associated with transactions. In addition to all the advantages of digital environment and e-commerce the internet has also given consumers easier access to illegal content and made distribution easier for sellers.

The main aim of this paper is to understand the attitude of consumers towards purchasing goods and services through online. Consumer online shopping behavior depends on the effect of Internet marketing environment, product characteristics, familiarity and confidence and promotional offers. A clear understanding of consumer online shopping behavior can help marketing managers predict the online rate and evaluate the future growth of online commerce and input regarding what motivates consumers to shop online, which would help e-vendors in formulating strategy, technology and marketing decisions as well as website design. This study also provides understanding the need of the government to play a key role in increasing internet usage and provide more secure online transactions by formulating customer friendly laws.

Keywords: TAM, COD

I. INTRODUCTION

Indian internet retailing touched US \$10.672 billion in 2013. Over the past few decades, internet penetration has been steadily growing and the number of people using it for performing business transactions and digital/electronic commerce has turned into a major phenomenon across the globe. The increased use of Smartphone and tablets, along with advanced security features being offered by the online retailers are adding strength to e-commerce industry. Growing at an astonishing rate at 85%, as against 65% growth of regular shopping over the previous year, internet retailing in India touched US \$10.672 billion in 2013, making it one of the most anticipated destinations for national and multinational online retailers. This study gains importance as Indian arms of multinational online selling companies like Amazon and eBay are fighting various home-grown players like Snapdeal, Flipkart and many more.

As one of the most convenient methods of shopping, online shopping provides functional as well as practical benefits. Consumers perceive that buying through the internet provides them with the possibility of availability of products and services at a lesser price as compared to the offline stores. Instantly fulfilling their emotional and hedonistic requirements are other significant benefits that consumers are able to draw upon through online shopping. There are people who shop online only for fun, pleasure and gratification. Growth in the number of mobile subscribers, especially Smartphone users is further driving the growth of online shopping. The number of people using the internet on mobile crossed 155 million by the end of March 2014, and 185 million by June 2014

The internet and web technologies provide means and tools for an advanced comprehension and improved service of online customers, helping companies to gain their loyalty. If a company directs its resources to potential and current customers, in order to gain their trust, and to use web technologies to better understand them, then that company is building the foundation for profits of years to come. The use of smartphones for mobile shopping has become increasingly popular and has caused revolutionary changes in consumer behaviors. Consumers can easily find and cheaply purchase products and services by engaging in mobile shopping.

The rise of Web 2.0 tools and mobile devices means that the image of the traditional consumer has to be replaced with an active, permanently connected, consumer who uses the Internet to find information about brands and to share opinions and shopping experiences with other consumers – a consumer who can be classified as a prosumer (producer + consumer). In this context it is important for marketers to know how consumers use social networks within their purchasing decision process.

Since the creation of Face book in 2006, social networks have quickly become a platform in which citizens feel comfortable interacting with each other. They have not only become a sociological phenomenon, but also a marketing opportunity that firms are unwilling to let go by. In this context, Face book can have a real impact on the four stages of the purchasing decision processes that follow a recognition of need: the search for information, the evaluation of alternatives, the purchase, and subsequent evaluation

Technology Acceptance Model (TAM) designed to explain and predict how individuals decide to adopt a particular technology. This model is a preferred choice when parsimony, research costs and outcomes are considered. We choose

this model because TAM explains more variance in attitude toward a technology, and a comparable percentage of variance in usage and the TAM constructs are also more amenable to operationalization and empirical testing than other models. The impact of information technology (IT) services on businesses in every industry has never been greater. Indeed, it is rare to find a product or service that is not touched by, or enabled by IT in some manner. IT is a key source of innovations that drive growth. Smarter IT service innovations will enable e-commerce's growth via optimization and transformation.

II. LITERATURE REVIEW

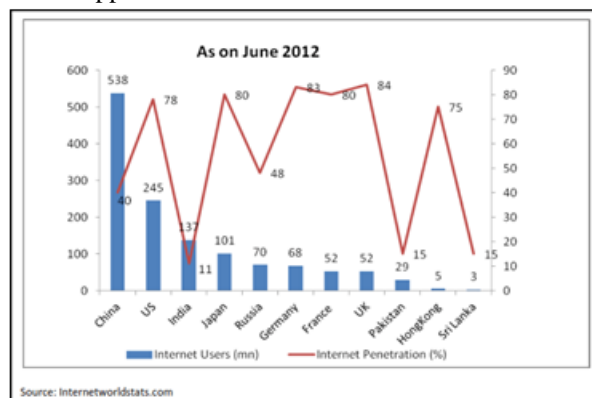
According to SheridanOrr(2013) today's busy consumer, caught in a whirlwind of information, has little patience for convoluted purchase path. Instead they want their search to yield exactly the information they need- validation, reviewer specs and price. To ensure they get the results they desire, Consumers have modified their behavior-using more sophisticated search queries, relying on product images, reading recommendations, researching the facts and finding the best price. Sanjay Hooda and Sandeep Agarwal(2012) examine the key consumer behavior attributes and relations among them in e-marketing perspective. In this paper attempt has been made to study the acceptance rate of e-marketing among Jaipur consumers and its impact on their purchase decision. Most of the respondents irrespective of gender of different age group find e-shopping more convenient and time saving and prefer credit card as the convenient mode of payment. Efthymios Constantinides(2004) addresses one of the fundamental issues of e-marketing, how to attract and win over the consumers in the highly competitive internet market place. His paper analyses the factors affecting the online consumer behavior and examines how e-marketers can influence the outcome of the virtual interaction and buying process by focusing their marketing efforts on elements shaping the customer virtual experience, the web experience. Mark Brown and Rose Muchira(2004) in their paper investigate the relationship between internet privacy concerns and online purchase behavior note many organizations now emphasize the use of technology that can help them get closer to consumers and build on going relationships with them. It is often assumed that consumers like to believe that they can trust a company with their personal details. Lack of trust may cause consumers to have privacy concerns. The authors opine collecting data about consumers is helpful but perhaps it is even more important to use the data collected in a way that does not cause consumers to be concerned. SvatosovaVeronika(2013) shows buyer behavior of consumers plays one of the key roles in fulfillment of the main goals of a company. It is influenced by many external and internal factors but the company can also influence the final process of buyer decision-making significantly by its activities. It also focuses on analyzing the behavior of consumer when shopping on internet and their motives. The results of the study shows the motives of online shopping behavior are independent of age of respondents. Motives in each age group are the same and related.

III. EVOLUTION OF E-COMMERCE

Flipkart raised \$1 billion a few months ago, Amazon announced \$2 billion investment in India and eBay has invested in Snapdeal, which is raising another \$650 million. All this shows that e-commerce has entered Indian Market in a big way. This is because earlier brick and mortar companies have always enjoyed the lack of transparency in supply chain management to charge unrealistic margins. That is what is being challenged by online players today who offer deep discounts, and the 40-50 percent of retail price that was going into supply chain is now being eliminated. In many cases online price is well below the dealer price a company offers. This is not a win-win situation altogether. There is other side to the coin too. Marketing experts say 'Online Retailers' are following a new trend "loss leader pricing" where they sell a small quantity of a product at a deep discount to attract customers and when that runs out they expect customers to buy other products at less or no discount. Many consumers also feel that a substantial Portion of the products that online retailers sell includes phased out or old product lines from companies.

Rama Bijapurkar opines consumers will benefit either way as the discounts will come to stay. Anyway, price is not the only way to customer perceived value but it is a quick and surest way to do so in our country. She adds, India's discount revolution is also happily irreversible. As consumer access to the internet continues to grow, it is becoming increasingly apparent to retailers that they cannot ignore the possibility of selling products online.

The advantages offered by the online outlet do not come free especially in electronics. The problem that hits in the face is product returns. The problem is particularly acute in electronics as the consumers need to 'touch and feel' the product. It is further difficult to judge the aesthetic appeal.



To improve the market environment of online products we need to:

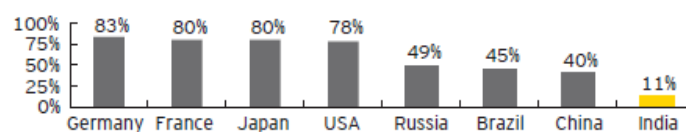
1. Develop legal rules to facilitate cross-border offers of online products and services
2. Improve operator information and consumer protection.
3. Ensure reliable and efficient payment and delivery systems.
4. Combat abuse and resolve disputes more effectively
5. Deploy high-speed networks and advanced technological solutions

There are five key challenges that e-commerce firms are facing in India. Many of these challenges provide scope for innovation, thus driving the market forward.

(i) Logistics: logistics is a key element in providing essential customer service, but remains a major challenge for all e-commerce players. Indian market is large and fragmented with poor logistics infrastructure. Local logistics firms have only a partial coverage. Building logistics systems from scratch involves enormous time and lot of investment.

(ii) Digital Infrastructure: Although internet penetration in India is increasing it is still low. And linking business to create centralized systems for e-commerce can bring its own challenges.

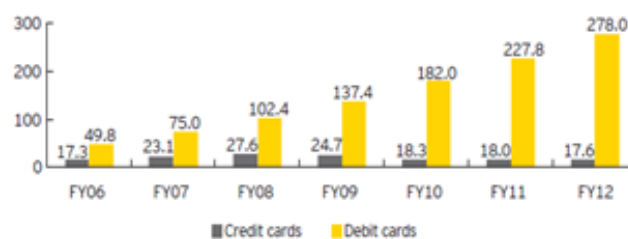
Internet penetration by country (June 2012)



Source: Internet World Stats

(iii) Payments: Indian market continues to be cash-based society due to limited banking and credit card penetration. This, combined with a lack of consumer trust in online merchants, has prompted several leading e-commerce firms such as Flipkart, Amazon, Snapdeal etc to offer cash collection on delivery (COD).

Number of cards in India (million)

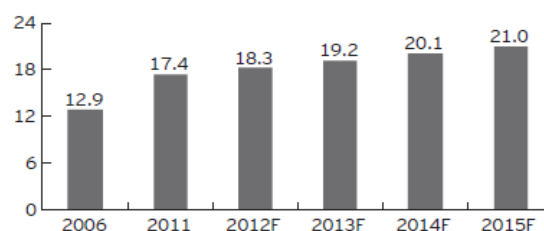


Source: Ernst & Young

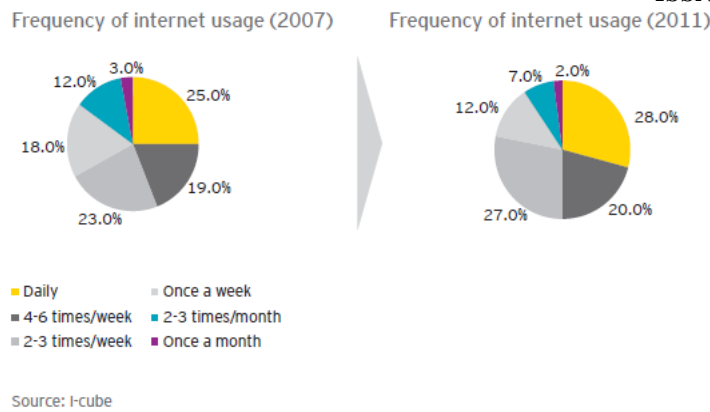
(iv) Price sensitive consumers: Even though average incomes in India are raising and middle income group is growing, the per capita income of most consumers in India remains less than a tenth of those in developed countries like U.S. and Singapore. Low incomes and “every penny counts” make Indians among the most price sensitive consumers in the world. This mentality has been compounded by e-commerce offers which are lower than other price lines.

Despite the challenges, the promise of a rapidly growing market and potentially large valuations has given rise to scores of new venture funded e-commerce players in India. E-commerce firms in India are likely to have thinner margins. They need to invest heavily in logistics and infrastructure that substantially increases their fixed costs, overcome payment problems, build offline presence to earn customer trust, manage highly price sensitive consumers and compete against a highly efficient retail sector. On the back of growing internet penetration and evolving consumer mindset, the e-Commerce space has touched new heights. The market was initially limited to print media dominated classified services. It has now expanded to include new internet-focused business models, e.g., group buying and social commerce. The evolution of e-Commerce in India can be broadly divided into two phases based on the emergence of various sub-segments. Furthermore, distinct developments define each of these phases.

Average time spent online per person per month (hours)



Source: EY estimates



First wave: Advent of online Naukri and Shaadi

The introduction of internet in India in 1995 marked the beginning of the first wave of e-Commerce in the country. Moreover, economic liberalization after the launch of reforms in 1991 attracted MNCs and brought about the growth of the IT industry. The implementation of liberalization policies led to the demise of the license regime, and high taxes and import restrictions, as well as facilitated the growth of SMEs. The IT industry and SMEs were the early adopters of internet. This led to the emergence of B2B, job searches and matrimonial portals.

B2B directory: India's first online B2B directory was launched in 1996. The liberalization of the country's international trade policies was the key factor that accelerated the growth of B2B online portals. It enabled buyers and sellers to easily connect with their global counterparts.

Online matrimonial: In 1996, the first online matrimonial portal was launched in India. A concept unique to India, online matrimonial portals transformed the perception about the matchmaking process from "marriages are made in heaven" to "marriages are made in cyber space." Such portals have now evolved to cater to various segments of the population such as NRIs, H1B visa holders, widows or widowers, divorcees and other special groups.

Online recruitment: India's online recruitment industry took shape in 1997. The growth of the services sector, following the launch of economic reforms in 1991, resulted in the creation of additional jobs. In this background, internet proved to be an efficient medium that allowed employers and job seekers to connect. Prior to job portals, weekly government magazines such as Employment News and newspaper notifications were the primary means for employers and job seekers to interact. Although online businesses had begun to develop in the late 1990s, the supporting ecosystem had not been put in place. The first wave of e-Commerce in India was characterized by low internet penetration, a small online shopping user base, slow internet speed, low consumer acceptance of online shopping and inadequate logistics infrastructure. Thereafter, the IT downturn in 2000 led to the collapse of more than 1,000 e-Commerce businesses in India. Following this, there was muted activity in the space in India between 2000 and 2005.

Second wave: Duplication of global business models and improvement in ecosystem

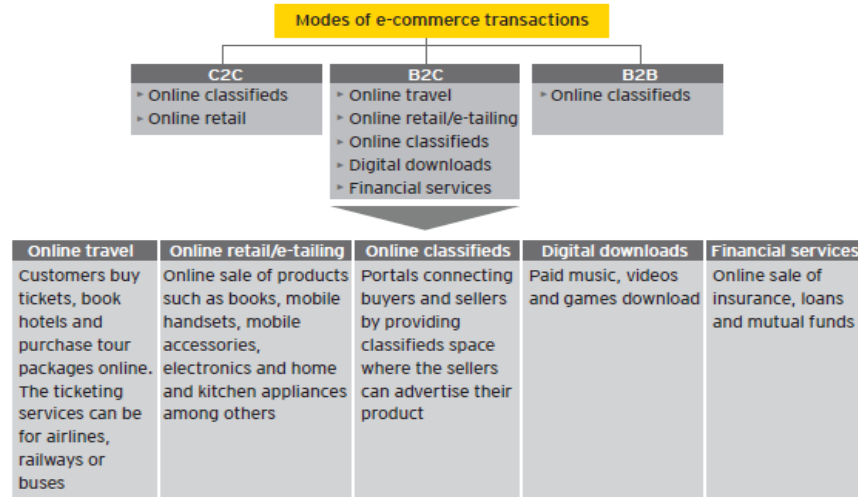
The entry of Low Cost Carriers (LCCs) in the Indian aviation sector in 2005 marked the beginning of the second wave of e-Commerce in India. Travel emerged as the largest segment. People began relying on internet to search for travel-related information and to book tickets. As a ripple effect, the success of the online travel segment made consumers comfortable with shopping through the medium, thus leading to the development of online retail.

Online travel: The decision of LCCs to sell their tickets online and through third parties enabled the development of Online Travel Agents (OTAs). Prior to the entry of LCCs in 2005–06, air travel was considered a luxury meant only for the rich and for corporate travel. LCCs changed the scenario by making air travel affordable for a large number of people. They developed their own websites and partnered with OTAs to distribute their tickets online and, thus, contain costs. The Indian Railways had already implemented the e-ticket booking initiative by the time LCCs commenced their online ticket booking schemes.

Online retail: The growth of online retail was partly driven by changing urban consumer lifestyle and the need for convenience of shopping at home. This segment developed in the second wave in 2007 with the launch of multiple online retail websites. New businesses were driven by entrepreneurs who looked to differentiate themselves by enhancing customer experience and establishing a strong market presence.

Group buying: Starting in 2010, the group buying and daily deals models became a sought after space for entrepreneurs in India, emulating the global trend. Group-buying sites have seen a significant rise in the number of unique visitors and membership. This growth has attracted investments from VCs.

Social networking actively used by organizations to reach out to customers: In the second wave, social networking gained steam in the Indian online space. It has gone on to become an integral part of people's lives. Initially used for staying connected with friends, social networking websites have now emerged as an anchor in any company's digital strategy. Termed as social commerce, it is a key avenue for e-Commerce players to reach out to target customers. Companies have started establishing their presence in the social media space for branding activities, connecting with customers for feedback and advertising new product launches.



IV. CONCLUSION

Although there is a lot of research on e-Commerce and consumer behavior we have very little research in the synthesis of these two i.e., online consumer behavior. In fact there is no standard book on online Consumer behavior. This study addresses this problem in a small scale. In recent years there is a rapid development in e-commerce industry. Online retail competition is heating up as consumer behavior is becoming more and more savvy on the web. Competition is increasing day by day with it online consumer expectations are also skyrocketing. So, it is becoming a norm to provide online shoppers a strong online shopping experience.

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