



# Factors Influencing Online Shopping –An Exploratory Review in the Indian Perspective

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## ABSTRACT

*The fast growing e-commerce market in the country will touch USD 84 billion in 2021 from USD 24 billion in 2017 on account of a healthy growth in organized retail sector. The present research paper focuses on identifying various variables dependent on underlying variables which influences or inducts consumers for online shopping. These variables have been identified by the researcher by immense review of literature and brainstorming sessions with subject experts and professionals in the area of marketing.*

*The study is Exploratory for the purpose Questionnaire Development for which data has been collected using random sampling targeting 220 customers having adequate experience in online purchasing. Sampling units were residents in the city of Bangalore in India. While the selection of these customer respondents, due care has been taken to ensure diversity regarding demographic measures.*

*In the Exploratory Factor Analysis (EFA), the indicators presented adequate factor groupings, as well as communality extracted at the levels recommended in the literature.*

*This Research has both Managerial and Theoretical Contributions. While developing a Scale for measuring Online Shopping Factors is seen as Theoretical, Applications in the Industry for Understanding as to how and why Consumers shop online and most importantly what are the Factors sought after by them are the Managerial Implications.*

*Further Research can shed light on the Significance of Demographics with the Parameters that are contributing to the Factors.*

**Keywords:** Online Shopping, Variables, Factor Analysis, Scale Development.

## 1. INTRODUCTION

The fast growing e-commerce market in the country will touch USD 84 billion in 2021 from USD 24 billion in 2017 on account of a healthy growth in organized retail sector. A fast growing economy and robust demographics provide a positive outlook to the consumer businesses in India, according to the report by Deloitte India and Retail Association of India. The rapid growth is expected to happen because of increased internet penetration, falling data costs, shift to Smartphone and proliferation of digital payment systems. In line with growth of online retail, we can expect also a growth in purchasing online in the Indian market.

The Objective of this research is to develop a Data Collect Instrument based on Exploratory Method. The Variables which contribute to the Factors have been identified by the researcher by immense review of literature and brainstorming sessions with subject experts and professionals in the area of marketing.

## 2. THEORETICAL BACKGROUND AND LITERATURE REVIEW

Recent and relevant Research has identified four variables ( usefulness, ease of use, financial risk and attitude) (Babar Rasheed & Sajjid, 2014). Of these it was found that usefulness was seen as having a considerable influence on attitude of consumers. 21 variables impacting consumer behavior in online were identified by (Chahal, 2015). A study by Javadi, Dolatabadi, Poursaeedi and Asadollahi(2012) stresses the impact of demographic factors on online shopping parameters like satisfaction, repurchase intention, numbers of items purchased and overall expenditure made for on-line shopping. It was revealed that on-line shopping in India is significantly affected by demographic factors such as age, gender, marital status, income etc. Various qualitative tools were used by Nazir et al.( 2012) to analyze the factors



affecting online shopping by making a survey of 120 respondents in Pakistan and revealed that security in payment, privacy of financial information, price, trust, convenience, online reviews were identified as most fascinating measures affecting online shopping. The study on the interrelationship between perceived value, satisfaction and consumer repurchase intention was completed by (Li & Hong, 2013).

In South Korea, Ul Hassan(2015) used regression analysis found that there is a positive relationship and significant influence between self-efficacy, brand image and social brand communication on online buying behavior of a customer. The impact of demographic factors on online buying behavior of youth, was examined by (Hardia & Sharma, 2013). They studied impact of four demographic variables namely; age, gender, educational background and pocket money on four measures of online shopping namely internet facility, ease of process, security of website and timely delivery. A descriptive study to understand the factors influencing teenager's behavior, attitude and perception towards online shopping, was done by (Gulmehz & Kumar Sharma, 2016). They revealed that Marketing Strategies of the company, Delivery System, Product diversity and Browsing Speed as important factors. also An attempt to analyses factors affecting online shopping behavior of 100 respondents in Bhilai and Durg cities was made by Chandra and Sinha(2013) and they applied regression analysis to conclude that website design, convenience, time saving and security were the top influencing factors.

In their study specifically done during festive season i.e. Diwali, by Khanna and Sampat, (2015) analyzed online shopping giants in India namely, Amazon.com and flipkart.com. They observed that price and product specification to be the most important factors in selecting an item but the selection process may further be improved by making personalized recommendations and stickiness to one online retailer. (Novak 1996) revealed that attributes like less variety, any time shopping, physical evidence are impacting on online purchase intention. According to Bellman et al. (1999), revealed in their research the demographical factors are influencing positively towards purchase intention. Gender impact on Internet usage has also been analyzed from different perspectives by different researchers. The research of Novak et al. (2000), proved in the research factors like product varieties, mismatch between actual and delivered, sense of intangibility making impact intention to purchase online. A study by Mauldin and Arunachalam (2002), identified that certain attributes like long deliver time, speed of the internet, more searching time for a specific product, no negotiation are closed related intention to purchase the products through online. Research by Hoffman and Tonita et al. (2004) found that in Digital shopping context consumer evaluate their internet shopping experience in terms of perception regarding product customization, form of payment, delivery terms, service offered, risk involved, privacy, security, personalization, and enjoyment.

In a research by Haq Ul Zia(2008), "Perception towards digital shopping: An Empirical study of Indian Consumers" suggested that overall website quality, commitment factor, customer service and security are the four key factors which influence consumers' perceptions of online shopping. The study revealed that the perception of online shoppers is independent of their age and gender but not independent of their education & gender and income & gender. Convenience is the most influencing factor. Time saving and security is also important, particularly the security concerns are very important while shopping online. Most of the respondents are fulfilling that there has no risk in digital shopping. It can be concluded that there is an opportunity for the near future. The digital shopping among consumers of business development and we can suggest that there has a need to provide online shopping services (Chandra & Sinha, 2013).

According to Seema Agarwal(2013), "A study of factors affecting online shopping behavior of consumers in Mumbai region", factors that affect online shopping are time saving, money saving, no risk in transaction, easy to choose and compare with other products and delivery of product on time. With advancements in Online shopping, there have been changes in the methodology for business transactions. India, being a rapid adaptor of technology is apace with the current scenario of electronic data exchanges and has taken to ecommerce.

Though, Online Shopping provides many advantages, there are still a significant number of customers who refuse or reluctant to adopt the facilities of online services. In India, the adoption rate of the technology is significantly different from other nations because of the country' s unique social and economic characteristics. The aim of this research study is to investigate the factors influencing the adoption of Online Shopping in West Bengal, India (Chatterjee & Ghosal, 2014).



**3. RESEARCH OBJECTIVE**

The present research paper focuses on identifying various variables dependent on underlying variables which influences or inducts consumers for online shopping. These variables have been identified by the researcher by immense review of literature and brainstorming sessions with subject experts and professionals in the area of marketing.

**4. RESEARCH METHODOLOGY**

The study is Exploratory for the purpose Questionnaire Development for which data has been collected using random sampling targeting 220 customers having adequate experience in online purchasing. Sampling units were residents in the city of Bangalore in India. While the selection of these customer respondents, due care has been taken to ensure diversity regarding demographic measures namely, gender, age, income and occupation as these can be the controlling variables. The measures influencing online shopping behavior has been identified by the immense literature review and were included in the second part of the questionnaire. A closed-ended questionnaire, as in Table 1, with five point Likert scale asking the respondents to rate their level of agreement from strongly agree (5) to strongly disagree (1) regarding various measures influencing them to buy online was administered.

**TABLE 1-MEASURES FOR THE STUDY**

I shop online for entertainment
I shop online because I don't have time for shopping
Online shopping provide me wide variety of products than solid shops
I always make purchase during discount periods
product price is important to me when I shop online
I'm willing to pay a higher price for the product that are limited edition when I shop online
I will consider all comprehensive factor to choose the best products when I shop online
when I shop online, more positive feedback indicates better quality of products
product quality is important to me when I shop online
I will not purchase the product when the price is not acceptable to me when I shop online
the delivery period affect my purchase decision when I shop online

**5. DATA ANALYSIS AND DISCUSSION**

Exploratory Factor Analysis(EFA) was conducted using SPSS 22.0 Version. In the EFA, the indicators presented adequate factor groupings, as well as communality extracted at the levels recommended in the literature. In this analysis, we identified four factors that explained 66% of the sample variance, in addition to a Bartlett's sphericity test coefficient at a significance level of 1% ( $\chi^2(55) = 1048.109, p < .001$ ), and KMO=0.767. The internal consistency of the dimensions was verified through Cronbach's Alpha coefficients higher than 0.8 and the composite reliability identified through coefficients higher than 0.8. The constitution of the factors and the loadings of the constructs are presented in Table 3, 4&5.

**TABLE 2-RELIABILITY STATISTICS**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.831	.805	16

**Table 3 KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.767
Bartlett's Test of Sphericity	Approx. Chi-Square	1048.109
	Df	55

Sig.	.000
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**TABLE 4 -ROTATED COMPONENT MATRIX<sup>A</sup>**

	Factors		
	1	2	3
I shop online for entertainment	.817	.076	.227
I shop online because I don't have time for shopping	.835	.043	.155
Online shopping provide me wide variety of products than solid shops	.555	.372	.366
I always make purchase during discount periods	.224	.218	.676
product price is important to me when I shop online	.782	.191	.135
I'm willing to pay a higher price for the product that are limited edition when I shop online	.248	.200	.567
I will consider all comprehensive factor to choose the best products when I shop online	.650	.537	.041
when I shop online , more positive feedback indicates better quality of products	.344	.810	-.028
product quality is important to me when I shop online	.099	.786	.270
I will not purchase the product when the price is not acceptable to me when I shop online	-.011	.616	.452
the delivery period affect my purchase decision when I shop online	.087	.010	.850

Our scale appears to fit its intended purpose because it showed acceptable construct validity and good internal consistency. In addition, the use of a panel of nursing experts, pretesting, and a sufficiently large sample allowed us to assess its research utility rigorously and to show that it provided sufficient validity and reliability. As can be observed, the factor grouping of the items fits the theoretical model suggested by the Literature Review.

**Table 5 -Total Variance Explained**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.626	42.052	42.052	4.626	42.052	42.052
2	1.400	12.725	54.777	1.400	12.725	54.777



3	1.147	10.431	65.208	1.147	10.431	65.208
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## 6. CONCLUSION AND SCOPE FOR FURTHER RESEARCH

This Research has both Managerial and Theoretical Contributions. While developing a Scale for measuring Online Shopping Factors is seen as Theoretical, Applications in the Industry for Understanding as to how and why Consumers shop online and most importantly what are the Factors sought after by them are the Managerial Implications.

Limitations can be that the research is done with customers in Bangalore India, but the random sampling increases generalisability.

Further Research can shed light on the Significance of Demographics with the Parameters that are contributing to the Factors. A Model of the Factors can be developed for further understanding of the Variables in action.

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