

# Factors influencing customers to choose E-Retailing while purchasing Electronic Goods

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## ABSTRACT

With the advancements in technology, increase in mobile penetration, rise in per capita income, increase in spending power of customers, better living standards etc., E-Retailing has emerged as a new form of retail in 21st century. Understanding customers' needs is the key to survive in the competitive retail market. This study aims to understand customers' preferences towards various factors which influence customers to choose E-Retailing while purchasing electronic goods. Results of this study would help E-Retailers to understand customers' mindset towards various factors which are influencing them towards choosing E-Retail platform over physical retail stores while purchasing electronic goods. E-Retailers would be beneficial from their business point of view and thus can easily make strategies to influence customers towards them.

**Keywords:** E-Commerce, E-Retail, E-Retailing Factors, E-Tail Services, Retail

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## I. INTRODUCTION

Retailing is the process of generating sales, delivering goods and services to the customers and thus creating a valuable customers' satisfaction. This can be achieved by understanding needs and preferences of the customers and thus delivering value propositions to them. Retailing includes all the steps that are required to satisfy buying needs of their customers and hence making shopping a pleasurable experience for them. Indian Retail industry is one of the largest in the world and is majorly contributing in creating employment opportunities for the masses. According to IBEF Report, 2016, it is estimated to be over USD 450 billion by the year 2017. It is in a high growth phase and is expected to grow continuously for the next two decades. However, this industry is having a radical shift for the past few years. In 1990's, retailing was once done through fixed locations stores i.e. the small kiriyana stores or through door-to-door selling or by delivery of goods at homes. But with the emergence of new management techniques and marketing approaches, this market has been increasingly taken over by large retail chains which are grouped at single locations called malls, supermarkets, hypermarkets, mega-markets etc. In early 2010, retailing has taken a paradigm shift to become a platform of displaying varieties of products using digital media. The resultant platform of retailing is the electronic form of retailing or E-Retailing or E-Tailing. Due to this rapid growth in retail sector, global retailers like Wal-Mart, GAP, Tesco, J.C. Penney and Carrefour are also trying to establish themselves in the Indian retail market.

These E-Retailers or the virtual storefronts are more focused on customers' needs, preferences, demands and satisfaction. E-Retailers are thus using various CRM (Customers' Relationship Management) activities to retain their customers and hence are successful in building a long term relationship with them. With the advancements in technology, adoption of mobiles and smartphones, increased usage of mass media, increasing penetration of internet, rise in per capita income, increase in spending power of customers etc., retail sector has shifted to the E-Retail mode. There are some of the important factors which influence customers to choose E-Retailing for purchasing goods rather than purchasing them from physical retail stores. These factors are based on the changing shopping habits of customers and therefore should be clear to the E-Retailers, so that they can provide a personalized form of shopping experience to them and thus can focus on the strategies for increasing the number of customers' footprints to their E-Retail storefronts.

## II. LITERATURE REVIEW

Literature has witnessed a number of papers describing changing state of retail from physical retail stores to E-Retail. According to the paper by **Meeker (1997)** retailers need to change their strategies of attracting customers in the modern time since the premium customers has begin to accept E-Tail alternative of physical retailing experience. Moreover, **Guttman (1998)** described that there are several unique elements that make online shopping experience different from

the traditional in-store retail model. Besides this, the attribute of offering convenience, comfort, discounts, and expanded product variety etc., make online retail model easy for customers to access and compare data from multiple sources. Further, **Myerson (1998)** expressed that customers are getting attracted and becoming smarter in using E-Retailing platform and online search engines for purchasing goods and services since they provide convenience & comparison shopping experience to them.

Moreover, **Park & Kim (2003)** suggests that E-Retailing is mainly enhanced with retailers' website, its quality of information provided, security and safety features provided, which in turn affects customers' actual purchase behavior. Further a study by **AlGhamdi, Drew & Alfaraj (2011)** reveals that E-Retailing is boosted by a good online shop, government support, competitive prices, existence of online payment options other than credit cards, owning a home mailbox, easy to understand E-Retailer's website. While **Zeithmal (2002)** focussed on efficient website design and prompt delivery services, on-real time delivery, return and replacement process, speed of response time to queries, as success factors of E-Retailing. **Choudhary et al. (2011)** focusses on E-Retailer's "After Sale Service" as the essential item for E-Retailing success.

As it is revealed from the existing literature and present scholarly inputs, journals, papers, articles etc. that literature lacks with the articles related to E-Retailing and the aspect of factors influencing customers to choose E-Retailing over physical retailing while purchasing electronic goods is not touched yet. Considering the fact that electronic goods and accessories has not been covered yet, therefore the problem statement has been taken as factors influencing customers to choose E-Retailing while purchasing electronic goods.

### III. RESEARCH OBJECTIVE

To analyse factors influencing customers to choose E-Retailing over physical retailing while purchasing electronic goods.

### IV. RESEARCH METHODOLOGY

Research methodology explains the process of research that will be carried out, in a systematic and planned procedure. It also lays down the outline of research design, sampling design, sampling unit, sampling procedure, sampling technique used, tools and techniques taken and flow of research to be taken in future etc.

### V. FINDINGS

To achieve the above mentioned research objectives, based on research methodology as mentioned, following findings can be derived from the present paper:

- **Validity:** Content validity of the data has been successfully achieved after consulting and reviewing the questionnaire through many researchers, subject's experts, guide opinions, various previous questionnaires under the scope of study etc.
- **Sampling Technique:** Convenience cum Judgemental sampling technique has been adopted for the present study to select the sample which depicts that sample for the study is selected on the basis of researcher's convenience and based on his judgement.
- **Sampling Design:** Population of the sample includes respondents belonging to Delhi and who have done E-Retailing atleast once in their lifetime for purchasing electronic goods. Further, sample respondents belong to age group between 18 years to 60 years, which is above voting age and lower than the retirement age.
- **Sample Size:** Based on experts' opinions, researchers' guidance, previous existing literature, the sample size taken for present study is 150, which can represent the sample population sufficiently.
- **Research Instrument:** A structured questionnaire is taken as the research instrument for conducting research which is based on extensive literature study, previous journals, articles, reports etc.
- **Tools and Techniques used:** Descriptive Statistics have been used to analyse the frequency and percentage of responses towards factors. Cumulative Weight Ranking Matrix will be used to find out the final rank of the factors influencing customers to choose E-Retailing over physical retailing while purchasing electronic goods.
- **Demographic profile of respondents:** Before studying the analysis in detail, it is important to understand the demographic profile of respondents. Following table 1.1 shows the respondents' demographics:

Table 1.1: Demographic profile of respondents

Parameters	Groups	Frequency	Percentage
Age groups	18-25	61	40.7
	26-35	53	35.3
	36-45	17	11.3

	46-60	19	12.7
<b>Gender</b>	Male	82	54.7
	Female	68	45.3
<b>Income Groups (In Rs p.a.)</b>	250000 and below	19	12.7
	250001 - 500000	32	21.3
	500001 - 1000000	49	32.7
	1000001 and above	50	33.3

Source: Primary Data

It is clear from above table 1.1 that out of 150 complete sample's respondents, 45.3% are female and the rest 54.7% are male. Further, considering the age of respondents, it can be observed that sample has respondents belonging to age group between 18 to 60 years where major portion of sample has been captured by respondents belonging to age group of 18-25 years having 40.7% share. Since E-Retailing is majorly preferred by such age group respondents, hence including the maximum portion for these age group respondents is justified. E-Retailing is the unique form of retail where customers shop for goods via electronic media; hence it is increasingly being adopted by large number of customers. While considering various income groups of the sample, it can be seen that respondents belonging to annual family income group of below Rs 2,50,000 are only 12.7% which is the minimum share. The percentage of respondents belonging to annual family income group of Rs. 5,00,001 – 10,00,000 and Rs. 10,00,001 and above are 32.7% and 33.3% respectively indicates that E-Retailing is being more preferred amongst the higher income group's respondents. This indicates that electronic goods are the high investment involving items and hence taking wise purchase decision related to electronic goods is must and hence customers with high income groups preferred to purchase electronic goods more via E-Retailing as compare to others.

- **Analysis of the factors influencing customers to choose E-Retailing while purchasing electronic goods:** With the help of literature survey and secondary data, following eleven factors have been analysed for which customers' responses have been collected. Customers were asked to mark the below mentioned eleven factors based on their influential force exerted on customers by these factors in influencing customers to choose E-Retailing while purchasing electronic goods. Following table 1.2 shows the customers' responses towards these factors.

**Table 2: Factors influenced in choosing E-Retailing over physical retailing while purchasing electronic goods**

Factors	Percentage of				
	Least Influencing	Not So Influencing	Neutral	Influencing	Most Influencing
Product Factor	7.3	4.7	10.0	45.3	32.7
Price Factor	4.0	6.7	7.3	36.7	45.3
Distribution Factor	3.3	8.0	25.3	34.7	28.7
Promotional Factor	4.0	10.0	14.0	44.7	27.3
Time Factor	8.7	5.3	24.7	32.7	28.7
Convenience Factor	8.7	7.3	18.0	30.0	36.0
Website Factor	6.0	9.3	30.7	36.0	18.0
Social Factor	8.0	9.3	24.0	35.3	23.3
Services	10.0	18.0	25.3	25.3	21.3

Source: Primary Data

**Table 3: Overall ranking of the factors influencing customers in choosing E-Retailing over physical retailing**

Factors	Cumulative Weight Score of Influencing Factors	Overall ranking of Factors on the basis of their influencing force
Product Factor	587	2
Price Factor	619	1
Distribution Factor	566	4 or 5
Promotional Factor	572	3
Time Factor	551	6
Convenience Factor	566	4 or 5
Website Factor	526	8
Social Factor	535	7
Services	495	9

Source: Primary Data

It is clear from above table, that **Price factor** is ranked first amongst all the factors. This shows the customers' mindset of considering price as the most influencing factors as compare to others while choosing E-Retailing over physical retailing to purchase electronic goods. The second most influencing factor is the **Product factor** which demonstrates that customers are attracted towards product assortment, product variety etc., provided by E-Retailers. Moreover, **Promotional factor** is ranked as the third influencing factor for customers in choosing E-Retailing over physical retailing. While, **Website Factor and Services** is considered as the least influencing factors for customers in influencing while choosing E-Retailing in purchasing electronic goods.

### CONCLUSION

Indian retail market is experiencing a revolution and is highly competitive. This sector is witnessing a significant development in the last decade from a small unorganized family-owned retail formats to an era of online retailing. Internet has become a unique platform for the growth of retail brands in India. Through this paper researcher has tried to focus on the factors that influencing customers to choose E-Retailing over physical retailing while purchasing electronic goods. This paper focuses on these factors which will ultimately be beneficial for E-Retailers to understand customers better by having better knowledge of factors influencing customers to choose E-Retailing while purchasing electronic goods.

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