

A Study On Consumer Behaviour towards Online and Offline Shopping

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Abstract- Shopping has changed as a result of the influence of technology with most people preferring online shopping to the traditional physical store shopping. This trend took center stage in the past decade with many retail giants integrating the two approaches to achieve maximum benefit. This research aims to understand the comparison between online shopping & physical store shopping and consumer behavior towards these modes of shopping. This paper identifies and discusses that male population tend to shop more online shopping rather than physical shopping. For safety of payment more preference is given to shopping malls related to physical shopping. People are slowly going for online shopping but the majority mentality of people goes to physical shopping as it is having trust, feel and touch of the product. In our research we have found out that FlipKart and Jabong are the major players in the online retail and online shopping is here to stay and number of people favoring this mode is growing day by day.

Indexed Terms- online shopping; consumer behaviour; physical shopping

I. INTRODUCTION

“Consumer behavior is the study of individuals, groups, or organizations and the processes they use to select, secure, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society.” (Kuester, 2012) Shopping has changed as a result of the influence of technology, with the advent of online shopping more options have been provided to the consumers. This trend took centre stage in the past decade with many retail giants integrating the two approaches to achieve maximum benefit. This research aims to understand the comparison between online shopping & physical store shopping. A critical understanding of consumer behaviour in the virtual

environment, as in the physical world, cannot be accomplished if the factors affecting the purchase decision are ignored or misunderstood. For instance, online consumers' concerns about lack of opportunity to examine products prior to purchase are regarded as the specific factor affecting the buying decision. Internet is changing the way consumers shop and buy goods and services, and has rapidly evolved into a global phenomenon. Many companies have started using the Internet with the aim of cutting marketing costs, thereby reducing the price of their products and services in order to stay ahead in highly competitive markets. This study is expected to improve our understanding of online and physical consumer behaviour.

II. LITERATURE REVIEW

The current literature on consumer online purchasing decisions has mainly concentrated on identifying the factors which affect the willingness of consumers to engage in Internet shopping. In the domain of consumer behaviour research, there are general models of buying behaviour that depict the process which consumers use in making a purchase decision. These models are very important to marketers as they have the ability to explain and predict consumers' purchase behaviour. The classic consumer purchasing decision-making theory can be characterized as a continuum extending from routine problem-solving behaviours, through to limited problem-solving behaviours and then towards extensive problem-solving behaviours [Schiffman et al., 2001]. The traditional framework for analysis of the buyer decision process is a five-step model. Given the model, the consumer progresses firstly from a state of felt deprivation (problem recognition), to the search for information on problem solutions. The information gathered provides the basis for the evaluation of alternatives. The development and comparison of purchasing evaluation criteria result in

the actual decision to buy. Finally, post-purchase behaviour is critical in the marketing perspective, as it eventually affects consumers' perception of satisfaction/dissatisfaction with the product/service. This classic five stage model comprises the essence of consumer behaviour under most contexts. Nevertheless, the management of marketing issues at each stage in the virtual environment has to be resolved by individual E-marketers. Peterson et al. [1997] commented that it is an early stage in Internet development in terms of building an appropriate dedicated model of consumer buying behaviour. Decision sequences will be influenced by the starting point of the consumer, the relevant market structures and the characteristics of the product in question.

Lina Zhou, Liwei Dai and Dongsong Zhang "Online Shopping Acceptance Model-a Critical Survey of Consumer Factors In Online Shopping", *Journal Of Electronic Research*, VOL 8, No.1, 2007, have presented a OSAM (Online Shopping Acceptance Model) to explain consumer acceptance of online shopping. According to authors, given no time or economic limitations, an online survey, supplemented with other qualitative (e.g., interview) or quantitative methods (e.g. phone survey), seems to be appropriate for validating OSAM, assuming that several methodological issues (i.e., survey design, subject privacy and confidentiality, sampling and subject solicitation, distribution methods, and survey piloting) are properly addressed. Consumer factors and their effects on online shopping intention and behavior have been studied from a variety of perspectives. The research trends identified in this study also highlight a few managerial issues that should be appealing to online retailers such as shift in shopping orientations etc. Proposed OSAM also suggest online marketing strategies and principles. This study shed light on some future research issues.

Ming-Hsiung Hsiao in his *Transportation Research Part E* 45 (2009) 86–95 has observed that in past decade, the way people shop has changed dramatically. Consumers are surrounded by technology that promises to redefine the way that they interact and shop. Web based shopping or e-shopping features in freeing the consumers from having to personally visit physical store. Of these elements, information gathering, transaction

/purchase and delivery may be the three more noticeable ones for the shopping mode choice between e-shopping and store shopping .Store shopping generally prevails over e-shopping when it comes to shopping products like automobiles, real estates, life insurance etc. On the other hand e-shopping prevails when it comes to products like music, software etc.

The study can be broadly classified in two factors:

- Economic: Consumers attempt to maximize their utility subject to limited amount of money and time.
- Psychological: It considers the mind set of consumers.
- Economic Function
- Psychological Function

It is finally found that in terms, avoiding a shopping trip physical store has far more benefits than bearing waiting for the delivery of online purchased books. This finding disagrees with others In which they believe that the benefit from saving travel time can be balanced against the offsetting time spent waiting for delivery. In a literature by Rick L. Andrews and Imran S. Currim year 2004. He has studied "Behavioural differences between consumers attracted to shopping online versus traditional supermarkets implications for enterprise design and marketing strategy" Despite the dot.com shakeout, online revenues continue to increase and are projected to impose greater pressure on traditional distribution channels. However, there is a striking absence of published empirical work on how consumers attracted to shopping online behave relative to consumers shopping in a traditional store. This study uses data from both traditional supermarket scanners and an online supermarket to test expected differences in choice behaviors of such consumers. Results of analyses conducted for two product categories indicate that compared to traditional supermarket consumers, online consumers are less price sensitive, prefer larger sizes to smaller sizes (or at least have weaker preferences for small sizes), have stronger size loyalty, do more screening on the basis of brand names but less screening on the basis of sizes, and have stronger choice set effects.

According to Xia and Monroe (2009), consumers will save in monetary when there are price promotions on specific products. In an online context, consumers are more likely to depend on the price cues to determine the quality of a product which are presented in the web site because they cannot see or touch the actual product. their study resulted that consumers with a shopping goal are more responsive towards promotional messages such as "pay less" and "discount" while consumers without shopping goal are responsive towards promotional messages such as "save more" and "free gift".viewed that at a certain point, perception of lower quality of the product will evoked when there is a price reduction or there will be questions on the retailer's intention to reduce the price. Price will be a primary factor when consumers search product in a web and this would show that customer behavioral intention are related to the price cues that are more readily accessible from memory.

Online shopping has grown tremendously due to a number of benefits that users perceive the mode of shopping to have. Among them is the flexibility of purchase where the customer is able to find information as well as make a purchase any time anywhere. Another benefit is the cost benefit and this comes in because online products are perceived to be a lot cheaper than physical store products according to a survey by Forsythe& Liu, 2006.

The cost aspect is due to the reduced overheads as well as the costs of maintaining the store fronts. Despite the fact that online products sometimes bear delivery costs onto the final price, the selling price of most of these products are cheaper than those of physical stores.The third benefit is that of convenience where individuals can do shopping anytime anywhere. The emergence of anytime internet enabled devices together with a variety of shopping applications for smartphones have encouraged people to conduct online shopping. The above benefits come with other drawbacks which have actually held back the proliferation of online shopping. The first and major problem is that of internet security in terms of identity theft and credit card fraud. Many online transactions require use of credit cards or bank accounts and many shoppers are afraid of releasing such information online..This was the survey carried out by Forsythe& Liu, for online

shopping and physical shopping from 2006 to 2010.A survey carried out by Xinyu (Jason) Cao Frank Douma Fay CleavelandZhiyiXu of Humphrey Institute of Public Affairs University of Minnesota for The Interactions between E-Shopping and Store Shopping ,proposed two competing assertions innovation-diffusion hypothesis and efficiency hypothesis. People in urban areas are more likely to buy online because people in urban areas are more open to new technologies and ideas than those in remote areas. Therefore, with online buying being an innovative shopping channel, the innovation-diffusion hypothesis states that urban residents are more likely to be online buyers. This research aims to reveal the interactions between e-shopping and in-store shopping using a sample of Internet users in the Minneapolis-St. Paul metropolitan area through a number of analytical approaches.

III. OBJECTIVES OF THE STUDY

To understand which is the most preferred mode of shopping. Also to understand what criteria's customers look into while selecting the mode for shopping. Shopping has changed as a result of the influence of technology with most people preferring online shopping to the traditional physical store shopping. This trend took centre stage in the past decade with many retail giants integrating the two approaches to achieve maximum benefit. This research aims to understand the comparison between online shopping & physical store shopping.

Main Objectives:

- 1 To find out consumer motivations to engage in online shopping versus physical store shopping.
- 2 To find out the perceived benefits and drawbacks of internet shopping versus physical store shopping.
- 3 To understand the long term impacts of online shopping to physical store shopping.

IV. STATEMENT OF THE PROBLEM

- 1 To do comparative study between online shopping and physical store shopping.
- 2 To study the consumer behavior towards each of these modes.

V. HYPOTHESIS

- 1 H0: Demographics don't significantly impact the choice of mode of shopping.
- 2 H0: Variety of brands does not significantly impact the preference of modes of shopping of customers.
- 3 H0-Delivery times does not significantly impact consumer behavior towards shopping modes.

VI. RESEARCH METHODOLOGY

The primary objective of this paper is to do comparative study of online shopping and physical store shopping. This is achieved by a framework which includes following components:

i. Research Design:

In this case, research design followed is Descriptive Research Design, as it a conclusive and structured study to find out the characteristics of problem.

ii. Sampling Design:

In this case, sampling design followed is clustering sampling, as we have done online survey and have covered heterogeneous kinds of people. The study is descriptive in nature and uses primary data to analyse and interpret the results.

iii. Sampling Size:

This study is based on the sample of 100 (number of people).

VII. DATA COLLECTION

The study is based on primary data and uses a sample of 100 people The type of method followed for data collection is primary data collection, as we have collected the information directly from the people.

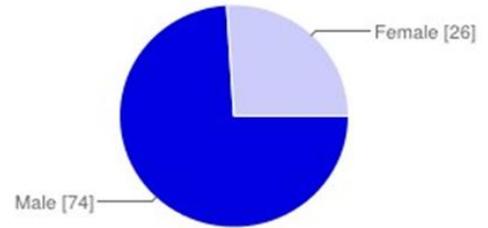
• Framework:

We have collected information from online reviews.

VIII. DATA INTERPRETATION AND ANALYSIS

In this section,interpretation of data which has been collected has been discussed.

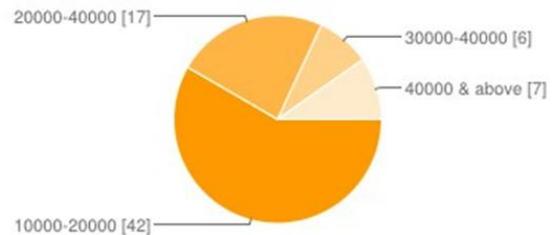
i) Gender



Male	74%
Female	26%

Online shopping is preferred more by the male population.

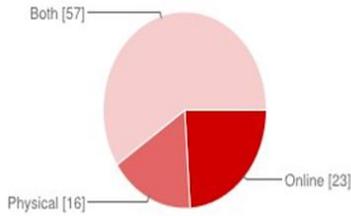
ii) Income



Salary	
10000-20000	58%
20000-40000	24%
30000-40000	8%
40000 & above	10%

People with the salary range of 10000-20000 prefer to do more online shopping followed by 20000-30000.

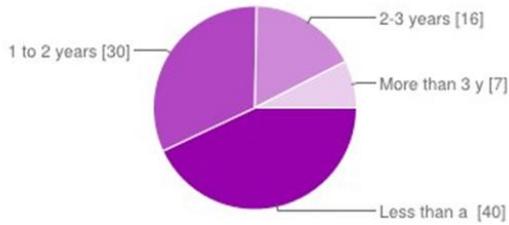
iii) Preference



Preference	
Online	24%
Physical	17%
Both	59%

59% of the people prefer to do online as well as physical shopping followed by online shopping indicating that online shopping is more preferred than physical store.

iv) Time Duration (Online shopping)

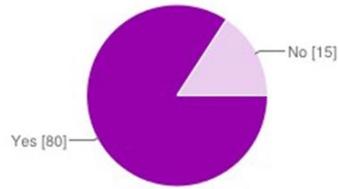


Yes	84%
No	16%

Less than a year	43%
1 to 2 years	32%
2-3 years	17%
More than 3 years	8%

43% of people are shopping online for less than a year followed by 32% who are shopping for 12 years.

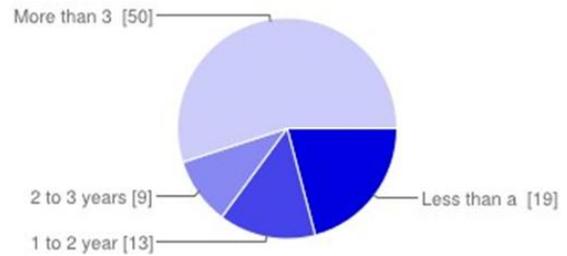
v) Recommendation



84% of people would like to recommend online shopping to others.

vi) Time Duration (Physical Shopping)

Time(Physical)	
Less than a year	21%
1 to 2 years	14%
2 to 3 years	10%



55% of people have been doing physical store shopping for more than 3 years.

IX. CHI-SQUARE TEST

We performed the chi-square test to check the correctness of hypothesis

H0:	Variety of brands does not significantly impact the preference of modes of shopping of customers.									
H1:	Does variety of brands significantly impacts the preference of modes of shopping of customers.									
H0:	$\mu_1=\mu_2=\mu_3$									
H1:	$\mu_1\neq\mu_2\neq\mu_3$									
	Observed Frequencies (Obs)									
	Groceries	Fast-Food	Books	Cosmetics	Clothes	Cinema/Concert ticket	Jewellery	Electronic Goods	Total	
Over The Internet	22	24	60	30	40	69	21	56	322	
Retail Store	61	59	26	50	47	18	55	29	345	
	83	83	86	80	87	87	76	85	667	
	Expected Frequencies									
	Groceries	Fast-Food	Books	Cosmetics	Clothes	Cinema/Concert ticket	Jewellery	Electronic Goods	Total	
Over The Internet	40.07	40.07	41.52	38.62	42.00	42.00	36.69	41.03		
Retail Store	42.93	42.93	44.48	41.38	45.00	45.00	39.31	43.97		
	83.00	83.00	86.00	80.00	87.00	87.00	76.00	85.00		
	Chi Square Value (ob-exp) ² /exp									
	8.148139355	6.444180664	8.2282048	1.924261084	0.095238	17.35714286	6.709392	5.45801217		
	7.604930065	6.014568619	7.6796578	1.795977011	0.088889	16.2	6.2620992	5.094144692		105.1048
	chi sq calculated 105.105									
	chi sq critical 15.507									
	p value 0.00									
	sig level 0.05									
Decision rule:	If p value is less than sig Value , Reject Null									
	If p value is more than sig Value , do not reject Null									
	If Chi Sq. Calculated is greater than chi sq. critical, Reject Null									
	If Chi Sq. Calculated is less than chi sq. critical, Do not Reject Null (Accept)									

Hence we reject the null hypothesis i.e, variety of brands does impact the preference of shopping modes of customers.

H0:	Delivery times does not significantly impact consumer behavior towards shopping modes.		
H1:	Does delivery time significantly impact consumer behavior towards shopping modes.		
H0:	$\mu_1=\mu_2=\mu_3=\mu_4$		
H1:	$\mu_1\neq\mu_2\neq\mu_3\neq\mu_5$		
	Frequency (No. of people) who gave ratings to preference ratings for the Mobile Phone.		
	Income level as a factor		
	Observed frequency		
Time(Online)			Total
Less than a year	43		43
1 to 2 years	32		32
2-3 years	17		17
More than 3 years	8		8
	100		100
	Expected frequency		
Time(Online)			
Less than a year	43.00		
1 to 2 years	32.00		
2-3 years	17.00		
More than 3 years	8.00		
	Chi Square Value (ob-exp) ² /exp		
Most Important (1)	0.000000		
Important (2)	0.000000		
Neutral (3)	0.000000		
Not important (4)	0.000000		
	0.000		
	chi sq calculated 0.000		
	chi sq critical 7.81 chi inv		
	p value 1.00 chi test		
	sig level 0.05		
	Conclusion		
	As the Chi Sq.		
Decision rule:	If p value is less than sig Value , Reject Null		
	If p value is more than sig Value , do not reject Null		
	If Chi Sq. Calculated is grater than chi sq. critical, Reject Null		
	If Chi Sq. Calculated is less than chi sq. critical, Do not Reject Null (Accept)		

Hence we accept the null hypothesis i.e, delivery times does not significantly impact consumer behavior towards shopping modes.

X. FINDINGS & RESULTS

1 We have found that male population tend to shop more online shopping rather than physical shopping.

- 2 For safety of payment more preference is give to shopping malls related to physical shopping.
- 3 Flipkart is the best site used for online shopping as it gives more discounts and offers.
- 4 People are slowly going for online shopping but the majority mentality of people goes to physical shopping as it is having trust, feel and touch of the product.
- 5 The choice of shopping differs from person to person, so it is difficult to determine the preference of shopping with absolute certainty.
- 6 Online shopping has gained popularity recently as the people have been using this mode for less than a year.

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