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**An Empirical Study on Consumer Preference and Behaviour towards
E-Commerce Companies****Mrs Dimple Meena**

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Abstract

Consumer behaviour is an important factor for any business either working at offline or in online way. It has a significant impact on e-commerce companies and highly qualitative services delivered by the e-commerce companies leaves a significant impact on consumer behaviour and preference towards particular e-commerce companies mainly generated by the services provided by the companies available in the country. Today customers are looking for convenience of shopping and transacting easily and are also looking for the cheapest bargains as well as faster service and delivery too. These were the basic demands of every customer and to fulfil all the demands of customer becomes possible with the advent of e-commerce and availability of e-commerce companies. To analyse the consumer behaviour towards e-commerce and customer preference towards particular e-commerce companies a questionnaire was designed where in the people relating to the age group from 15 years to 60 years were taken whose having a good interest in selling and purchasing from e-commerce companies. The study was done on a sample of 113 respondents belonging to age mentioned above from the student level to executive class. The analysis of this study was done through Chi square test. It was analysed that there is a significant impact of e-commerce companies on consumer behaviour through services, discounts delivered to them. After analysing the data it was assessed that there is no significant preference for the e-commerce companies. The study of this paper is helpful to e-commerce companies in their better dealing practices and more better services provided to customer which is helpful in increasing the market share, brand image and profit share.

Keywords: *Consumer behaviour, e-commerce companies, Chi square test, Market share, Brand image.*

Introduction

With the advent of technology things are becoming very easier for doing and when we say with the help of technology selling and purchasing also becomes easier for the population of the country and this becomes easier with the introduction or origination of e-commerce companies worldwide. E-

commerce companies are those companies wherein customer sell and purchase goods or items through online mode. In this competitive and busy scenario e-commerce companies work as a water to overcome the thirsty situation and the accessible of things is not an easy task but with e-commerce companies accessibility becomes possible.

There are lot of e-commerce companies prevalent in today scenario say for instance Flipkart, Amazon, Snapdeal, Myntra etc but the customer attitude and preference for these e-commerce companies differs because of their behaviour as it differs person to person but that behaviour can be changed by the influential services delivered by the e-commerce companies and these services influences consumer behaviour a lot and ultimately the above criteria is one of the important criteria for diversion of preference of customers towards particular e-commerce companies. The Indian e-commerce industry has been on an upward growth trajectory and is expected to surpass the US to become the second largest e-commerce market in the world by 2034. According to IBEF, the e-commerce market is expected to grow at a compound annual growth rate(CAGR) of 44.77 percent from 2016-2020 to touch US\$ 63.7 billion by 2020. The E-commerce market is estimated to be worth US\$12 billion in Gross merchandise Value(GMV) terms as of 2016. As per the estimate of IBEF in 2016 report in e-commerce retailing there are 1-1.2 million transactions per day. On the basis of Global e-commerce report 2017, the market size of e-commerce reached at €1.8 trillion and in 2020 e commerce to reach US \$35 billion as expected by EY India.

Mitra Abhijit (2013) suggests E-Commerce has unleashed yet another revolution, which is

changing the way businesses buy and sell products and services. New methodologies have evolved. The role of geographic distances in forming business relationships is reduced. E-Commerce is the future of shopping. With the deployment of 3G and 4G wireless communication technologies, the internet economy will continue to grow robustly.

Awais Muhammad and Samin Tanzila (2012) indicate that use of internet has made the world a global village. The use of Internet has reduced the distances and brought the people together. A nation's back bone is commerce and it will be strengthened if backed by electronic tools in which e-commerce plays a vital role. The important feature in ecommerce is privacy which not only increases competitive advantage but confidence level also. E-commerce brings sellers and potential buyers at the distance of one click and it saves time as it is cost effective, as E-commerce is becoming key to success Internet banking, one among the innovative and significant internet-based services has experienced explosive growth and led to transformation of traditional banking practice. Online banking or net banking in today's dynamic age of banking has made things much easier for the people and saves a lot of time for its customers. The traditional way of standing in the queues and filling up all the forms are well solved and

now it is no hassle for making any transaction with the banks by virtue of internet banking. The financial institutions which operated traditionally are now able to lower their operational costs and increase the consumer retention by virtue of technology. Internet banking as a latest and potential means for banking now holds a similar importance as that of ATM's, phone banking and traditional bank branches. The works by ABA, 2004; Fox, 2005 suggest that an internet banking strategy may be effective, with reports of more profitable, loyal and committed consumers compared with traditional banking consumers (D'silva et al., 2010). Dutta and Dutta, (2009) found tangibles have the highest impact on overall customer satisfaction. The largest discrepancy between the customer expectations and perceptions is in terms of empathy which includes Bank locations and ATM machines in convenient places and tele-banking and internet banking facility. The study regards this a major source of concern for Indian banking industry as a huge service quality gap exists for all the banks in this category. Kumar and Rajesh (2009) suggest that the facilities of the banks should be made more convenient for customer comforts. The ATM services should be extended with few more cabins. Blasio (2008), in his study does not find the support for the argument that the Internet reduces the role of distance. Internet usage is

much more frequent among urban consumers than among their non-urban counterparts. The use of e-commerce is basically unaffected by the size of the city where the household lives. E- Commerce report (2007) deliberates that a large percentage of e-commerce is conducted electronically and the e-commerce market in India is expected to touch Rs 9210 crores by the end of financial year 2008 with a growth rate of 30%. In this growth consumer e-commerce is the major driver of the economy and has achieved a decent size in Indian context.

Ozok et al (2007) identified ten items contributing to overall consistency in e-commerce customer relationship management. These items are consistency of transaction steps, consistency of Web site design, consistency of navigation, consistency of promotions, consistency of in-stock indications, consistency of product variety, consistency of fraud protection, consistency of product guarantees, consistency of overall site fairness, and consistency of return policies.

Rust and Chung, (2006) suggests to know not just what customers do in any particular e-commerce contact but also what they do (and how they perceive and feel) across multiple contacts. The work also suggests to investigate the kinds of online services that promote growth of the customer relationship, and the most effective ways to combine the

online relationship with the offline relationship, with the idea that the full relationship with the customer is not complete without considering both online and offline, as well as how they interact. Hsieh (2005) examined what a firm should consider in order to encourage customers to at least try, and eventually adopt, the SST offered by a firm into the customer's regular routine. The result suggests that before a firm makes the leap into adding SST to their product/service line, they need to invest the time in seeing if they are ready themselves.

Chou and Chou (2000) reveal that with the astonishing growth of electronic commerce, banks around the world now see a huge potential market for internet banking. In order to provide efficient services to its customers, a bank needs to design and implement a robust internet system. Several technological issues must be considered before adapting to a specific internet environment,

Objectives

The paper attempt to study the consumer attitude on e-commerce companies. Efforts are made to study the consumer preferences on purchasing through various e-commerce companies. Endeavour is made to examine the effectiveness of services provided by the various e-commerce companies to change the attitude and preferences towards particular e-commerce companies. The present paper tries to examine the factors influencing online

buying decision and which keep working in changing the attitude and preference of consumers. Efforts are also made to examine the customer preference for various e-commerce companies.

Research Methodology

In the present study, the data for the study have been gathered by the Questionnaire which was prepared by using Likert scale containing 30 questions relating to 5 questions of personal information and demographic information and remaining 25 questions relating to consumer attitude, behaviour and preferences towards e-commerce companies. The items are included in the appendix. The total 200 respondents were asked to answer the questions by expressing their opinion out of which 150 responses were obtained and from that 113 were found valid for the purpose of data analysis. For exact calculation of data, a chi square test has been done as chi square test enable us to test more than two population proportions. If we classify a population into several categories with respect to five attributes (such as age, city, income, job profile) we can use a chi square test.

Description:

The chi square test statistic

- Like t and f distribution, a X^2 distribution is also a function of its degree of freedom. The x^2 test statistic is given by

Where-

o = an observed frequency in a particular category

E = an expected frequency for a particular category

- For testing difference among categories (within a sample). More than two samples can be used in a test of this kind.
- For finding the difference between samples, like, for example, persons with five different educational backgrounds trying to find a new curriculum. (In this case $df = (n-1)(c-1)$, where n number of samples and c the number of categories.)
- When hypothesis of a population variance is to be tested. The test statistic in this case is

$$\text{Chi Square} = (n-1) s^2/r^2$$

Decision Rule

The calculated value of χ^2 is compared with its critical value at a particular value at a particular level of significance and degrees of freedom. If $\chi^2_{cal} > \chi^2_{critical}$, then the null hypothesis is rejected in favour of the alternative hypothesis.

Hypothesis of the study:

On the basis of the above objectives, the following null hypothesis (H_0) and alternate hypothesis (H_a) were formulated:

- ❖ $H_0 - C1=C2=C3=C4.$
- ❖ $H_a - H_0$ is not true.

Checking of hypothesis that there is differential customer preferences for e-commerce companies.

$$A = 0.05$$

$$df = n-1 \text{ so;}$$

$$df = 4-1 = 3$$

Reject H_0 if, and only, $\chi^2(\text{actual}) > 7.048$

(critical value of $\chi^2 = 7.048$)

$$\text{Chi square (actual)} = \sum_{i=1}^n \frac{(o_i - E_i)^2}{E_i^2}$$

$$\text{Chi square (actual)} = [(30-28.25)^2 + (36-28.25)^2 + (25-28.25)^2 + (22-28.25)^2] \times 1/28.25 = 3.99$$

❖ Since $\chi^2(\text{actual}) < \chi^2(\text{Critical})$, do not reject the hypothesis H_0 . That is, there is no significant preference among the four categories.

Findings

- India is the fastest growing market for the E-commerce sector.
- Customers are preferring e commerce companies as it saves their time and cost of travel in their busy schedule.
- Being driven by a demographic profile from 15 years to 60 years, increasing internet penetration customers in between these age gives preference to e-commerce companies but not a particular one.
- Performance of the e-commerce companies is independent. It doesn't depend on the behaviour or attitude of the customer.

- E-commerce is increasingly attracting customers where people have limited access to brands but have high aspirations.
- Analysis of Daily users reveal that both in urban India and Rural India the younger generations are the most prolific users of internet and e-commerce companies.
- Rising internet Penetration is expected to drive ecommerce growth in India.
- The e-commerce market place becomes a digital platform for consumers and merchants without warehousing the product. Marketplaces do offer shipment, delivery and payment help to merchants by tying up with some selected logistics companies and financial institutions.
- The most important advantage of e-commerce analysed by the study is that along with the core product or service it can also provide numerous ancillary services which attracted the customers towards it but as per study wherever items are available in any e-commerce companies customers moved towards it so no specific e-commerce companies is preferred.
- According to study and analysis many e-commerce websites provide personalised experiences to customers to cater their needs.
- Young generation are the mainly mobile savvy shoppers and this becomes the backbone of India's online shopping industry.

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- According to study, Discounts and shopping from home comfort is an effective driving factor of e-commerce.

Conclusions and Suggestions

India is the fastest growing market for the e-commerce sector. The e-commerce market is expected to grow at a compound annual growth rate(CAGR) of 44.77 percent from 2016-2020 to touch US\$63.7 billion by 2020. The main advantage of growth of e-commerce companies are availability of good networks wi-fi facility and internet availability. And with growing internet penetration, internet users in India are expected to increase at a compound annual growth rate(CAGR) of 15.6 percent from 391,50 million at the end of 2016 to 700 million by 2020. Propelled by rising smartphone penetration and increasing consumer wealth the Indian e-commerce market is expected to grow. Less densely populated regions generated a larger proportion of online sales. Metro cities like Bengaluru, Mumbai, Delhi with population greater than 100,000 accounted for most online shopping in absolute numbers. E-commerce companies should strived to give their customers highly qualitative services as it is helpful in accessing lot of customers towards their companies which ultimately helpful in increasing the market size and profit share.

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Table- 1

E-commerce companies	No of customers preferring the e- commerce companies
Flipkart	30
Amazon	36
Snapdeal	25
Myntra	22

Table- 1.1

	Xi	X	Xi-x	(xi-x) ²
C1	30	28.25	1.75	3.0625
C2	36	28.25	7.75	60.0625
C3	25	28.25	-3.25	10.5625
C4	22	28.25	-6.25	39.0625
	113			112.775

Table- 1.2

	Xi	μ	Xi - μ	(Xi - μ) ²
C1	30	28.25	1.75	3.0625
C2	36	28.25	7.75	60.0625
C3	25	28.25	-3.25	10.5625
C4	22	28.25	-6.25	39.0625
	113			112.775

