An Empirical Study on Determinants of Purchasing Behavior in Online Retailing

Urooj Ahmad Siddiqui¹ & Dr. M. S. Khan²

¹ Ph.D. Research Scholar, BBAU, (A Central University), Lucknow-226025, Uttar Pradesh, India.
² Associate Professor, Head/Coordinator, MBA Program, DRM, Babasaheb Bhimrao Ambedkar University (A Central University), Lucknow.

Abstract: The main purpose of the study was to explore the determinants of purchasing behavior of the customers in online retailing and to extract key determinant factors that affect the online buying behavior. The primary data was collected mainly through purposive or convenience sampling technique. Exploratory Factor Analysis was done to determine the key underlying determinant factors and to test the hypotheses proposed. It was found that the determinants considered in the study can be reduced to three key determinant factors that affect the behavior of the customers in online retailing settings. The three factors are essential value, merchandising and emotional value. The essential value represents the core value or benefits that customers perceive to receive, merchandising include the aspects of variety, assortment and information whereas the emotional value corresponds to the hedonic benefits consumers perceive to receive by purchasing online. The main implication of the study is that it determines three key determinant factors that affect the buying behavior of the consumers involved in online retailing. The quality of these factors affects the perception online retailer’s quality or the quality of the retailing website. As marketer these factors should be paid attention to enhance the online purchasing experience of customers to satisfy them, to attract more and more customer towards online purchasing and to retain the customers in long term. The main limitation of the study was the use of convenience sampling due to the lack of sampling frame. The benefits of random sampling may not be employed. The other limitation was that the sampling was done from a specific geographical area of Lucknow. This limits the generalization of the results to a specific geographical group of customers.

1. Introduction

Technology, specifically the information and communication has revolutionized the way people shop in today’s world. Internet has enabled the buying and selling of goods and services online. Online shopping has become an important part of day today life of contemporary youth in India. Wide internet reach and IT literacy has enabled the online channels to reach the customers specifically at the personal level. The access of the online channel and the benefits or value proposition provided by the e-retailers are the main reason that may be attributed to the enormous success of the online retailing in India. In terms of size India’s online retail industry has seen a phenomenal growth in the last 5 years. PwC research shows that online retailing in India has grown from around 0.4 billion USD revenues in 2009 to 3.5 billion USD in 2014, translating into a compounded annual growth rate (CAGR) of over 34 per cent. According to PwC this 7-fold growth came on the back of increasing internet penetration and changing lifestyles, primarily driven by books, electronics and apparel. IAMAI and CRISIL study predicts that this growth trend would be sustained in the in the medium term, and estimates the market will grow at a strong near to 50 per cent CAGR to 6 billion USD by 2015. In a separate study CRISIL Research estimated that the share of organized retailing in India is only 7 per cent of overall market size. In this 7 seven per cent organized market the share of online retailing is 7.9 per cent which comes to a meager 0.5 percent of the total market. This shows the tremendous potential online retail has in current situation.

This remarkable growth is due to swift acceptance and adoption of the online channels by the customers. And this acceptance and adoption may be attributed to the benefits or the value proposition provided by the online channel in relation to the offline traditional channels. These benefits range from convenience to the social or hedonic value it provides. This study explores the value proposition or benefits of the online channels as perceived by the customers themselves. The study is organised as objectives, literature review, hypotheses formulation, methodology used to
conduct the research, data analysis and statistical findings, conclusions and limitations of the research.

2. Objectives

The objective of the study is to explore the determinants of online buying behavior in form of the benefits or the value proposition of online retailing as perceived by the customers. This study adds to the body of knowledge by establishing the relative importance of different benefits and determining key benefit factors. The particular objectives of the study can be described as follows:

- To identify the determinants of online buying behavior in form of benefits or value proposition of online purchasing as perceived by customers and explore their relative importance.
- To determine the key underlying determinants factors influencing the online purchasing behavior.

3. Literature Review

3.1 Defining Online Retailing

Online Retailing is a form of non-store retailing where a seller offers products through virtual display on a website through internet (Siddiqui and Khan, 2014). All the relevant information is provided to the customer on the website. Online retailing is also called as e-Retailing with ‘e’ representing its electronic form. It is better known as e-Tailing in common parlance.

3.2 Generation Y Customers

Gen Y customers are classified demographically according to their age or year of birth. One of the classifications of customers based on their age is given by Brodahl and Carpenter (2011): the Silent Generation (1925-1945), the Baby Boomers (1946-1960), Generation X (1961-1981) and Generation Y (born after 1981). Though there is a debate among researchers on the exact year of birth however focus is on the modern youth born in the era of modern IT technology. These youth are well equipped with the tools and technology to access the internet for purpose of commerce or online shopping that includes online browsing for the products related information, comparison, buying and after sales service. For the purpose of this study Gen Y customers are defined as the persons between 18-36 years of age. The purpose to select Gen Y customers is very much obvious as they are technically upscale or net savvy segments accessing online channels and contributing to online sales phenomenally. So, the study of their perception of value proposition could give the view of the market at large.

3.3 Benefits of Online Purchasing

The major benefits of online purchasing perceived by the customers envisaged in the study are Convenience including both convenience of place and time, the benefit of Price/discounts or low prices offered by the online channel is considered. Next benefit considered is the related to Merchandising including Product offerings or availability of large variety of products and Relevant Information regarding the products which includes product description, technical specifications, its superiority etc. After merchandising, Emotional benefit is considered that is manifested by the feeling of enjoyment, pleasure and fun. The final benefit is social acceptance and recognition perceived by the customers. Siddiqui and Khan (2014) describes these benefits as the value proposition of online purchasing and most of the benefits are adopted from it.

Mostly the benefits or value proposition of online shopping are with reference to the traditional retailing, owing to this reason some earlier studies have measured these benefits in comparison with the traditional stores. One of the pioneer studies for determining the satisfaction through the benefits of online retailing was done by Szymanski and Hise (2000), they compared all the benefits or value proposition of online shopping with the traditional stores. The thrust of the study was to determine the factors that create the online customer satisfaction, these factors are the main benefits derived from online shopping in comparison with the traditional buying. The factors deliberated in the study were convenience, merchandising, financial security and site design. The benefits in this study are convenience and merchandising.

Convenience includes both the convenience of place and time that is shopping anywhere and anytime. Merchandising includes the benefits of getting product information and product offerings or product variety. Szymanski and Hise (2000) established these two benefits as separate factors and found positive impact of the factors on e-satisfaction in online settings. Similar study was
also done by Burke (2002) who found that satisfaction is significantly affected by convenience, product quality, value provided, and product selection offered by the online shopping experience. Evanschitzky et al. (2004) also found significant results while replicated the Szymanski and Hise (2000) model in context of different customers.

Schaupp and Bélanger (2005) also found that convenience and merchandising have significant impact on fulfilling and satisfying experience. Liu et al. (2008) also found out that variety of products and information offered are important factors with other factors. Marcel et al. (2001) studied customer loyalty in online settings and stated loyalty depends upon value proposition (Customized products, Large set of choices, Product quality, Guarantees, Well-known brands, Pricing), bringing out the important role of variety of product offering and pricing. Scheffer and Reichheld (2000) also studied role of convenience in online shopping space and found a significant impact.

Anderson and Srinivasan (2003) found a significant moderating effect of convenience between satisfaction and loyalty relationship in online retailing settings. Childers et al. (2001) studied online shopping behavior and established vital role of convenience and information in developing positive and favorable online shopping attitude. Francis and White (2002) explored the factors affecting the purchase intentions of customers and recognized the significant role of product attribute description in determining the purchase intentions. Janda et al. (2002) modeled information as one of the essential factors determining the quality of online services. Barnes and Vidgen (2002) and Loiacono et al. (2002) emphasized the role of information quality to measure online service quality of Internet bookstores and web portals respectively.

Yang et al. (2003) researched on the service quality of the online retailers and concluded the information is a key dimension defining the service quality similarly Loiacono et al. (2002) also studied online service quality and recognized the importance of information to improve the online service quality. Ma et al. (2012) focused on e-service quality as antecedent of e-satisfaction and studied the effect of relevant information on e-service quality. The relevant information was measured in terms of amount of information as well as the quality of information. It was found that the impact of relevant information is significant on e-service quality. Thus benefits of convenience and merchandising (product information and product offerings) are very important for fulfilling experience of online purchasing.

The next benefit that consumers perceive in online purchasing is related to prices including discounts, offers or low prices on online retailing websites as compared to the traditional stores or to the competitor and other online channels. Many empirical studies have brought out the important role of fair and competitive pricing in online purchasing. But the role of low pricing is not studied much although it is very important in Indian context where the competition in online retailing industry is still at the basic and expected level the price factor becomes very important. Burke (2002) states that competitive pricing is an important tool and online retailers should employ it to attract the customers to buy. Shwu-Ing (2003) argues in online settings where comparison of price is just a click away, customers always compare the prices before purchasing anything. This also sets the base for considering the benefit of comparison shopping in online space. “The best facility available online is that of comparison which includes comparisons included detailed features of the products and price of different models of same brand and products of different brands (Siddiqui and Khan, 2014).

In the light of above discussion it would not be wrong to state that the first and foremost tool to attract Indian buyers online is the lure of low prices, discounts and offers. This may be evident from the offers and discounts offered by different online retailers especially during the festive seasons of India. Flipkart’s Big Billion Sale recorded the highest single day sale by any company amounting to Rs. 1400 crore. The Great Indian Festival sale by Amazon India got 15 million orders before six hours of close while Snapdeal’s Unbox Diwali attracted 11 lakh buyers in the first 16 hours of the sale (“How the Big Online”, 2016). Hence the benefit of prices/discounts is considered in the study.

The emotional benefit in general is the benefit derived from the affective states that a product or service generates (Wang et al., 2004). Lai (1995) described it as “the perceptual benefit acquired from a product’s capacity to arouse feelings or affective states. Emotional benefit in this study is defined as the feeling of fun, play or pleasure that the customers derive from online purchasing. Fassnacht and Koese (2006) discussed about functional and emotional benefits that make superior online service quality. The functional
benefits includes the convenience and moderate pricing while the emotional benefit are in the form of hedonistic factors which may be feeling good factor or pleasure deriving benefit that is important for online service quality. While developing a conceptual framework for loyalty in mobile internet subscribers Chuah et al. (2013) proposed a positive effect of emotional value, here emotional value was defined in the context of enjoyment, pleasure and fun.

The final benefit considered in this study is the social benefit manifested by social recognition or acceptance or impressions on others. Sweeney and Soutar (2001) defined the social benefit as “the utility derived from the product’s ability to enhance social self-concept. This concept is extended to services also and as online retailing is primarily considered as a service the social benefit is defined as the ability of the website to enhance the social recognition of customers. This benefit is considered in Indian context as technology enabled buying is still not accessible to everyone and the ones who are doing it may derive social benefit from it. This study explores the social dimension of online purchasing to test whether it is significant or not.

4. Hypotheses

The paper discusses the perceived benefits of online purchasing and their relationship with different types of buyers; accordingly two main hypotheses are formulated. The first hypothesis is related to the correlation between different perceived benefits while the second hypothesis is about the relationship between the benefit factors and the different types of buyers based on demographic variables. As five demographic variables are to be studied so there are five hypotheses.

H1: there is significant correlation between different determinants or perceived benefit variables.

H2: Latent or underlying key determinant factors can be extracted from the given determinant variables.

5. Research Methodology

This section describes the research methodology employed to analyse the empirical data and test the hypotheses. It contains sampling design, measurement, methodology and demographic profile of the respondents.

5.1 Sampling Design

The empirical data was collected through a structured questionnaire (appendix 1) consisting of the questions linked with demographic details and the perceived benefits of online shopping. The targets respondents were Gen-Y customers in Lucknow region. The questionaire was administered conveniently and purposively to the target respondents involved in online shopping. To attain a relatively large sample size snowballing technique was also used and to ensure suitable representation of various demographic groups quota sampling was employed. Probabilistic sampling design could not be employed due to unavailability of the sampling frame. More than 300 questionnaires were administered. Even though regular tracking was done only 223 responses could be collected out which only 195 were valid. Sample size was in accordance with the literature suggesting at least 5-10 observations for each variable measured. Nunnally (1978) suggested that there should 10 participants per variable where as Kass and Tinsley (1979) recommended having 5-10 respondents per variable up to a total of 300 beyond which there is no say of participant to variable ratio.

5.2 Measurement

The desired data was collected through a structured questionnaire which had two sections. Sections I contained close ended multiple choice questions for capturing the demographic details of the respondents that includes gender, age group, income group, education level and employment status. Out of these gender and employment were categorical variables while age, income and education level were ordinal variables.

Section II comprised the questions related to benefits of online purchasing. An 8-item Likert type scale was used to measure the benefits of online shopping as perceived by the customers. Consumer’s response on each item was obtained on a 5-point rating scale with responses ranging from ‘1’ indicating ‘not at all important’ to ‘5’ indicating ‘very important’. The middle point ‘3’ specified the indifference of customers with each item through the response of ‘neither unimportant nor important’.
5.3 Methodology

To accomplish the first objective and test hypothesis $H_1$, an Exploratory Factor Analysis (EFA) was conducted. The correlations between different benefits measured were explored to find out any latent constructs or factors present. EFA was conducted using orthogonal as well as oblique rotation. Key criterion employed to extract the factors were that of extracting only those factors having eigen value more than one. This criterion is called as Kaiser’s method. The factor loadings retained were more than .4, this is also in coherence also with the literature. Three latent factors were extracted and factor scores were obtained using regression method in EFA. SPSS 20 was used to conduct all analyses.

5.4 Demographic Profile of Customers

First of all a descriptive analysis was done to understand the demographic profile of the respondents. The collected sample represents a mix of various demographic factors such as age, gender, education and income level. Table I shows the respondent’s profile.

Table I: Demographic Profile of Respondents

<table>
<thead>
<tr>
<th>Variable</th>
<th>Categories</th>
<th>Freq.</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Male</td>
<td>125</td>
<td>64.10</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>70</td>
<td>35.90</td>
</tr>
<tr>
<td>Age Group</td>
<td>18-25</td>
<td>87</td>
<td>44.62</td>
</tr>
<tr>
<td></td>
<td>26-30</td>
<td>56</td>
<td>28.72</td>
</tr>
<tr>
<td></td>
<td>31-36</td>
<td>32</td>
<td>16.41</td>
</tr>
<tr>
<td></td>
<td>&gt;36</td>
<td>20</td>
<td>10.26</td>
</tr>
<tr>
<td>Education Level</td>
<td>Belwo hsc</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>HSC or inter</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>UG</td>
<td>105</td>
<td>53.85</td>
</tr>
<tr>
<td></td>
<td>PG</td>
<td>62</td>
<td>31.79</td>
</tr>
<tr>
<td></td>
<td>Scholar/Phd</td>
<td>28</td>
<td>14.36</td>
</tr>
<tr>
<td>Occupation</td>
<td>Self employed</td>
<td>46</td>
<td>23.59</td>
</tr>
<tr>
<td></td>
<td>Salaried</td>
<td>57</td>
<td>29.23</td>
</tr>
<tr>
<td></td>
<td>Student or</td>
<td>92</td>
<td>47.18</td>
</tr>
<tr>
<td></td>
<td>Unemployed</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income Group</td>
<td>no income</td>
<td>61</td>
<td>31.28</td>
</tr>
<tr>
<td></td>
<td>&lt;10000</td>
<td>26</td>
<td>13.33</td>
</tr>
</tbody>
</table>

The valid sample of 195 respondents was comprised of 125 (64%) males and 70 (36%). The gender distribution in the sample was in accordance of the general norm of male dominance in online shopping (Flipkart, n.d.). The distribution of age group indicates the dominance of young age group with 87 (44%) respondents in 18-25 age group, 56 (28%) respondents in 26-30 age group, 32 (16%) respondents were between 31 to 36 years of age, while 20 respondents (10%) were more than 36 years of age. According to Flipkart (n.d.) the largest purchasing age group is between 25-36 years of age which may also be evident in the sample.

As far as the education level of respondents is concerned majority 105 (54%) were graduate, 62 (31%) respondents were post graduate and 28 (14%) were either research scholar or PhD. The employment status or occupation of respondents was mainly salaried with 57 (29%) respondents, 46 (24%) in self employed group while (47%) were either students or unemployed. This is due to the fact that mainly data was collected from professional institutes. In terms of income level 61 (31%) belonged to no income group, 26 (13%) in were having income up to 10k, 25 (12%) in income group of 10-20k, 36 (18%) respondents were in 20-30k group, 28 (14%) in 30-40k group, while 19 (10%) were in the income slab more than 40k.

6. Statistical Analysis and Findings

6.1 Hypotheses Testing – Exploratory Factor Analysis

To check whether latent factors or underlying dimensions exist or not and exploratory factor analysis (EFA) was done through SPSS 22. Before proceeding for EFA the inter-item consistency or reliability analysis of the 8 items relating to the benefits was checked through Cronbach’s alpha. The value of alpha was found to be 0.75. The value of Cronbach’s alpha lies between 0 to 1, with values from 0.7 – 0.8 considered to be acceptable for scale reliability. The first step in conducting EFA is to conduct the Keiser-Meyer-Olkin (KMO) Test and Bartlett’s Test of Sphericity. The KMO test is conducted to check the measure of sample adequacy in terms of size and value of this statistic.
lies between 0 and 1. Keiser (1974) recommends that a value greater than 0.5 is merely acceptable, form 0.5 – 0.7 it is mediocre, values between 0.7 - 0.8 as good where as values between 0.8 - 0.9 are great and value greater than 0.9 as superb. The value in for collected sample was found to be 0.769 as shown in Table II which could be considered as good, hence it can be concluded that the sample size was adequate to conduct the Factor Analysis.

To have some latent factors there should be sufficient correlation between the variables measured. Bartlett’s Test of Sphericity examines whether the population correlation matrix is an identity matrix (no correlation between variables). The null hypothesis is that there is no correlation between the variables in the population. Whereas the alternate hypothesis is that there is significant correlation between the variables in the population. The Bartlett’s test was conducted and the value of Chi Square was high 544.472, with the p-value significant 0.000. Hence the null hypothesis could be rejected and it can be concluded that there is sufficient correlation between variables to conduct EFA.

Table II: KMO and Bartlett’s Test

| Kaiser-Meyer-Olkin Measure of Sampling Adequacy | 0.769 |
| Bartlett’s Test of Sphericity | Approx. Chi-Square | 544.472 |
| | df | 28 |
| | Sig. | 0 |

The significant Bartlett’s test underpin the need to check whether the variables correlate too highly to create the problem of high multicollinearity or singularity that is having near to perfect correlation. According to Field (2009) it becomes impossible in factor analysis to determine the unique contribution to a factor of the variables which are too highly correlated. Therefore high multicollinearity or singularity should not be there between the variables. To check high multicollinearity determinant of the R-matrix was checked, value of which should be more than .00001. The value of determinant of the R-matrix found to be .057 which is more than the aforesaid value.

After these preliminary tests EFA was conducted, initially without any rotation and it was found that 61.34% of the variability in the variables was explained by two factors. To interpret the factors better rotation was done and the method used was oblique rotation as there is no reason to believe that the perceived latent factors should be orthogonal or independent. Initially though varimax rotation was also done yielding a better re-distribution of 61.34% explained variance by two factor solution. To confirm the results obtained by varimax rotation the component transformation matrix was studied. If no rotation is required, this matrix is an identity matrix (diagonal elements as 1 and all off-diagonal elements 0) and if orthogonal rotation is appropriate then this matrix would be a symmetric matrix with same off-diagonal elements (Field 2009). The obtained component transformation matrix was found to an unsymmetrical indicating dependency between latent actors (it can very well be conceived that convenience and merchandising may co-vary) and hence indicating oblique rotation.

Consequently factor analysis was done with oblique rotation using Direct Oblimin method as recommended by (Field 2009). To extract the factors initially Keiser (1960) criteria of eigenvalue more than 1 was employed. The result was extraction of two factors with 61.34% explained variance. Keiser’s criterion is accurate and accepted in two conditions first is when there are less than 30 variables and all extracted communalities are all greater than 0.7 and the second situation is when the sample size exceeds 250 and the average communality after extraction is more than 0.6. The communalities after extraction for the sample collected in this study are given in Table III.

Table III: Extracted Communalities through Keiser’s Criteria

<table>
<thead>
<tr>
<th>Variables</th>
<th>Initial</th>
<th>Extraction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Time Convenience</td>
<td>1</td>
<td>0.725</td>
</tr>
<tr>
<td>Place Convenience</td>
<td>1</td>
<td>0.645</td>
</tr>
<tr>
<td>Price/discounts</td>
<td>1</td>
<td>0.634</td>
</tr>
<tr>
<td>Product Variety</td>
<td>1</td>
<td>0.648</td>
</tr>
<tr>
<td>Product Information</td>
<td>1</td>
<td>0.591</td>
</tr>
<tr>
<td>Product Quality</td>
<td>1</td>
<td>0.394</td>
</tr>
<tr>
<td>Fun, Play &amp; Pleasure</td>
<td>1</td>
<td>0.604</td>
</tr>
<tr>
<td>Social Recognition</td>
<td>1</td>
<td>0.668</td>
</tr>
</tbody>
</table>

Notes:
Extraction Method is Principal Component Analysis using Kaiser’s criterion
It is evident from the table that all the communalities are not greater than 0.7 so the first condition is not met. Although the average communality is 0.61 but the sample size in this study is 195 so the second condition is also not met. The criterion of scree plot was also not very much informative (attached in appendix) as there was no sharp point of inflexion indicating either two or three factors to be retained. Consequently Joillife’s (1972, 1986) criterion was employed. Joliffe (1972, 1986) states that the Kaiser’s criterion is very strict and it is suggested that all factors having eigenvalues greater than 0.7 shall be retained. When this criterion was employed with direct Oblimin rotation SPSS extracted three factors with 72.34% of variance explained as evident from the Table IV.

Hence three factors solution was accepted for the collected sample since the variance explained was 72.34% which is considerable and all the extracted communalities (appendix 1) were close to 0.7 while the average communality was .724 indicating a good amount of variance in the observed variables explained. The first factor explains 42% variance, the second 19% while the factor explains about 11% of the variance.

To interpret and name the extracted factors, factor loadings of different variables onto the factors were studied. Typically a loading of value .4 is considered to be important as suggested by Steven (1992). Nevertheless the significance of loading depends upon the sample size Steven (1992) suggested a critical list of loadings against different sample sizes. In nut shell if the sample size is small then only large values of loading can be considered important whereas for a large sample size even a small value could be interpreted. In a sample size of 50 only loadings .722 can be interpreted, for 100 the loading should be greater than 0.512, for 200 it should be greater than .364 and for a sample of 1000 even a value of .162 is meaningful. Following Steven’s criterion of sample size less than 200 only a loading greater than .512 was interpreted. The loadings of variables onto the retained factors are shown below in the table 6. The three factor structure is very clear with each variable loading highly onto only a single factor. There are no cross loadings so unidimensionality of each variable can be considered and explicit naming of the factors could be done.

The extracted factor 1 is highly loaded with place convenience with loading .921, time convenience having loading .919 and moderately loaded with price/discounts with .695. This factor can be interpreted as the core or basic perceived benefit factor by the customers and hence may be called as essential value attached with online purchasing. Factor 2 is loaded with the variables representing feelings of fun/pleasure and social recognition with high loadings of .834 and .849 so it is termed as emotional experience. The 3rd factor is loaded with three variables representing product variety, product information and product quality with loadings .571, .632, and .908 respectively. This factor may be conceived as merchandising.

Hence we can accept the hypothesis H₁ and H₂ in totality and conclude that there is significant correlation among different perceived benefit variables and eight benefit variables can be reduced to three latent factors or constructs.
Table V: Factor Loadings – Rotated Component Pattern Matrix

<table>
<thead>
<tr>
<th>Variables</th>
<th>Component 1</th>
<th>Component 2</th>
<th>Component 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Time Convenience</td>
<td>0.921</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Place Convenience</td>
<td>0.919</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Price/discounts</td>
<td>0.695</td>
<td></td>
<td>-0.571</td>
</tr>
<tr>
<td>Product Variety</td>
<td></td>
<td>-0.571</td>
<td></td>
</tr>
<tr>
<td>Product Information</td>
<td></td>
<td>-0.632</td>
<td></td>
</tr>
<tr>
<td>Product Quality</td>
<td></td>
<td>-0.908</td>
<td></td>
</tr>
<tr>
<td>Fun, Play &amp; Pleasure</td>
<td>0.834</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Recognition</td>
<td>0.849</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes: 1. Extraction Method: Principal Component Analysis.
3. Rotation converged in 7 iterations.

7. Conclusions

The main purpose of the study was to identify the main benefits of online shopping as perceived by the customers and to explore the presence of any underlying perceived benefits factors along with the objective of assessing whether there is any impact of demographics on these perceived factors. The eight major identified benefits of online shopping were convenience of time, convenience of place, price/discounts or competitive pricing, product information, product variety, product quality and feeling of fun or pleasure and social recognition. Through descriptive analysis it was found that price/discounts or competitive pricing, place convenience, and product variety were the most important benefits as perceived by the customers followed by time convenience, information and product quality as second, third and fourth most important benefits respectively. Fun, play or pleasure and social recognition were found to be least important as perceived by the customers.

The study primarily helps to identify the key benefits factors as perceived by the customers. An EFA was conducted with direct Oblimin method of oblique rotation with eight observed benefits and it was found that these eight benefits could be summarized and reduced into three definite factors. The first one was named as essential value as it comprises convenience of time, convenience of place, price/discounts or competitive pricing. The next component is that of merchandising comprising of product related information, variety and the third factor extracted was the Emotional value consisting feelings of fun and social recognition. From managers point of view it is important to identify these factors in Indian context. It may be apprehended that convenience and price is still the core value sought by the consumers. Competitive pricing should not only be used to initially attract the customers online but should also be sustained and online retailing firms should strive to develop it as their differentiation strategy.

Merchandising in online retailing is as intact as in traditional retailing mode. Due to the absence of human interaction in online settings comprehensive information about the product is essential. This information may be presented in an innovative way so that customers get interested in knowing the product closely. To induce innovativeness visuals, sound or even videos could be attached. Product variety should be exhaustive and quality of products should be maintained for branded as well as non branded products. Emotional value derived from online shopping could enhance the overall experience of customers. To enhance this experience, experimentations with attached online games could be carried out.

From academic perspective it may be understood that behavior of consumers towards benefits of online shopping is affected by three key underlying or unobserved factors viz. essential value, merchandising and emotional value. These are the three forces or causes and each factor is manifested by different observed benefits as discussed earlier.

8. References


