

## **A Study on Online Shopping Behaviour in A Small City – Popularity, Confidence and Limiting Factors**

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### **ABSTRACT**

*Online shopping is blooming in India with a fast pace. With cheap mobile tariffs and better telecom infrastructure, people are becoming more and more active and aware online and in response, tapping this opportunity companies are reaching the prospects through online platforms. With products available online the wants and desires of small cities consumers are fulfilled which are otherwise left unfulfilled because of various factors like poor supply chain management, low profitability from branded outlets in small cities etc. This paper focuses on online shopping behavior of consumers in small cities, how confidently they participate on an online shopping platform, and what are the factors that are limiting the growth of online shopping in these cities or the factors that are causing low-confidence regarding these platforms. To investigate upon these matters, data was collected through the structured questionnaire circulated among people of more than 18 years of age. The findings indicate that while online shopping is growing popular in small cities, still some major roadblocks are trust issues related to quality, returns, refunds and payment modes. The study indicated that majority of people have atleast 1 bad experience with online shopping and that quality issue is the top reason for it.*

**Keywords:** online shopping, consumer behavior, online purchase behavior, online shopping platforms.

### **INTRODUCTION:**

Online shopping is blooming in India with a fast pace. It has touched almost everyone's life. Online shopping has gained popularity and acceptance not only in metro cities, it is winning hearts and trust in small cities as well. Presently the share of online shopping is constantly increasing in Indian market. People are purchasing online in order to save time, get hand over a wide variety of products, easy comparisons, avail heavy discounts and take advantage of the associated convenience instead of physically visiting a store. As a growing economy, India has a huge potential for online shopping. With an improvement in logistics and delivery channels, the online shopping is bound to grow. A recent study has revealed that over 120 million Indian consumers are expected to shop online this year (Number of online shoppers to surpaass 120 million in 2018, 2018). Changing lifestyle, long working hours have contributed much towards online purchasing trend and created a shift from offline to online format. Also, the youth is playing a very significant role in the growth of online item purchases and with increasing usage of internet by consumers of almost every age group, internet is rapidly becoming the new and convenient channel of commerce.

### **Changing profile of small city consumers:**

With more and more access to internet due to cheap mobile tariffs, high speed data, a large chunk of data is daily available for a consumer. The small city consumers are hence aware of latest fashion and what is trending. Social media handles of celebrities also let the consumers keep track of their favorite celebrity's preferred brands and products. As the standard of living is improving and income levels are rising in these cities, the

demand for more facilities, convenience, branded, superior products, is also increasing. The popularity of online shopping in these cities is growing considerably with improved demand appetite and as a majority of Indian population lives in non-metro and small cities and thus this segment holds a lot of potential for further growth and changes in the consumption pattern.

### **Shopping online because it is “trending”:**

The inclination of the youth belonging to small cities towards online shopping is also due to its popularity in metro cities. Youth, generally follows and adopts almost everything that is trending. And online shopping has more or less become a trend these days. From celebrities promoting online shopping platforms, highlighting the convenience and fun associated with shopping online (like amazon’s “aur dikhaao” commercials, myntra’s “shop the look”) to the big cities normal routine of browsing the products and ordering them, getting better discounts and enjoying hassle free deliveries. All these things attract the youth and the youth belonging to small cities is no different.

### **Share of small cities in online shopping:**

With small town Indians accounting for around 41% of all online shoppers, they are increasingly becoming the driving force behind e-commerce in India. Large marketplaces like Flipkart, Amazon and the newest kid on the block, Paytm Mall are all focusing on getting the small town Indian consumers to shop online and this focus is showing results. (Nair, 2018)

A data about unique shoppers in India shows that in 2016, the metro cities had the highest contribution of about-33 million unique shoppers out of 74 million while the small cities having only 27 million. The trend was however reversed in 2017 and the small city shoppers were around 37 million as compared to 36 million of metro city shoppers. A study by Internet and Mobile Association of India (IAMAI) revealed that the number of internet users in rural India has witnessed a faster growth. Studies reveal that increasing aspirations of people in these small cities is majorly driving the growth of e-commerce. Notably, it is not only for online retail companies like amazon, flipkart etc. but even for the traditional brick and mortar retailers, the e-commerce format brings an excellent opportunity to expand themselves geographically.

### **LITERATURE REVIEW:**

The studies on online shopping behavior in the Indian context are limited and when specifically talking about such behavior in small cities the studies become even more limited. More research work and studies are available about online shopping behavior of customers in Malaysia, Vietnam, and United States where online shopping is age old and a big hit. In the Indian context, it is still climbing the ladder. Still the research works and articles that came across during the period of study are thoroughly reviewed and are as follows-

Zia Ul Haq in her study on perception towards online shopping reveals that the perception of online shoppers is independent of age and gender and that a consumer’s perception about consumer service, commitment and web security affects their online buying intention.

Muhammad Umar Sultan, found that there is negative correlation between age and online shopping attitude. Umair Cheema surprisingly found in their study that the online shopping intention has an insignificant relationship with perceived usefulness.

Saha, (2015) in a study about the impact of online shopping upon retail trade business concluded that the advent of technology has changed the face of retail and now retailing means going shopping centres and using online shopping platforms.

Dr.R.Shanthi, (2015) found out that the consumer’s perception on online shopping varies from individual to individual and the perception is limited to a certain extent with the availability of the proper connectivity and the exposure to the online shopping. The perception of the consumer also has similarities and difference based on their personal characteristics. Also, transformation in the trends of shopping is occurring because of the changing lifestyle of the consumers in India and expansion in online activity. (Dr.R.Shanthi, 2015).

Vilasini Jadhav, Dr. Monica Khanna made an attempt to find factors that influence online buying behaviour of college students in Mumbai found out that availability, low price, promotions, customer service, trust and variety seeking. (Vilasini Jadhav, April, 2016)

In a study, Ms. Alka Digwani (2017) found out that the growth of online shopping in small cities is not as rapid as compared to other developed big cities and concluded that increasing education especially women education will positively impact the growth of online shopping in the small cities. Naveen Kumar, (2017), in a study about online shopping behaviour of consumers in tier III cities found out that among young generation online shopping

is very much popular and that people are hesitant towards online shopping because of complex return policies, security concerns and non-delivery risk and people still believe online shopping is complex. Dr. Swati Sachdeva Khosla in her attempt to discover the fear factors that don't let consumers to buy online found that privacy concern, security concern and trustworthiness are such factors and that consumers are more concerned about the trust that they have on the online merchants. (Khosla, July,2018)

### **OBJECTIVES OF THE STUDY:**

1. To find out which online shopping platforms are most popular and preferred in small cities.
2. To find out what are they least and most confident about shopping online.
3. To find out what they do when they are not satisfied with the product delivered to them.
4. To find the reasons of not shopping online (if any)

### **METHODOLOGY:**

**Source of data:** Primary data is used in this study.

**Sample size:** Data consists of original information collected from sample size of 81 respondents above 18 years of age residing in Satna (Madhya Pradesh). The focus was on both type of people who have some experience in online shopping and those who do not do online shopping to gain insight about the reasons of not shopping online.

**Sampling method:** The sampling methods used for the purpose of study is convenience cum purposive sampling. Primary data was collected through questionnaire which consisted of structured questions. The first part of the questionnaire was about demographic profile like name, age, gender, occupation. The second part consisted of questions about popularity of online platforms, frequency of online purchases, desirable and undesirable features, confidence etc. Questionnaire included dichotomous, multiple choice questions, some responses were measured on a 3 point Likert scale. The questionnaires were distributed to 85 people. Among these 81 complete questionnaires were returned by the respondents, and were used to conduct the study.

### **FINDINGS AND DISCUSSION:**

#### **Demographic Characteristics:**

The demographic characteristics of the 81 respondents considered for the study are exhibited in table 1 below.

**Table 1: Demographic characteristics**

<b>Variable</b>	<b>Category</b>	<b>Frequency (n=81)</b>	<b>Percentage</b>
Gender	Male	38	46.9
	female	43	53.1
Age	Up to 25	54	66.7
	26-35	12	14.8
	36-45	08	9.9
	Above 45	07	8.6
Marital status	Married	15	18.5
	unmarried	66	81.5
Occupation	Student	53	65.4
	Employed	21	25.9
	Homemaker	7	8.64

#### **Online Shopping Behavior:**

Table 2 shows the online shopping behavior of the respondents. It can be observed that majority of the respondents are online shoppers (88.8%). The prime reason for not shopping online is fear of poor quality & trust issues (74%). Also, 40.2% people consider traditional shops better and convenient. Majority of respondents are those who shop rarely (44.4%). The mostly purchased category of goods online is 'clothing & fashion items' followed by 'Electronic items'. An interesting thing that came to notice during study is that most of the respondents (86%) prefer cash on delivery (COD) over prepaid payment method. The most famous shopping platform (in terms of awareness) is Amazon (88.9%), followed by flipkart (77.8%), myntra and snapdeal.

**Table 2: Online shopping behavior**

Variable	Category	Frequency (N=81)	Percentage
Online shoppers	Yes	72	88.8
	No	9	11.2
Reason of not shopping online	Don't know how to shop online	9	11.1
	Fear of poor quality & other trust issues	60	74
	Traditional shops are better and convenient	33	40.2
Frequency of purchase	Frequently	12	14.8
	Occasionally	33	40.7
	Rarely	36	44.4
Payment mode	Cash on delivery (COD)	70	86
	Prepaid (credit card/ debit card)	11	14
Online purchased items	Books	27	33.3
	Clothing & other fashion items	57	70.5
	Electronic items	37	46.2
	Others (home utilities, grocery etc)	22	27
Popular shopping sites (awareness)	Amazon	72	88.9
	Flipkart	63	77.8
	Myntra	44	54.3
	Snapdeal	41	50.6
Bad online shopping experience	Yes	46	56.8
	No	35	43.2
Reaction after bad experience	Gets cautious	37	45.7
	Quits using that site	16	19.8
	Doesn't get much affected	28	34.5

**Cross Tabulation: Gender based bad experience and reaction:**

**Table 3: Cross tabulation between gender & bad shopping experience**

			Reaction after bad online shopping experience			Total
			Gets cautious for the next time	Quits using that site	Doesn't get much affected	
Gender	Male	Observed Frequency	18	5	15	38
		Expected frequency	17.4	7.5	13.1	38.0
	Female	Observed Frequency	19	11	13	43
		Expected frequency	19.6	8.5	14.9	43.0
<b>Total</b>		<b>Observed Frequency</b>	<b>37</b>	<b>16</b>	<b>28</b>	<b>81</b>
		<b>Expected frequency</b>	<b>37.0</b>	<b>16.0</b>	<b>28.0</b>	<b>81.0</b>

**Testing of Hypotheses:**

H0= there is no significant relationship between gender and type of reaction after a bad experience with online shopping.

Ha = there is a significant relationship between gender and type of reaction after a bad experience with online shopping.

In order to test the hypotheses, chi-square test was conducted. Table 3 shows the cross tabulation between gender and type of reaction after a bad experience with online shopping.

Table 4 shows the chi square test results. The significance level is 0.05 which is less than p value 0.345498 and therefore the null hypotheses (H0) is rejected and the alternate hypotheses Ha is accepted which states that there exists a relationship between gender and the type of reaction after a bad experience with online shopping.

**Table 4: chi square test results**

Significance level	0.05
Chi square value	2.125539
p value	0.345498
Degree of freedom	2

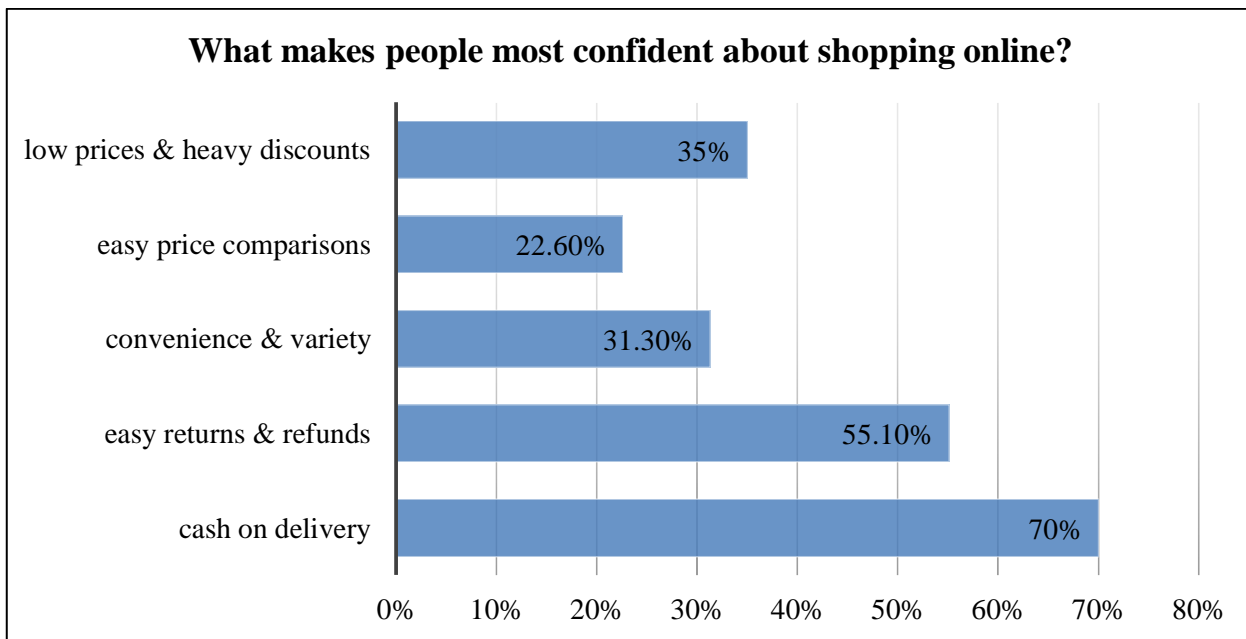
**Occupation and frequency of purchase:**

**Table 5: cross tabulation of occupation & frequency of purchase**

		Frequency of purchase						Total (N=81)
		Frequently		Occasionally		Rarely		
		n	%	N	%	n	%	
Occupation	Student	6	11.3	22	41.5	25	<b>47.2</b>	53
	Employed	7	33.3	11	<b>52.4</b>	3	14.3	21
	Homemaker	1	14.3	2	28.6	4	<b>57.1</b>	7

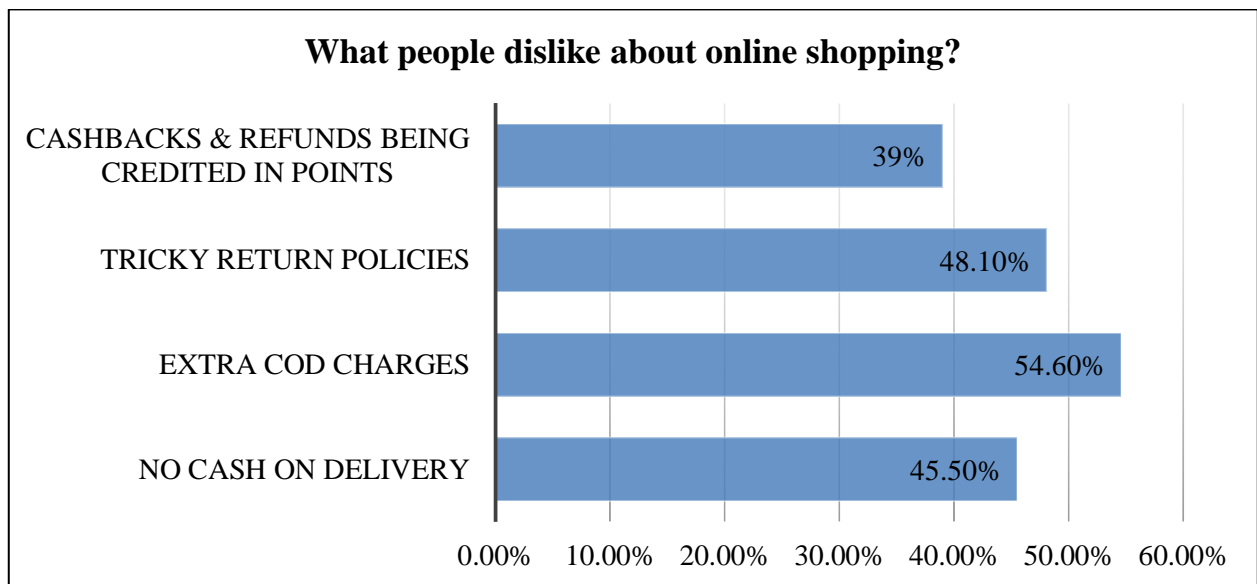
From the above table, it can be said that majority of students (47.2%) and homemakers (57.1%) do online shopping rarely, while employed people do online shopping occasionally (52.4%).

**Figure 1: Desirable features of online shopping**



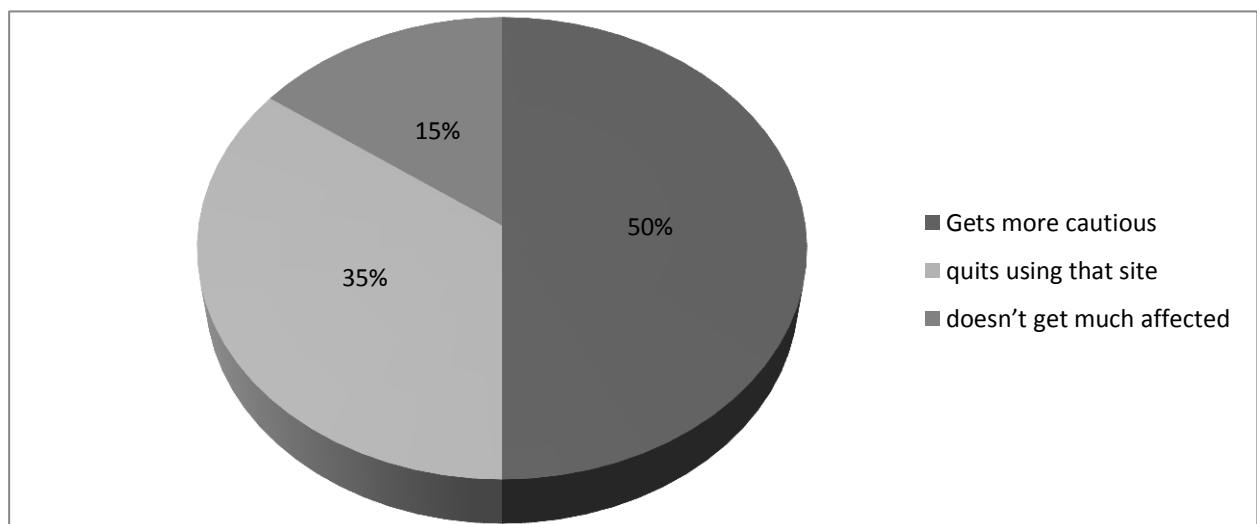
While discussing the online shopping behavior of a small city it becomes important to investigate upon factors that make the online shopping desirable or undesirable to them. Figure 1 shows the result of such investigation about features that make people confident about shopping online. In the survey it was found that cash on delivery (70%) is the most desirable feature. As small city shoppers are much cautious about payment method and very less open towards making prepaid payments online, cash on delivery option gives them security over this trust issue. Next desirable feature is easy returns and refunds (55.10%) as this provides them with security over accepting the product which is low in quality or disliked due to some other reasons just because they are not face to face with the seller. These two features majorly infuse confidence in the small city online shoppers. The other factors are also shown in the chart.

Figure 2: Undesirable features of online shopping



It is equally important to know about the factors that are limiting the growth of online shopping in small cities or the undesirable features of it. Figure 2 presents data about some undesirable features. Extra cash on delivery charges (54.6%) score highest among the undesirable features followed by tricky return and refund policies (48.10%) and no cash on delivery option (45.5%). As the small city online shoppers are of very reserved and cautious nature, difficulty in returning the product and getting refunds make them even more cautious and skeptical about online shopping. The study revealed that after having a bad experience with online shopping, about 35% people quit using that site while 50% get more cautious for the next time (figure 3).

Figure 3: Reaction after bad online shopping experience



**CONCLUSION:**

Online shopping is increasing but acceleration of small cities is not as rapid as compared to other developed big cities. In research, it has been found that the shoppers belonging to small cities are still not very confident and comfortable with prepaid payment methods and thus mostly opt for cash on delivery option. Definitely, the growth in online shopping in small cities is evident still the major roadblocks are trust issues with online shopping platforms as still many consider traditional shops as better and convenient while few others fear poor quality. Hence, the marketers must work upon resolving these issues and should focus more on cash on delivery options along with easy returns and refunds so that confidence of small city customers can be won. Also, marketers can make efforts to spread literacy about how to shop online as recently done by amazon through its tv commercials.

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