

# E-Retailing and Consumer Purchase Decision

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## Abstract

The growth of online trading networks around the world has created a new place of interaction, communication and trading among people. People can share their views, thoughts, knowledge, and experiences with one another because of the availability of online social networks. This creates an impact on consumer's behaviour at the time of purchasing. Among the social networks, E-Retailing is one of the best online trading networks that link the manufacturers with their respective consumers. Consumers can purchase variety of products and services with reasonable discounts and offerings without moving a step. The influence of E-Retailing on consumer purchase decision is very significant. This paper discusses about the concepts of E-Retailing, E-Retailing marketing and other aspects like the benefits, role and relevance of E-Retailing in consumer purchase decision.

**Keywords:** E-Retailing, E-Retailing Marketing, Online Trading, Benefits of E-Retailing, Consumer Purchase Decision

## Introduction

The word E-Retailing has its roots in the word 'retail'. Here, the shopping process completely based on electronic media; therefore it can be named as E-Retailing. Electronic retailing may also be referred to as E-Tailing and Internet retailing. It is a form of electronic commerce which allows consumers to directly buy goods or services from a seller over the internet without intermediary service. English entrepreneur Michael Aldrich has invented this online shopping in the year 1979. It is a business-to-consumer (B2C) transaction which takes place over the Internet. Nowadays E-Retailing becomes part of a person's life. It has a numeral number of users and keeps growing everyday. It is estimated that over 500 million people are

using E-Retailing across the globe. The number of users growing has attracted marketers.

## Features of E-Retailing

It has lot of unique features to both marketers and consumers compared to regular offline retailing. Few important among them are as follows:

1. Goods are available for 24 hours a day and no time barrier to purchase the goods.
2. With the help of E-Retailing consumers can quickly and easily access the goods and services at any time and from any place using the internet.
3. Cash transactions can be made online or the customer can pay cash on delivery.
4. Time saving at the time of shopping is possible and customers need not to travel distance for purchasing the product.
5. It brings a new stage for buying and selling of goods and services from different parts of the world which is possible with online order.
6. It reduces the gap between customer and retail outlets at time of buying and selling the goods and services.

## Benefits of E-Retailing

E-Retailing has many benefits to offer both the marketers and consumers at the marketplace. Some of the examples are rapid transaction and availability of products and services, new offers and schemes, attracting with seasonal offers etc. Here are the some of the top benefits of using E-Retailing:

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1. E-Retailing provides an opportunity to the entrepreneurs to start their business with lesser amount of investment. It needs not to have physical shop to go for selling the goods and services. All the business promotions happen online.
2. E-Retailing offers easier and more convenient business transactions with the help of Electronic Payment Systems. This facility makes the E-Retailing a powerful source of buying and selling the goods and services.
3. Another advantage of E-Retailing is maintaining relations with the consumers. Owners can personally contact with their consumers and in turn consumers can also give their complaints or feedbacks.
4. It can be operated anywhere in the world. It is not restricted to a physical store. With the help of internet goods and services can be purchased at almost all areas where the internet is available.

## Process of E-Retailing

The process of E-Retailing involves the 5 steps. They are as follows.

1. **Visiting a website:** The first step of E-Retailing is the customer visit to the particular website. This visit of the customer is very important to the distributors because it can bring the customer to the online purchasing system. Therefore, the websites should be very simple and easy to access.
2. **Selecting the product or services:** After searching the require information on the website, the customer choose the product or services based on his needs and wants. Selecting the product or services is the second important step of E-Retailing.
3. **Purchasing the product or services:** The next stage of the process is to purchase the product and services. It can be made in two ways online payment system and cash on delivery system. For making payment the consumer has to state the debit or credit card number along with the password in the column provided.
4. **Delivery of product or services:** After passing through the third stage, goods or services sent to the customer at their given address. Delivery of goods or services happens at the customers' given place.

5. **Customer feedback:** The last step of E-Retailing is the customer feedback. It is optional to the customers. After consumption of the product or services, the customer can give their responses regarding their degree of satisfaction.

## Review of Literature

In this section an attempt is made to collect the information from the previous researches and relevant studies conducted in the area of E-Retailing and consumer purchase decisions. The review of literature has been presented in a summarized and precise manner. Rambabu Lavuri (2015) stated that consumer buying decision can be changed because of many reasons. Examples are income level and other factors like age, economic and social statures. But still consumers have awareness regarding products and services through daily advertisements. Success of business depends on the effective media communication. Lavanya Rajendran and Preethi Thesinghraj (2014) conducted the survey. Based on the survey they summarize the findings. The youth prefers to get most of the information from online sources, while senior citizens prefer newspapers and other print media to get the necessary information. Ease-of-access to information, interactive nature of social media and on-demand availability of news are the primary reasons cited by the former group of population to favor the new media. Shantanu Prasad (2014) in his study stated that the impact of social media on consumer buying decision is significant. Due to the diverse changes in technology, social media became the main source for communicating, sharing and even buying and selling the goods and services.

Alpesh Shah, N. J. (2015) stated that E-commerce websites are helping to reduce the gap between consumers and owners. The items available in the websites are attracting consumers marginally. These should be improve in order to attract the customers. Hence, proper care needs to be taken on the website so that consumers purchase goods and services easily. Meeker Mary (2015) says the growth in the Indian internet market is growing significantly. The growth rate of internet users for E-Retailing has been growing rapidly during the last few years. Bruno Schivinski (2013) made the research on the effect of social media on consumer perception and brand. The central aim of his research is to generate new knowledge about how social media communication affects brand equity and brand

attitude and consequently influences consumer purchase intentions. Consumers typically judge the information provided by other individuals to be trustworthy and credible, user-generated social media communications have a greater effect on consumers' overall perception of brands than firm-created social media communication. Ethel Lee (2013) stated that E-Retailers have developed many innovative promotions to lure customers and there by growing the market. As one of the market trends, E-Retailing has been widely used in retail industry and growth is increasing day by day in today's scenario.

According to Abhijit Mitra (2013), says that the E-Commerce has broken the geographical limitations and it is a revolution-commerce will improve tremendously in next five years in India. D.K. Gangeshwar. (2013),” Concluded that the E-commerce has a very bright future in India although security, privacy and dependency on technology are some of the drawbacks of E-commerce but still there is a bright future to E-commerce. According to Turban (2006), e-Retailing is defined as retailing conducted online, over the internet. E-Commerce is a huge domain on conducting business over internet and e- Retailing is a part of it. Even though the e-commerce has growth in the world but it also presents ethical issues by the way Internet (Freestone and Mitchell, 2004). Many businesses are accepting the importance of online retailing activities giving more attention on ethical issues, privacy and protection of this new medium (Bush *et al.*, 2000). The findings of (Mahmoud *et al.*, 2006) indicate that the contrast concerning the ethics in computing and information systems is crucial in order to built strong e-commerce.

## Objectives of the Study

The main purpose of the study is to know the role of E-Retailing on consumer purchase decision. Some of the other objectives are as follows.

1. To know the awareness and perception of E-Retailing and online purchase in the society.
2. To know the views of the consumers on online purchase of products and services.
3. To assess the purchase decision of consumers at the time of purchasing the online products.

## Research Methodology

The research methodology used for this study is divided into two parts. They are as follows.

- Primary Data:** Primary data is personally developed data and it gives latest information and offers much greater accuracy and reliability. The study is dependent on primary data to a maximum extent, which is collected by way of structured personal interview with consumers. In the research primary data is collected by using the Questionnaire, Direct interview, Observational method. For this purpose we consulted the 100 respondents and other persons who are involved in the process of working of the consumer markets.
- Secondary Data:** In the study we have also used secondary data. This data is collected from the government publications and other publications. Further, we have also taken into account the unpublished source to collect the data. This includes thesis and other dissertation.

## Limitations of the Study

1. The survey is conducted in Warangal district only.
2. While selecting the respondents there is a possibility of committing an error. This error is a sampling error. It may influence the interpretation and conclusions.
3. Due to limited sample size, the accuracy of the data may not be cent per cent.

## Data Analysis and Interpretation

**Table 1: Awareness and Perception about E-Retailing**

S.No.	Option	No. of Respondents	Percentage (%)
1	Yes	72	72
2	No	28	28
Total		100	100

Source: Primary Data

### Interpretation

The analysis of the study stats that 72 per cent of the respondents have knowledge, awareness and perception of E-Retailing, they are fully aware of E-Retail system. The remaining 28 per cent of the respondents stated that they are lack of knowledge regarding the use of E-Retailing.

**Table 2: Using E-Retailing in Daily Life**

S.No.	Option	No. of Respondents	Percentage (%)
1	Yes	65	65
2	No	35	35
<b>Total</b>		<b>100</b>	<b>100</b>

Source: Primary Data

### Interpretation

As per the study, the respondents with the awareness and perception use the E-Retailing in their lives. Their percentage is 65. And the other section due to their inability of operating the E-Retailing are not using it.

**Table 3: Purpose of using E-Retailing**

S.No.	Option	No. of Respondents	Percentage (%)
1	A regular habit	10	10
2	For offers and Discounts	42	42
3	Time saving purpose	11	11
4	For commercial purpose	02	02
5	Never used	35	35
<b>Total</b>		<b>100</b>	<b>100</b>

Source: Primary Data

### Interpretation

According to the study, 10 per cent of the respondents are using the E-Retailing on regular basis. Interestingly, 42 per cent of the respondents are using E-Retailing for the purpose of getting offers and discounts on the online purchase. 11 per cent of the respondents stated that for the purpose of time saving they prefer online purchase. However, the respondents with of lack of awareness have never used it.

**Table 4: E-Retailing at the Pre Purchase Buying Decision Stage**

S.No.	Option	No. of Respondents	Percentage (%)
1	Yes	62	62
2	No	38	38
<b>Total</b>		<b>100</b>	<b>100</b>

Source: Primary Data

### Interpretation

As per the findings, the respondents' having knowledge and awareness uses the E-Retailing to evaluate the product details. According to them, E-Retailing gives the require information of various products, searches the alternative product and also evaluate the alternative product during this stage. However, 38 per cent of the respondents are unaware of this fact.

**Table 5: Purchasing the Product through E-Retailing**

S.No.	Option	No. of Respondents	Percentage (%)
1	Yes	65	65
2	No	35	35
<b>Total</b>		<b>100</b>	<b>100</b>

Source: Primary Data

### Interpretation

As per the analysis, 65 per cent of the respondents have gone through to purchase the product after consulting the E-Retailing and remaining 35 percent of respondents haven't consulted E-Retailing to purchase the product.

**Table 6: Degree of Satisfaction after Purchasing the Product**

S.No.	Option	No. of Respondents	Percentage (%)
1	Highly satisfied	36	36
2	Moderately satisfied	16	16
3	Satisfied	10	10
4	Dissatisfied	22	22
5	Highly dissatisfied	16	16
<b>Total</b>		<b>100</b>	<b>100</b>

Source: Primary Data

### Interpretation

According to the analysis, overall 62 per cent of the respondents are satisfied with the product after purchasing the product through E-Retailing. However, 38 per cent of the respondents are not satisfied.

**Table 7: Feedback Given through E-Retailing**

S.No.	Option	No. of Respondents	Percentage (%)
1	Yes	45	45
2	No	55	55
<b>Total</b>		<b>100</b>	<b>100</b>

Source: Primary Data

### Interpretation

According to the data collection, below fifty per cent i.e., 45 per cent of the respondents have given the feedback to

the manufacturers regarding their degree of satisfaction through E-Retailing networks. However, more than 50 per cent i.e., 55 per cent of the respondents not keen to give feedback.

### Comparison of E-Retailing in India and Other Countries

The Indian E-Retailing business has attracted great interest from the industry and financial sponsors both the private equity funds and venture capitalists. There is a lot of speculation around the future of the sector, though most participants, the players, the funding institutions and the public are largely positive in their outlook. But still the growth of this sector is marginal compare to other developed countries. In order to access the growth of E-Retailing business in India compare to other nations, an attempt is made to compare the stats. The collected data is presented below.

**Table 8: Comparison of E-Retailing in India and Other Countries**

Particulars	INDIA	BRAZIL	CHINA	RUSSIA
Internet Users <sup>1</sup>	243 million	108 million	649 million	84 million
Retail E-Commerce (US\$ billion) <sup>1</sup>	5.2	16.3	462.3	17.5
Online Shoppers <sup>1</sup>	35 million	33 million	361 million	30 million
Credit Card penetration for shopping <sup>2</sup>	4 per cent	32 per cent	16 per cent	21 per cent
Bank A/c penetration for shopping <sup>2</sup>	53 per cent	68 per cent	79 per cent	67 per cent

Source<sup>1</sup> : Internet Live Stats website (As per 2014 stats)

Source<sup>2</sup> : World Bank Global Financial Inclusion Database (As per 2014 stats)

As per the data, in terms of internet users, India stands in the second position with 243 million users and china is in the first position having 649 million internet users. It is mainly because of the available population in these nations. In the field of Retail E-Commerce, India is very far comparing to other developed nations. Its business is very slow and low compare to China, Brazil and Russia. Only about 5.2 US\$ billion business is found in India. If we see the online shoppers in India, it is also insignificant (i.e., 35 million) compare to our total population.

In the payment modes Indian shoppers prefer 54 per cent Bank account penetrations and only 4 per cent prefer credit card penetration, which is also very low compare to China, Russia and Brazil. It may be because of lack of knowledge, confidentiality, integrity, security and protection while making the transaction. In order to build

a strong E-Retail system in India, these things can be taken to the consideration.

### Conclusion

Marketers have recognized that modern media marketing as an important part of their marketing communication strategies. It also helps the organisations to communicate with their consumers. These interactions help marketers determine consumer needs and understand what their market might look like. Key business factors of modern media allow consumers to estimate products, make recommendations to contacts or friends, and share any of the purchases. E-retailing is the new method to purchase and sale the goods and services online. Consumers can purchase goods and services directly without involving

middlemen. It has the advantage to make online payments or cash on delivery system for the consumers. Therefore, we can say that this media is supreme over the other types of media. E-retailing has many more benefits to satisfy the consumers. Consumers through online sales can recognize the needs and wants, search the information, find the alternatives and even can buy directly the require goods and services. It provides everything in terms of shopping to the consumers. Thus, we can say that this media is new to the market but still has its rapid impact on consumer purchase decisions.

## Recommendations

The recommendations of the study are as follows.

1. Consumers are always hungry for modern ways of shopping. Indian retail sector is growing fast and its employment potential is growing fast. The retail scene is changing really fast. Retaining the e-customer is a tough challenge.
2. The internet customer is very hard to predict and is different from the normal customer. While a normal customer expects strong loyalty, such a loyalty on the Internet is difficult to obtain. To attract and retain the customers, the retailers particularly the e-tailers have to take more efforts than to just attract.
3. It is very easy to lose an e-customer. To retain, a mix of marketing tools such as public relations, advertising, promotions, direct marketing and Internet advertising should be used. Customer loyalty programs should be initiated.
4. The security issues while making the online payments is major concern. Companies should build strong electronic payment systems to retain the customers.
5. Customer care should be a top priority as with leading online companies. Online customers are more aware, more sensitive and therefore more difficult to retain.
6. The industry should ensure that customers must feel safe and secure while transacting online.

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