

# Study on the effect of Online Shopping on Youth in Delhi NCR

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## Abstract

Online shopping, often referred to as online retailing or e-tailing, is growing every day in India. Although most studies in the past have pointed out that the process has been rather slow and unsuccessful in gathering much steam with the Indian users. But the trend is changing now and a good number of savvy online users are making big purchases on the digital space.

The purpose of this study is to analyze the impact of online shopping on consumers of the age group 18-30 in Delhi NCR and how they are receptive to this change. It will also focus on some of the factors responsible for deterring the consumers to purchase through online mode. It also tries to study their shopping behavior. This study can be considered as an applied research from purpose perspective and descriptive in nature with regard to the method. A questionnaire is designed and distributed among the selected sample to collect information and their opinions regarding online shopping.

**Keywords:** Online Shopping, Shopping Behavior

## Introduction

Retailers of all kinds are enhancing their product offerings, adding in-store pickup and offering free shipping these days. They're even using several social media platforms to improve online sales to lure more customers. And the results are only getting better! E-tailing, which comes under e-commerce, assists retailers to establish their base of loyal customers. It is aimed in selling in places where the brand does not have a physical presence.

**According to a report released on September 2010, consumers spend considerable amount of time researching about goods before making purchases. Of course, users are careful about shopping online but a number of them are coming back thanks to tremendous discounts & deals retailers' offer online clients.**

In 2008, the Internet and Mobile Association of India (IAMAI) stated that the e-commerce industry stood at Rs. 9, 210 crore. Now, it is expected that this segment will grow 30% annually. 75-80% of the market is contributed by travel portals - the rest is made up by online classified, e-tailing and digital downloads. 12% of the market is constituted by online classifieds such as matrimonial and job portals.

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### Trends in Indian Online Shopping:

- In the next one year, at least eight out of ten Indian consumers will make online purchases.
- At present, a little more than a quarter users reveal that they spend 11% of their monthly shopping expenditure on procurements online.
- 71 percent Indians trust recommendations from family when making an online purchase decision. Recommendations from friends stand at 64 percent and online product reviews at 29 percent.
- Almost 50% Indian consumers' use and trust social media sites to help them make online purchase decisions.
- When buying Consumer Electronics, software and other items (such as a car), users rely heavily on online reviews and opinions.
- More than four in ten Indians are likely to share (post a review/ Tweet) a negative product or service experience online than they were to share a positive one.
- In the next 6 months or so, most buyers will purchase books (41%), airline tickets (40%), and electronic equipment such as TV, Cameras (36%) online.
- The trend observed is that while shopping, most buyers ideally shop from websites that allow them to select products from many different stores.

### A Promising Future for Online Shopping

For retailers in India, online shopping is gaining recognition as it entails many benefits for them. Some of these include:

- No real estate costs
- Enhanced customer service
- Mass customization
- Global reach
- Niche marketing and specialized stores

**In the next 5 years, online retailing in India will strengthen even further. However, long-standing sustainability directly depends on factors like changes in the market, innovations and interactivity by market players. Owing to increased penetration of credit cards and easy access of computing facilities to a wider population, Internet retailing in India has witnessed a promising growth. Moreover, bargain-hunting consumers are latching on this trend as Internet retailers are known to offer products at special discounted prices compared to store-based retailers.**

In this study, we will examine the responses of the youth of Delhi NCR with regard to online shopping, what factors they consider while selecting online shopping mode and which are the products or services most purchased online. This study will also determine the market standing of some of the online retailers and possibilities for future growth. It will also help in analyzing upcoming shopping trends among the youth in Delhi NCR regarding online shopping format.

### Objectives of The Study

1. To study the selected consumer's shopping habits.
2. To identify the potential of online retailers.
3. To find out the upcoming trends with regard to online shopping.
4. To examine the level of awareness of online retail sites among consumers.
5. To analyze the current market standing of online retail companies such as Flipkart, Amazon, E-bay etc. in the

Indian market.

This paper is divided into three sections. First, we will discuss the theoretical background and previous research that has been conducted in this area. Second, we present the research methodology adopted to investigate consumer decision making pattern while purchasing online.

The research method includes a survey data collection instrument-questionnaire. Finally, we provide a general discussion of the findings, as well as limitations of the study and directions for future research.

### Operational Definition

**Online shopping:** It is a means through which a consumer can purchase a product or service online through internet service and make the payment either through credit/debit card or by cash on delivery.

**Shopping behavior:** It is the behavior of the consumers with regard to the shopping of various products and services through various modes of purchase.

### Review of Literature

#### Online Shopping and Online Stores

Compared to physical stores, online stores have many advantages:

1. They are convenient and time saving and no more traveling and waiting in lines is needed.
2. They are open in all time and they are accessible anytime and anywhere.
3. These stores provide consumers with free and rich information about products and services.
4. They also have some online tools to help consumers compare and make purchase decisions among various products and services.

Hoffman and Novak (1996) indicated that interactivity is the key distinguishing feature between marketing communication on the Internet and traditional mass media. Today online consumers have more control and bargaining power than consumers of physical stores because the Internet offers more interactivities between consumers and product/service providers as well as greater availability of information about products and services.

Geissler and Zinkhan (1998) claimed that the Internet shifted the balance of power in favor of consumers as it became very easy for them to make shopping comparisons and evaluate alternatives without being pressurised by salespeople.

Online stores reduce transaction costs and have advantage for both consumers and vendors.

However, online stores also have disadvantages compare to brick-and-mortar stores.

1. In online stores customers can't have any sense about the product they see in the internet (seeing, touching, tasting, smelling, and hearing) as they search for and purchase products.
2. In online stores, consumers may develop low trust and

perceive elevated risk highly because of the lack of face-to-face communication. Although this difficulty can be reduced by using certain software tools such as the online recommendation agent (Häubl and Murray, 2003; Xiao and Benbasat, 2007) and the online negotiation agent (Huang and Sycara, 2002; Huang and Lin, 2007).

## Research Methodology

### Research Design

Descriptive research design is more suited as we are dealing with the behavior of consumers regarding online shopping. This type of research needs detailing and we have to gather the opinions of the consumers.

Descriptive design describes the phenomenon under study attempting to establish a relationship between factors.

### Sampling

**Stratified Sampling:** A stratified sample is a mini-reproduction of the population. Before sampling, the population is divided into characteristics of importance for the research. For example, by gender, social class, education level, religion, etc.

Then the population is randomly sampled within each strata or stratum.

### Sample Frame

Here, we will be dividing our target population on the basis of gender i.e. male and female. Then it will be further divided according to the age-groups (i.e. 18-24, 25-30).

Therefore, we will have for groups and equal no. of samples will be selected from each group:

**Male:** (18-24 yrs.) 25, (25-30 yrs.) 25

**Female:** (18-24 yrs.) 25, (25-30 yrs.) 25

### Research Tool

The research was done with the help of a Questionnaire designed to interrogate the respondents. A questionnaire is an instrument that is comprised of a set of questions to be asked from the respondents of the survey. Questionnaires usually ask questions that elicit ideas and behaviors, preferences, traits, attitudes and facts.

### Statistical Technique

The research is analyzed using the method of Mean. Mean is the sum of the data items divided by the number of the data items.

## Results and Discussions

### Awareness of online shopping

Most of the youth in Delhi NCR are aware about online shopping phenomenon.

### Online shopping convenience

90% of the males finds online shopping convenient while 75% of the females find it convenient. This shows that males are more adapted to online shopping in Delhi NCR.

### Trust recommendations from Family

Among the youth respondents of Delhi NCR, 85% trust

recommendations from family when making an online purchase while 15% don't trust their family's recommendations. 80% of males and 90% of females said yes, they trust recommendations from family.

Online reviews and opinions important for purchasing electronics, cars, etc.

Half of the respondents said yes, online reviews are important for purchasing consumer durables such as electronics, cars, etc. while half of them don't consider them important.

### Visiting market vs. online shopping

Among the youth of Delhi NCR, females are more prone to visiting market rather than shop online as is evident from the data which shows that 80% of females prefer visiting market while only 20% opt for online shopping.

On the other side, males prefer online shopping more than visiting the market. 60% of the males purchase online while 40% prefer to visit the market.

Overall, in visiting market vs. online shopping, the former option is considered to be more viable with 60% respondents favoring it.

### Popular product/services in online shopping

Among the youth of Delhi NCR, most people use online method for reservations (46%) of railway and airline tickets, followed by event/ movie tickets (23%), books (14%), apparels (9%), etc.

Very few people purchase electronics (5%) and automobiles (2%) while purchase of groceries is negligible online.

### Social media site's role in decision-making

The role of social media helping in making online purchase decision among the youth of Delhi NCR is satisfactory. Around 60% find it helpful while 40% people don't find them helpful.

### Most suitable payment option

Almost 80% of the youth in Delhi NCR finds Cash on delivery, the most suitable payment option. Only 16% people favor the use of debit card while credit cards are trusted by only a handful of people around 4%. Females completely are in favor of cash on delivery neglecting the other two options while males still give some weight to them.

### Males prefer to purchase online while females like to visit stores

55% of the youth in Delhi NCR agree with the statement that males prefer online shopping more than females while 45% disagree with it. This ratio comes from the fact that more than half of the females (60%) disagrees with the statement while most of the males (70%) agree with the statement.

### Trend of online shopping in coming years

The future of online shopping is very bright as almost every youth of Delhi NCR (98%) believes that the trend of online shopping will catch up in the coming years.

### E-tail sites often visited

According to the youth of Delhi NCR, these sites rank in the following order on the basis of their popularity and use:

1. Flipkart

2. E-bay
3. Jabong
4. Amazon
5. Myntra
6. Makemytrip
7. Quikr
8. Yatra

#### Trustworthiness of online retail sites

According to the youth of Delhi NCR, these online retail sites are trustworthy (80%) because of the following reasons:

- They are still surviving in the market.
- Some had a good past experience.
- Cash on delivery option makes them more trustworthy.
- Many sites provide cash back warranty.

Yet some people (20%) still have doubts as far as trust is concerned.

#### Reasons:

- Bad past experience of purchase.
- Fear of the account details getting leaked.
- Uncertainty of the quality of the product purchased.

#### Conclusion

In this paper an effort has been made to contribute further to the existing research that has been conducted to study the effect of online shopping on the youth.

Hence the Hypothesis that males prefer to shop online more than females as they are more tech-savvy has been proved true.

The study reveals that the youth of Delhi NCR are well aware of the online shopping facility and most of them also find it a convenient way to make a purchase. But still, not all of them prefer to purchase online especially females. Majority of females (80%) of Delhi NCR in the age group of 18-30 prefer to visit market rather than purchase online. Among the males, more than half of them (60%) visit online sites to make a purchase.

#### Key Findings:

- Shopping habits of the youth of Delhi NCR reveals that almost all of them are aware of online shopping phenomena but still most of them are hesitant to use it and prefer to visit the stores for making a purchase.
- Although males are adapting to this phenomena in a rapid way, females are still lagging behind as they like shopping from the physical markets.
- 85% of the youth of Delhi NCR trust recommendations from family and friends while making an online purchase.
- Social media is playing a significant role in influencing online purchase decisions of the consumers.
- Cash on delivery is considered to be the most suitable payment option as it is secure and hassle free followed by payment through debit cards while credit cards are losing their credibility as far as online shopping is concerned.
- There is huge potential for online retailers as almost 98% of the youth in Delhi NCR believes that the trend of online shopping will catch up in a big way in the coming years.
- The level of awareness of online retail sites among the consumers is very high. 95% of the youth is aware of them.
- According to this study, Flipkart, E-bay, Jabong and

Amazon are the most popular sites which are often visited for making purchases respectively.

- Majority of the youth find these sites trustworthy.

#### Implications

While it is not possible to make generalized claims across a whole population of youth of Delhi NCR on the basis of this study, which draws data from such a small sample of 100 youngsters of Delhi NCR, it is necessary to explore some of the implications of this research with a view to signaling further investigation into the shopping habits of the youth and their adaptability towards online shopping mode.

#### Limitations and Further Research

##### Limitations

1. The study was limited to youth in the age group of 18-30 years.
2. Study area was restricted to Delhi NCR only.
3. Some respondents were initially hesitant to cooperate because of the preconceived notion that data will be misused.
4. Due to lack of manpower only 100 respondents has been taken.

##### Recommendations

- Online retail sites should be made more consumer friendly and their interface should be uncomplicated so that females who are not tech-savvy can also use it for making online purchase.
- These sites should be interactive and visually appealing to attract the youngsters.
- Social media sites such as Facebook and Twitter should be used more judiciously to promote online shopping.
- Cash on delivery option should be provided by every e-tailer as it is the most preferred payment option and also lends credibility to the site.
- Online retail companies should focus more on promoting their services through print and television advertisements as they reach to a wider audience.

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