



An investigation into the reasons for the shift of customers to online stores

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Abstract: Globally e-commerce has gained enormous popularity which is unmatched by any other sector in 21st century. This paper investigates as to why customers are shifting from physical stores (organized and unorganized) to online stores. Investigation is done on Urban Indian youth population, who are the major customers to online stores. Reasons for shift were previously mentioned in literature but not quantified as to what is the most important reason for shift with reference to the sample population to help online stores to attract more and more population towards its online platform. Research was conducted through online questionnaire, 464 usable entries are used for analysis. 12 variables are studied in the research on likert scale and ranked on bases of agreement level. 24X7 availability came out to be the most important reason for shift followed by better price, better variety and ease of use. This study can be well thought-out as an applied research from purpose perspective and descriptive-survey with regard to the nature and method.

Key Words: e-commerce, online shopping, Urban Indian Youth, M-commerce, online retail

Introduction:

Over the last decade, the Internet has changed the way people buy and sell goods and services. Online retail or e-commerce is transforming the shopping experience of customers. Suddenly there is a upsurge of online shopping in India in a manner that it is the most in thing or we can call it a “swag” amongst youth. Past some years have drastically transformed retail industry as well as there are changes in online retail industry which no one expected would occur with such a pace, its acceptance level have grown multi folds.

(Delloite, 2015) E-commerce market in India is likely to touch USD 38 billion by year 2016, a huge 67 percent upsurge over the USD 23 billion revenues for year 2015. The industry has witnessed an unprecedented growth of 52 percent over 2015 and has emerged as one of the fastest growing sectors. Increasing internet and mobile penetration, growing acceptability of online payments and favorable demographics has provided the e-commerce sector in India the unique opportunity to companies connect with their customers. Increasing internet and mobile penetration, growing acceptability of online payments and favorable demographics has provided the e-commerce sector in India the unique opportunity to become a mammoth overtaking over the Retail Industry of India. Digital revolution has fueled up the growth acting as a helping hand to e-tail industry.

Mobile commerce (m-commerce) is growing at a rapid pace acting as an additional balancing wheel to the e-commerce industry. Shopping online through smart phones is proving to be a game changer, and it is believed that m-commerce could contribute up to 70% of their total revenues.

This paper focuses to study the reasons, as to why consumers are shifting from physical store to online store; this kind of shift has multiple aspects:

- i. Consumers are finding online stores better than physical stores.
- ii. Consumers are trial buyers trying out new mode of shopping
- iii. Consumers are dissatisfied with the present physical store services

Post review of literature some factors were Omni present depicting reasons for shift of consumers to online store but none of them were ordered in accordance with significance, most factors were generally stated. Working on statistical grounds factors were ranked using agreement level or acceptance level as scale.

Review of Literature:

(Panda Rajesh, 2014) Factors affecting online shopping are unleashed till date and drivers of online shopping are still unanswered. The research uses Theory of planned behavior and technology acceptance model. The study borrows two constructs from the TAM model: 'perceived usefulness' and 'perceived ease of use' which are considered to be the main determinants of technology acceptance behavior. Sub factors for Ease of use considered in study are shopping convenience, easy shopping process, product comparison while shopping and user friendliness of services. Ease of use is second most important factor in online shopping.

(Pandey Shweta, 2014) Objective of research were to develop and validate an e-lifestyle instrument. E-enjoyment was described as love and enjoys buying sitting at home and thinks it to be a good idea. It was one of the seven factors considered for study and it was found that E-enjoyment dimension is still unexplored in Indian online market context; e-tailers should incorporate features in websites which results in value and fun enhancement.

(Kumar, 2013) Youth spends maximum time over internet surfing but the study covered the percentage of youth use internet other than surfing. Most customers are motivated by price and convenience of shopping rather than experimental shopping. It was also found that online shopping is always planned and trust in retailer, privacy of customers are important motivators. Majority of customers like to shop for customized or specialty products online. Study revealed that better price followed by convenience, no pressure of sales person were the major motivating factors in making online purchase.

(Zhang Ruidong, 2013) M-commerce is an upcoming swag in the world of e-commerce. It is gaining popularity due to increasing proliferation of smart phones and high speed mobile data network. The study identifies the unique marketing context and features of m-commerce as compared to e-commerce, and explains how consumers' demographic differences affect their concerns for information privacy (CFIP) in the context of m-commerce. Age had a positive effect on m-commerce usage, young smart phone users are more willing to perform m-commerce activities and as the user grows older he/she is more concerned about information privacy.

(Vimaladev K., 2012) (Ji Xiaofen, 2009) eWOM is defined as all informal communication directed at consumers through internet-based technology related to the usage or characteristics of particular goods and services, or their seller. Research has shown that consumers are motivated to read and write eWOM (electronic word of mouth) for decision making and social benefits, and this undoubtedly affects the purchase decision. Study revealed that maximum reviews are based on recommendation on price and convenience.

(Bhatt Shahir, 2012) The paper focuses on factors driving online shopping and to analyze relationship between factors bought out from study and type of buyers. Ease/attractiveness of website, service quality of website and website security are the three dominant factors which influence consumer perceptions of their online purchasing experiences. Regular buyers are most influenced by ease/attractiveness of website and service quality of website.

Objectives of Study:

To determine reasons for the shift of urban Indian youth shopping orientation from physical stores to online stores.

Research Methodology:

From the discussions of literatures above, we find that few researches have described and ordered the factors in Importance level rather it is only stated what factor affect buying behavior and which is insignificant. Survey method is designed to verify the factors acting as reason for the shift of urban Indian Youth shopping orientation from physical store to online store. Based on the results of a pilot study and Review of literature 12 factors were extracted which provides as a reason for shift to the customer from physical store to online store.

Factors of Study:

Following are the factors included in the study:

- i. **Time Saving:** Initially when online shopping was introduced to the consumers companies claimed it will save your time and efforts. Obviously it is time saving without going out from home or office you are exposed to wide variety of products. But reverse view point suggest shopping is for recreation and people go out and enjoy while doing shopping. In the study its importance level will decide what consumer believes.
- ii. **24X7 Presence:** No store are open for 24 hours a day 7 days a week, even “9 eleven” stores close at night, this is an attractive feature to shift if you feel you are too busy during the day to shop, consumers can shop anytime according to their schedule.
- iii. **Convenience:** imagine sitting at home on a Sunday morning and no hassle to go out drive on high traffic roads, search for parking, park the car, while shopping in store search for products, stand in queue for billing. Online shopping sounds so much convenient, to shop online at your comfort level.
- iv. **Product hard to find:** Online shopping has reduced the search cost of consumers as you no longer have to roam around n number of stores to find a suitable product for yourself, moreover you can get a product which you would have hardly imagined to get in your city.
- v. **Better variety:** As online stores don't have physical boundaries it can get products for you from any part of the world, which definitely provides you a better variety. For consumers world market has come to their doorstep.
- vi. **Better Price:** Online stores provide better price to the customers as middleman is eliminated from the transaction cycle, now manufacturer or whole sellers can directly sell the products at much lower prices.
- vii. **Product Information:** While shopping online customers get much needed product information through customer reviews and ratings as well as description of product provided on the website which makes it easy for customers to decide.
- viii. **Enjoyment/ Recreation:** Customers like to try new things out of curiosity or they enjoy the concept of online shopping. In the paper this factor is included to judge does new medium of shopping make customers buy online.
- ix. **Ease of use:** Websites are so designed that customers of all age group who are not tech savvy can also operate the website with an ease which attracts customers to shop online.

- x. **Mobile Application:** With the launch of mobile applications for all the e-tailers, reach has increased many folds along with ease to customers as people who don't know to operate a laptop/computer can even use application to shop online.
- xi. **Online Surfing habit:** With the advent of social media people are always online and connected over the web, it has inculcated habit of online surfing which leads to surfing for products over web, through which buying decisions are affected and also increasing consumerism. Customers while surfing online for products tend to make purchase.
- xii. **Shopaholic Tendency:** Customers have turned shopaholic with online stores as they are always open to new products and window shopping as well as increasing use of soft cash (debit/credit card, mobile wallets) which lead to consumerism and customer turning into shopaholic.

Research Design:

Online Questionnaire was prepared through Google forms and distributed to customers who have done online shopping in past 6 months. The average age is about twenty-five, and Table 1 shows the profile of the respondents

Table 1: Profile of Respondents			
Gender	Male= 57.5%	Female= 42.5%	
Age	Mean= 23.5 years	Range= 15-35 years	
Education	Informally Educated	1.7	
	Senior Secondary	31.0	
	Graduate	31.3	
	Post Graduate	25.9	
	Professionally Educated	10.1	

Questions were framed for each factor on 5 point likert scale and ranked according to agreement or disagreement level.

Data Analysis:

Using the data of 464 sample agreement scale was developed and questions were generalized for online buyers to understand and respond. Following is the table 2 depicting data on likert scale with agreement level and rank.

Table 2: Reasons of shift from physical store to online store

Factors	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total	Agreement	Rank (based on agreement)
24X7 Presence	6.0	11.6	16.6	32.3	33.4	100.0	65.7	1
Better Price	5.8	9.7	19.4	32.8	32.3	100.0	65.1	2
Better Variety	6.0	8.6	21.8	34.9	28.7	100.0	63.6	3
Convenience	7.8	10.3	20.5	33.8	27.6	100.0	61.4	4
Ease of Use	6.0	9.3	23.9	40.3	20.5	100.0	60.8	5
Product Hard To Find	6.7	14.4	23.3	32.1	23.5	100.0	55.6	6
Time Saving	10.8	7.8	26.7	35.1	19.6	100.0	54.7	7
Product Information	7.5	13.6	30.6	31.9	16.4	100.0	48.3	8
Mobile Application	11.6	13.6	30.2	25.6	19.0	100.0	44.6	9
Enjoyment	8.6	12.5	35.3	28.2	15.3	100.0	43.5	10
Online Surfing habit	23.7	21.8	23.9	19.8	10.8	100.0	30.6	11
Shopaholic Tendency	27.2	22.8	23.5	15.1	11.4	100.0	26.5	12

From the table 2 results reveal 24X7 Presence is the most important factor/reason for customers to shift from physical store to online store with approximately 68% agreement of sample followed by better price on 2nd rank with 65.6% agreement level, followed by better variety which is marginally lagging behind better price with 65.1% agreement level. Ease of use, products hard to find and time saving are also considered important factors with agreement level above 50%. Shopaholic tendency forming the least agreed upon factor, product information, mobile application, enjoyment and online surfing habit are found to have less agreement. We can say not the reason for the masses to shift towards online shopping.

Conclusion:

Online shopping is growing rapidly. Based on the experience of Internet growth in the recent years, see an explosion in the near future. It has become a part of our life. Businesses and researchers as well can no longer afford to ignore it. The present research is one of a very few attempts to explore the surging industry.

The discussion of factors affecting online consumer buying behavior in review of literature has been little research to examine reasons for adoption of online shopping platform by the customers. Factors were very much generalized but ordering was not done.

Future researches may be conducted in two areas. First, the researchers need to include customer orientation with factors affecting shift of customer to online store, variation caused due to customer orientation are to be studied for in-depth research. Second, samples of this study should be conducted on a larger scale and with a greater variety as only youth population between ages 15-35 was covered in the study.



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