



Factors affecting buying behavior in E-commerce in India: A review of literature

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I. Introduction

Buying behavior of consumers in India has changed and education, age, income, economic scenario, media and technology is playing a predominant role in shaping the way people shop. Indian consumer today is more educated. The fact that a large chunk of these customers are youth is changing the way people are shopping and this has a direct implication on various aspects of shopping such as the choice of brands. The Indian retail industry is presently one of the world's top five retail markets in terms of economic value and the industry is experiencing exponential growth, with retail development taking place not just in major cities and metros, but also in smaller towns.

According to a report, rapid urbanization and lifestyle changes have increased time-starved consumers exponentially and the segment that values convenience has grown. Buying behavior of BoP (bottom of the pyramid) consumers who have an average household income below Rs 1,00,000 a year has also changed thanks to impact of government schemes. The segment, however, still remains largely untapped, and local influencers seem to determine the purchasing habits when it comes to the BoP segment in small cities. The youth constitutes a considerable proportion of the online users, and growth in online retail has been driven by increased value consciousness, small city aspirations and growing importance of convenience. Retailers are focusing on satisfaction on key service parameters and loyalty, which can be driven by strengthening front end operations.

Though high-end segments such as apparel and consumer electronics dominate the online retail segment, new segments are increasingly gaining popularity. The growth of categories such as grocery retailing can be attributed to a mix of increasing comfort with trying new 'non-traditional' categories coupled with improved value. Urban markets, which refers to locations apart from top tier cities that are vastly untapped, are home to the majority of the Indian market and consists of a large number of heterogeneous sub-groups that remain largely underserved and



are characterized by increased brand consciousness. The urban segment has consumers adopting newer channels of purchase to overcome inherent purchase barriers. Online players have also stepped in to fill the demand-supply gap created by the lack of physical stores in these cities.

With growing brand awareness, consumers today are bewildered with the product brands as well as e-commerce sites. Not much of literature is present to understand the impact of these various e-commerce sites on the selling of various products therefore the present study is designed to understand the factors affecting buying behavior of the e-commerce customers and the role of branding of e-commerce sites in obtaining large sales volumes.

II. Objectives of the Study

The objective of the paper is to understand the consumer's perspective i.e. the factors affecting buying behavior of the e-commerce customers and the role of branding of e-commerce sites in obtaining large sales volumes. Keeping in view the main objectives of the study the review of various existing studies has been taken into consideration for the purpose of understanding the variables related to the buying behavior of the consumers in e-commerce in India.

Research Methodology:

Various building blocks of the research work are as under:

Nature of Research: The present research is qualitative in nature as it explores the existing literature related to the factors affecting buying behavior in e-commerce in India.

Data Collection: Since the nature of research is qualitative, the data for factors affecting buying behavior in e-commerce in India will be collected mainly from government websites and various research papers on the present topic.

Analysis Scheme: Various themes from the data would be extracted for the purpose of deeper understanding of the subject.

III. Literature Review

It has been established that the consumer buying behavior is the outcome of the needs and wants of the consumer and they purchase to satisfy these needs and wants. Although it sounds simple



and clear, these needs can be various depending on the personal factors such as age, psychology and personality. Also there are some other external factors which are broad and beyond the control of the consumer.

A number of researches have been carried out by academics and scholars on identifying and analyzing those factors affecting the consumers' buying behavior and as a result, various types of factors have been identified. These factors have been classified into different types and categories in different ways by different authors. For instance, Wiedermann et al (2007) classified them into internal and external factor. On the other hand, Winer (2009) divided them into social, personal and psychological factors. Despite the fact that they have been classified into different groups by different authors they are similar in scope and purpose (Rao, 2007).

A consumer's buying behavior is influenced by cultural, social, personal and psychological factors. Most of these factors are uncontrollable and beyond the hands of marketers but they have to be considered while trying to understand the complex behavior of the consumers. Consumer is the study "of the processes involved when individuals or groups select, purchase, use, or dispose of products, services, ideas, or experiences to satisfy needs and desires" (Solomon 1995, 7). In the marketing context, the term „consumer “ refers not only to the act of purchase itself, but also to patterns of aggregate buying which include pre-purchase and post-purchase activities. Pre-purchase activity might consist of the growing awareness of a need or want, and a search for and evaluation of information about the products and brands that might satisfy it. Post-purchase activities include the evaluation of the purchased item in use and the reduction of any anxiety which accompanies the purchase of expensive and infrequently-bought items. Each of these has implications for purchase and repurchase and they are amenable in differing degrees to marketer influence (Foxall 1987). Engel, et al. (1986, 5) define consumer behavior as "those acts of individuals directly involved in obtaining, using and disposing of economic goods and services, including the decision processes that precede and determine these acts". Simple observation provides limited insight into the complex nature of consumer choice and researchers have increasingly sought the more sophisticated concepts and methods of investigation provided by behavioral sciences in order to understand, predict, and possibly control consumer behavior more effectively.

The topic of consumer behavior is one of the massively studied topics by the researchers Psychology, social psychology, and sociology are the disciplines most widely employed in this



Endeavour which has become a substantial academic industry in its own right. This paper presents a review of the literature, in the field of consumer buying behavior.

It is worth noting that consumer buying behavior is studied as a part of the marketing and its main objective is to learn the way how the individuals, groups or organizations choose, buy use and dispose the goods and the factors such as their previous experience, taste, price and branding on which the consumers base their purchasing decisions (Kotler and Keller, 2012).

One of such studies of consumer buying behavior has been conducted by Acebron et al (2000). The aim of the study was to analyze the impact of previous experience on buying behavior of fresh foods, particularly mussels. In their studies the authors used structural equation model in order to identify the relationship between the habits and previous experience on the consumer buying decision. Their findings show that personal habits and previous experience on of the consumers have a direct impact on the consumers' purchase decision in the example of purchasing fresh mussels. They also found that the image of the product has a crucial impact on the purchasing decision of the consumer and further recommended that the product image should continuously be improved in order to encourage the consumers towards purchasing.

Another study conducted by Variawa (2010) analyzed the influence of packaging on consumer decision making process for Fast Moving Consumer Goods. The aim of the research was to analyze the impact of packaging for decision making processes of low-income consumers in retail shopping. A survey method has been used in order to reach the research objectives. In a survey conducted in Star Hyper in the town of Canterville 250 respondents participated. The findings of the research indicate that low-income consumers have more preferences towards premium packaging as this can also be re-used after the product has been consumed. Although the findings indicate that there is a weak relationship between the product packaging and brand experience. However, it has been proven by the findings of the research that low-income consumers have greater brand experience from the purchase of 'premium' products when compared to their experience from purchasing 'cheap' brand products.

Lee (2005) carried out study to learn the five stages of consumer decision making process in the example of China. The researcher focuses on the facts that affect the consumer decision making process on purchasing imported health food products, in particular demographic effects such as gender, education, income and marital status. The author employed questionnaire method in order to reach the objectives of the research. Analysis of five stages of consumer decision



making process indicate that impact of family members on the consumer decision making process of purchasing imported health food products was significant.

There are many studies coming these days on the consumer adoption model in m-commerce. A study conducted by Malik, Kumara and Srivastava (2013) in India revealed that perceived usefulness and ease of use significantly affect acceptance of m-commerce while perceived financial risk adversely impacts the acceptance of m-commerce by consumers. Alain Yee-Loong Chong (2013) examined Chinese consumer's m-commerce continuance usage intentions by extending the Expectations- Confirmation Model (ECM). Additional variables such as perceived ease of use, perceived enjoyment, trust and perceived cost were added to the traditional ECM. Satisfaction, perceived usefulness, perceived ease of use, perceived enjoyment, perceived cost and trust have significant influence on consumer's m-commerce continuance intentions. Jih (2007) examined the relationship between perceived convenience and shopping intention of college students in Taiwan and established a significant relationship between the two constructs, and a positive effect of convenience perception on shopping intention. Alkhunaizan and Love (2013) in their research analyzed effect of demographical factors (gender, age, education level) influence on mobile **commerce** usage in Saudi Arabia. Findings of the study indicated that age affect statistically significant on the actual usage while gender and education level do not have impact on the mobile **commerce** actual usage. In contrast, Park et al. (2007) found moderating factors such as gender and education level to have a significant influence but interestingly, internet usage experience found to have no significant effect on **m-commerce** adoption.

Mohamed Khalifa, Sammi K. N. Cheng, Kathy NingShen (2012) proposed a confidence model. The study was an extension of the theory of planned behavior (TPB) by integrating confidence as a moderator for the relationship between attitude and intention. Furthermore, trial, communication and observation are identified as the sources for confidence with m-commerce and their effects are mediated through exposure.

NorazahMohdSuki (2011) studied factors influencing customer satisfaction and trust in vendors involved in mobile commerce (m-commerce). The results confirmed that users' satisfaction with vendors in m-commerce was not significantly influenced by two antecedents of the vendor's website quality: interactivity and customization, and also two antecedents of mobile technology quality: usefulness and ease-of-use. Meanwhile, users' trust towards the vendor in m-commerce is affected by users' satisfaction with the vendor.



Je and Myeong-Cheol (2005) studied mobile internet acceptance in Korea by developing an extended version of TAM to better reflect M-internet context. They found that attitude toward mobile internet is the most significant determinant followed by the perceived playfulness and the usefulness to use M-Internet. Further, they established the positive role of the perceived playfulness and the negative role of perceived price level in developing the attitude as well as the intention. Nor Shahriza et al. (2006) in their study explored the utilization of mobile phone services in the educational environment and found positive perceptions towards the application of wireless hand services in the context of library and information services that led to the extensive usage of mobile phones applications among Malaysian students.

Some of the researchers discussed case studies on how mobile commerce has made the life simpler for people. Brady Murphy (2013) discussed a case from Canada. Mobile smartphone usage in Canada has grown by double digits over the last five years, with 48% of Canadians using smartphones in March 2012, up from 33% in 2011. Canadian consumers are taking advantage of new features and functionality on their mobile devices that are meant to save them time, make their lives easier and more enjoyable, and generally, give them a better user experience. Melody Adhami (2012) also talked about a case study in the service sector. He talked about increase of pizza sale by using mobile app. Pizza Pizza was the first Canadian pizza brand to offer mobile delivery and ordering in Canada. The Pizza Pizza application set the bar for mobile ordering standards, not just for pizza, but also for all branded ordering app experiences.

Some of the recent studies are focused on the contribution of m-commerce in service sector like banking etc. Will Jones (2014) conducted study on importance of m-commerce for banks. Their study explores the opportunity that mobile commerce presents for banks and how they can best capitalize on it. With the advantage of consumer trust, extensive data and an increasing Fust-screen presence on consumer mobile phones, banks are uniquely positioned to integrate a mobile commerce offer. Doing so successfully involves the right partners and a focus on a great customer experience driven by timely, relevant content: if executed effectively, banks can reap the rewards of not only guarding their position in an increasingly disinter mediated market, but also generating new revenue streams.

Another study by Wisaltingari and Abadir Mohamed Mahmoud (2014) was about evolution of banking technology (BT), electronic banking (e-banking) and mobile banking (m-banking) in Sudan. The study showed that although m-banking is believed to be essential, still the services



provided are at an infant stage. It is also found that concerned parties are not fully cooperating. This raises risks and constitutes challenges that hinder full utilization of m-banking in Sudan. Some researchers focused on the technological aspects of m-commerce like security and money transfer etc. Hongjiang Xu and Jiayun Yang (2012) conducted a study and research focuses on the issues that are related to M-commerce successful implementation, such as integrating the function of business intelligence and information system management to M-commerce, applying businesses process management to M-commerce, and solving the security and privacy issues which could impede M-commerce.

Ayesha Zainudeen, Rohan Samarajiva, Nirmali Sivapragasam (2011) however sees m-commerce as heavily dependent on physical infrastructure and other support services which are often unavailable or inaccessible at the bottom of the pyramid (BoP) in developing markets.

Taking clues from all these existing studies we have tried to create a theoretical base for our study with reference to Indian consumers.

IV. Deductions from the review

The review of literature gave deeper insights into the factors affecting buying behavior in e-commerce in India. Some of the factors mentioned in previous studies are ease of availability, ease of transportation of ordered goods, quality of goods, experience of the product before purchasing and post purchase customer service. There are several other aspects of it also still this review helped in developing an insight of factors affecting buying behavior on the basis of understanding of consumer's behavior in the e-commerce environment in India.

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