Antecedents to Online Shopping: Factors Influencing the Selection of Web Portal

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ABSTRACT

The increased use of smartphones and tablets, along with advanced security features being offered by the online retailers are adding strength to e-commerce industry. Growing at an astonishing rate at 85%, as against 65% growth of regular shopping over the previous year, internet retailing in India touched US $10.672 billion in 2013, making it one of the most anticipated destinations for national and multinational online retailers. Several web portals are looking to capture a share of this huge market. This study gains importance as Indian arms of multinational online selling companies like Amazon and eBay are fighting various home-grown players like Snapdeal, Flipkart and many more. The objective of this paper is to identify and rank the factors that influence the selection of web portal among online shoppers in India. Exploratory study was conducted to identify various precursors of web site selection for online shopping. Twenty-four variables identified from this study were used to create a structured questionnaire. This questionnaire was then administered among 203 shoppers in India using convenience sampling. To determine the factors that influence the selection of web portals. Principal Component Analysis with Varimax Rotation was used. The study condensed the comprehensive set of twenty-four variables into six factors that have a direct influence on consumers’ choice of online buying website. These were transaction security, augmented benefits, user experience, cognitive stimuli, personalized assurance and web atmospherics. This is against the general perception that shoppers prefer the web portals with best user experience and attractive web atmospherics. The online buying population of the world’s third largest economy selects the portals based on the primary motive of security in a transaction. Adding to the existing knowledge on shoppers’ selection of online buying portals, the study reveals the prevalence of a multitude of antecedent factors and distinct patterns with respect to constituents of these factors. Findings of this research may be used as guidelines for the development of multi-dimensional strategic framework by online retailing firms.

Keywords: Exploratory Factor Analysis, Internet shopping, Online shopping, Transaction security, Web atmospherics

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INTRODUCTION

In recent years, technological innovations have had a profound impact on business transactions. Schwartz (1997) has argued that the web-world has, in particular, revolutionized the way transactions are carried out. Over the past few decades, internet penetration has been steadily growing and the number of people using it for performing business transactions and digital/electronic commerce has turned into a major phenomenon across the globe (Joines et al., 2003; Jayawardhena, 2004).

Several studies have been undertaken to highlight the benefits of e-commerce/online shopping to consumers as well as marketers. The benefits for retailers are many and include, their ability to reach and target a large number of people at the same time across the world (Strauss, 1999), targeting people with different demographic profiles and improving the efficiency and effectiveness of the business (La & Kandampully, 2002). Easy access to a wide range of products, services and information are the core benefits that online shopping provides to consumers. As one of the most convenient methods of shopping, online shopping provides functional as well as practical benefits (Donthu & Garcia, 1999; Chen & Chang, 2003). Consumers perceive that buying through the internet provides them with the possibility of availability of products and services at a lesser price as compared to the offline stores. The online stores incur less costs as compared to traditional brick and mortar stores supports this perception (Lawrence et al., 1998). Instantly fulfilling their emotional and hedonistic requirements are other significant benefits that consumers are able to draw upon through online shopping. There are people who shop online only for fun, pleasure and gratification (Menon & Kahn, 2002; Parsons, 2002).

Online shopping is catching up fast in India because of a vibrant youth populace and growing middle class. Indian internet retailing touched US $10.672 billion in 2013, compared to US $1.38 billion in December 2007. While regular shopping grew at 65%, buying online rose at a much higher rate of 85% in 2013, over the previous year. The exponential growth of e-commerce in India will continue for the next few years and it is expected to reach US $76 billion by the year 2020. The steadily increasing share of online retailing has turned India into an attractive market for both local and multinational online retailers. If the Indian government eliminates current restrictions imposed against multinational corporations (MNCs), global e-commerce players will be allowed to sell products directly to Indian consumers. Firms like Amazon and eBay have already started developing India-centric strategies. The competition for capturing a share in the world’s largest and most price-sensitive market is expected to heat up further. Currently, the Indian online retail space has two dominant stores - Flipkart and Snapdeal, along with numerous small niche entities like Jabong, Quikr, etc.

The speedy growth and attractiveness of the Indian market offers relevance to study and understand the online buying behaviour of Indian shoppers. The study focuses upon the factors leading to their selection of one web portal over another. This study is both timely and needed given a dearth of understanding related to behavioral aspects of Indian consumers towards online shopping. It is also important to study factors leading to their selection of web portals, because the proliferation of online web portals, in the last few years has made it enormously challenging for Indian shoppers to select one advanced security features and provision of different payment options by retailers, propensity to try out new retail formats has grown manifold among Indian consumers. They are confident in searching for and purchasing products online. Growth in the number of mobile subscribers, especially smartphone users is further driving the growth of online shopping. The number of people using the internet on mobile is expected to reach 155 million by the end of March 2014, and 185 million by June 2014.
Emerging Mobile Technology and Supply Chain Integration: Using RFID to Streamline the Integrated Supply Chain


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