Study on the factors effecting on the satisfaction of online customers

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Abstract

The purpose of this study is to explore the influences of online shopping perceived benefits namely Convenience, Pricing and Wider Selection towards Online Customer Satisfaction and Word of Mouth. The data has been collected on convenience from 200 respondents who experienced at least one online shopping in the last year. The online shopping is considered to be a very helpful way of buying products through the internet especially during the holidays and clearance seasons. It allows customers to enjoy a wide variety of products and items not only from a specific store, but from a diverse storage that includes all kinds of items. Online shopping also provides customers with a good customer service that also occurs online.

Keyword:-*Online shopping, World Wide Web, Clutter, e-tailer, potential markets, cash on delivery, pretail, digital wallet, pay pall*

Introduction

Online shopping is a form of electronic commerce which allows consumers to directly buy goods or services from a seller over the Internet using a web browser. Consumers find a product of interest by visiting the website of the retailer directly or by searching among alternative vendors using a shopping search engine, which displays the same product's availability and pricing at different e-retailers. As of 2016, customers can shop online using a range of different computers and devices, including desktop computers, laptops, tablet computers and smart phones.

An online shop evokes the physical analogy of buying products or services at a regular "bricks-and-mortar" retailer or shopping centre; the process is called business-to-consumer (B2C) online shopping. When an online store is set up to enable businesses to buy from another businesses, the process is called business-to-business (B2B) online shopping. A typical online store enables the customer to browse the firm's range of products and services, view photos or images of the products, along with information about the product specifications, features and prices.

Online stores typically enable shoppers to use "search" features to find specific models, brands or items. Online customers must have access to the Internet and a valid method of payment in order to complete a transaction, such as a credit card, an Interac-enabled debit card, or a service such as PayPal. For physical products (e.g., paperback books or clothes), the e-tailer ships the products to the customer; for digital products, such as digital audio files of songs or software, the e-tailer typically sends the file to the customer over the Internet. The largest of these online retailing corporations are Alibaba, Amazon.com, and eBay. Online shopping attracts people because it has many advantages. Nowadays, more and more people, especially for the office worker, don't have that much free time to go shopping they're busy working, studying and doing other important things. So online shopping becomes the most convenient and best way for the office worker. Many people choose shopping online also because they can't stand that crowded and noisy environment. For shopping online, they just need to choose the article they want and pay online, and then shopping is finished. To most people, shopping is not a hard and anguished job anymore, they can just stay at home, click the mouse, spend several minutes to get what they want without stepping out of the room or standing in line for checking. Well doing shopping online is not always a perfect thing, it also has disadvantages. It seems easy and quick, but there's always a trap online. If you are careless, it will bring you some troubles. For example, if you order a cloth online, at the moment you get the item, you may find that the colour is different from what you saw online, or the size is either too small or too big because it is not available to try on before ordering, or the material of the cloth is not what you want. There are also many swindlers waiting for you to bargain with. You would pay for the article but couldn't get anything ultimately. Shopping through the Web simply works for people

with a valid credit card or a debit card. First, an online shopper needs to create a personal account which includes a username and a password. It is very important for the customer to save the account information in a safe place in order not to lose it, or allow other people to use it under their personal name. After creating an online account for the specific site, the customer will start enjoying the wide variety of products and items that are available online. The customer will then click on the wanted item in order to add it to the personal shopping bag or basket.

OBJECTIVES OF THE STUDY

To study attitude of customers towards online shopping.
To find out the preferences of the consumer regarding the attributes of online shopping To identify the issues faced by the user while online shopping.
To determine the parameters for choosing the particular online portal for purchase of items.

LITERATURE REVIEW

"India is among the fastest-growing markets and has been identified as one of the significant potential markets for the company," Muralikrishnan B., country manager at eBay's India explains that Indian consumers toward buying high margin products such as clothes and shoes as is the trend among eBay shoppers in the West rather than electronic gadgets and books, which are the most popular choices now but command lower profit margins and are less frequent purchases.

He depicted that India's nascent e-commerce market, which till recently was largely limited to people buying train, flight and movie tickets, is in the middle of a surge as a younger, tech-savvy middle class increasingly takes to shopping online in a country seeing rapid growth in Internet usage. Consulting firm Technopak predicts a $70-billion annual market by 2020, up from $600 million now, which is just 0.05% of global online shopping. First Data Corporation and ICICI Merchant Services, has laid down some facts that e-ommerce market in India had clocked close to Rs 50,000 cores by the end of 2011.Even though there are less than 10 million internet users who are actually engaging in e-commerce activities, there are about 150 million internet users in India or around 75 million households that are ready for e-commerce. With entry and operational costs being comparatively low than the other countries like US, the second half of 2011 and the beginning of the current calendar have seen the launch of a good number of new e-commerce sites spanning across a variety of businesses – women's fashion, men's fashion, shoes, followed by accessories, groceries, sports, toys, home furnishings, jewellery, automotive, bicycles, electronics and electrical equipment etc.

E-commerce facilitates shopping anytime, anywhere and for almost anything desired. Busy consumers prefer this to the restrictions of when a mall/shop is open and the need to physically travel to a shop. Online business takes shopping a step further by taking itself to the customer creating conveniences of shopping anywhere and at anytime. In India, with the increasing propensity of social media, businesses have now begun to engage their customers on social networking portals such as Facebook. These are likely to be rapidly developing marketing channels for the future. Gaurav Saraf, director of Epiphany Ventures says that, the concept of online grocery shopping faces the problem of turning their business into profitable ventures as the concept is new in the market which leads to low margin along with low margin high cost is involved when it comes to logistics. In addition to these problems the perishable items such as fruits & vegetables have a short shelf life, if these items are not delivered before the expiry of their shelf life it would could cause wastage and also add up the cost. From the above comment a conclusion is arrived that these business ventures have a very thin margin when it comes to business operations. Vijay Singh, CEO & MD of Aaramshop.com says that in order to reduce the cost to their business operation they applied the concept of cloud computing, where it connects the local kirana shops with the buyers. It enables the business to reduce the inventory cost as all the inventories are handled by the local vendor.

Growth in online shoppers

As the revenues from online sales continued to grow significantly researchers identified different types of online shoppers, Rohm & Swaninathan identified four categories and named them "*convenience shoppers, variety seekers, balanced buyers, and store-oriented shoppers*". They focused on shopping motivations and found that the variety of products available and the perceived convenience of the buying online experience were significant motivating factors. This was different for offline shoppers, who were more motivated by time saving and recreational motives English entrepreneur Michael Aldrich was a pioneer of online shopping in 1979. His system connected a modified domestic TV to a real-time transaction processing computer via a domestic telephone line. He believed that

videotex, the modified domestic TV technology with a simple menu-driven human–computer interface, was a 'new, universally applicable, participative communication medium — the first since the invention of the telephone.' This enabled 'closed' corporate information systems to be opened to 'outside' correspondents not just for transaction processing but also for e-messaging and information retrieval and dissemination, later known as e-business. His definition of the new mass communications medium as 'participative' [interactive, many-to-many] was fundamentally different from the traditional definitions of mass communication and mass media and a precursor to the social networking on the Internet 25 years later.

The first World Wide Web server and browser, created by Tim Berners-Lee in 1990, opened for commercial use in 1991. Thereafter, subsequent technological innovations emerged in 1994: online banking, the opening of an online pizza shop by Pizza Hut, Netscape's SSL v2 encryption standard for secure data transfer, and Intershop's first online shopping system. The first secure retail transaction over the Web was either by NetMarket or Internet Shopping Network in 1994. Immediately after, Amazon.com launched its online shopping site in 1995 and eBay was also introduced in 1995. Alibaba's sites Taobao and Tmall were launched in 2003 and 2008, respectively. Retailers are increasingly selling goods and services prior to availability through "pretail" for testing, building, and managing demand. Consumers find a product of interest by visiting the website of the retailer directly or by searching among alternative vendors using a shopping search engine. Once a particular product has been found on the website of the seller, most online retailers use shopping cart software to allow the consumer to accumulate multiple items and to adjust quantities, like filling a physical shopping cart or basket in a conventional store. A "checkout" process follows (continuing the physical-store analogy) in which payment and delivery information is collected, if necessary. Some stores allow consumers to sign up for a permanent online account so that some or all of this information only needs to be entered once. The consumer often receives an e-mail confirmation once the transaction is complete. Less sophisticated stores may rely on consumers to phone or e-mail their orders (although full credit card numbers, expiry date, and Card Security Code, or bank account and routing number should not be accepted by e-mail, for reasons of security). Other online shops allow customers from any country to send gifts anywhere. The financial part of a transaction may be processed in real time (e.g. letting the consumer know their credit card was declined before they log off), or may be done later as part of the fulfilment process. The most important factors determining whether customers return to a website are ease of use and the presence of user-friendly features. Usability testing is important for finding problems and improvements in a web site. Methods for evaluating usability include heuristic evaluation, cognitive walkthrough, and user testing. Each technique has its own characteristics and emphasizes different aspects of the user experience.
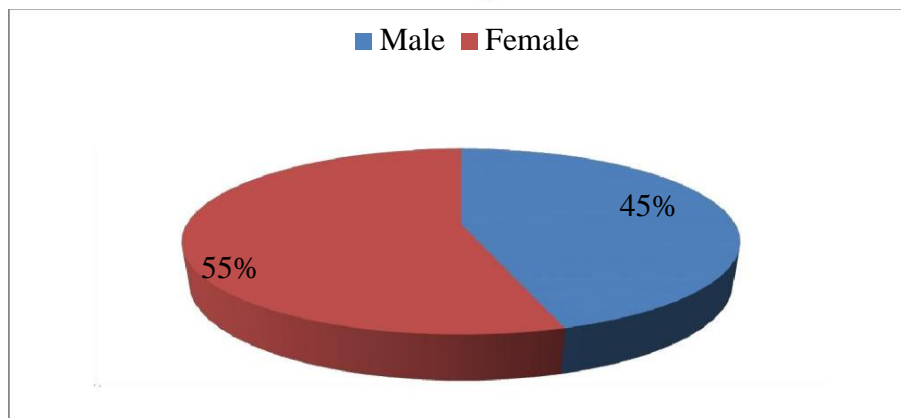
Data Analysis and Interpretations

Personal Information:

Gender:

| Gender		
Male	Female	Total
90	110	200

Gender

Illustration:

The above diagram depicts that out of the total 200 respondent 55% of the respondent were female and 45% are male, which indicates that the majority of online shoppers are females, hence the company shall focus on attracting the female customers more.

Age brackets:

| Age			
18-24	**25-30**	**30 & Above**	**Total**
75	50	75	200

Age brackets
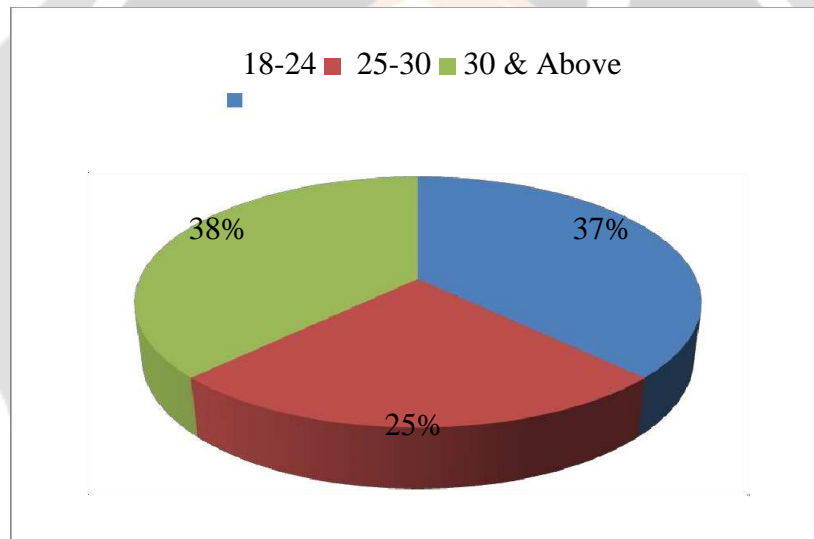
Illustration:

The 38 % of the respondent were among 30 & above age bracket as these respondents are well educated and web savvy.

Another 37% of the respondent were ranging from 18-24 age bracket and the remaining 25 % were respondent were ranging from 25-30 age bracket, as these respond

OCCUPATI

Occupation		
Services/Salaried	**Business**	**Total**
119	81	200

**Occupation**

■ Service/salaried   ■ Business

41%

59
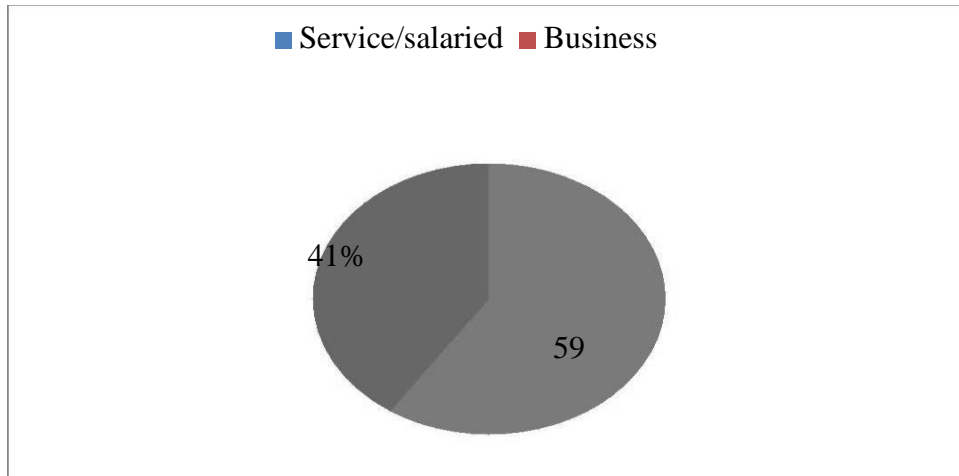
ILLUSTRATION:

For the research to be successful most of the respondent are working officials who are educated and web savvy

ANNUAL INCOME

Annual Income Level		
1-3 Lakhs	**4-6 Lakhs**	**7 & above**
76	82	42

Annual Income Level

21%

38%

41%

■ Annual Income Level

■ Annual Income Level 1-3 Lakhs

■ Annual Income Level 4-6 Lakhs

■ Annual Income Level 7 & above
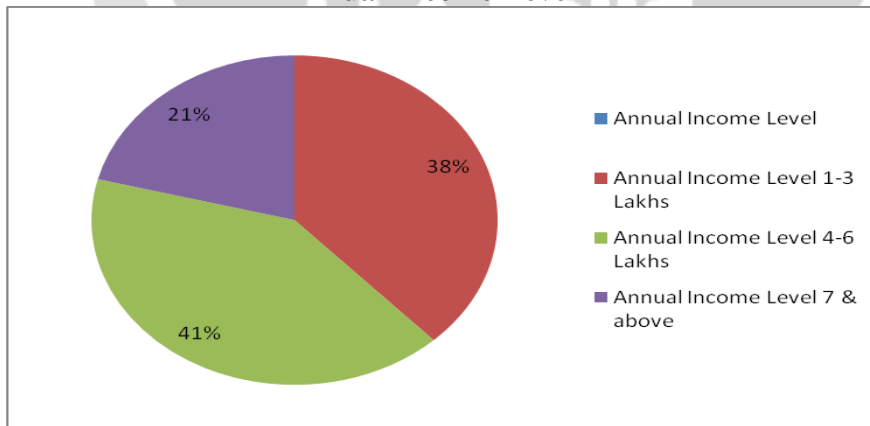
ILLUSTRATION:

From the above pie chart we can determine that 41 % of the respondent have around 4-6 lakhs of annual income which indicates majority of the respondent have spending power to purchase online

Which item you shop online?

People may select more than one checkbox, so percentages may add up to more than 100%.

| Apparels	Books	Electronic	Food	Games	Music	Other
39	45	44	9	16	42	5

Items sold online
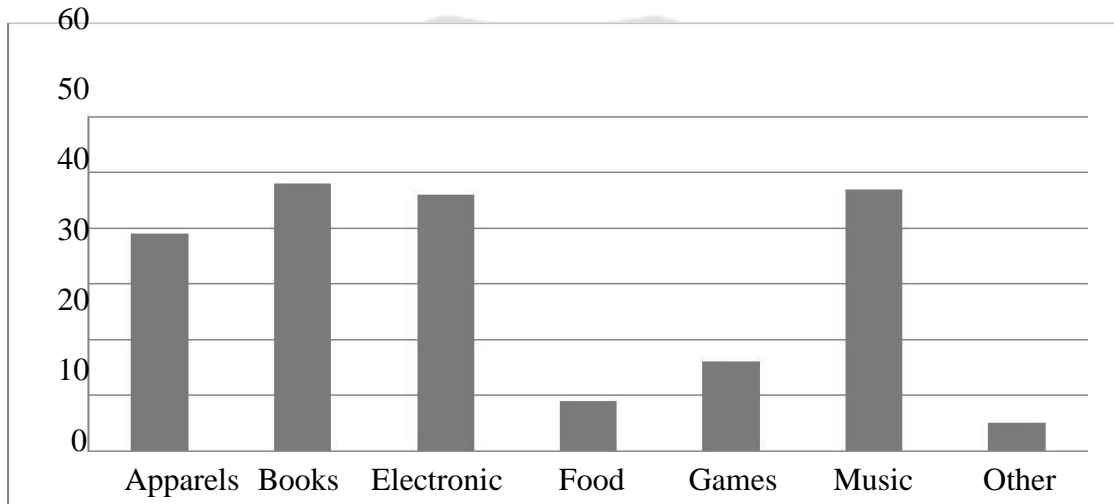
ILLUSTRATION:

The above diagram depicts that book has the highest number transaction in online shopping. Music is the second most item sold in the online shopping, along with electronics appliances like hair dryer, mobile appliances, computer peripherals etc. The other items that are sold in the online shopping are the apparels which are more preferred by the female respondent. Games are the items that are preferred with the respondent ranging the age bracket between The other items which are sold online are such as flowers, gifts and movie tickets How much money do you spend on online shopping

Amount Spent	100-500	500-1000	1000-5000	5000 & above
No. of responses	60	60	50	30

**Money Spent in Online Shopping**
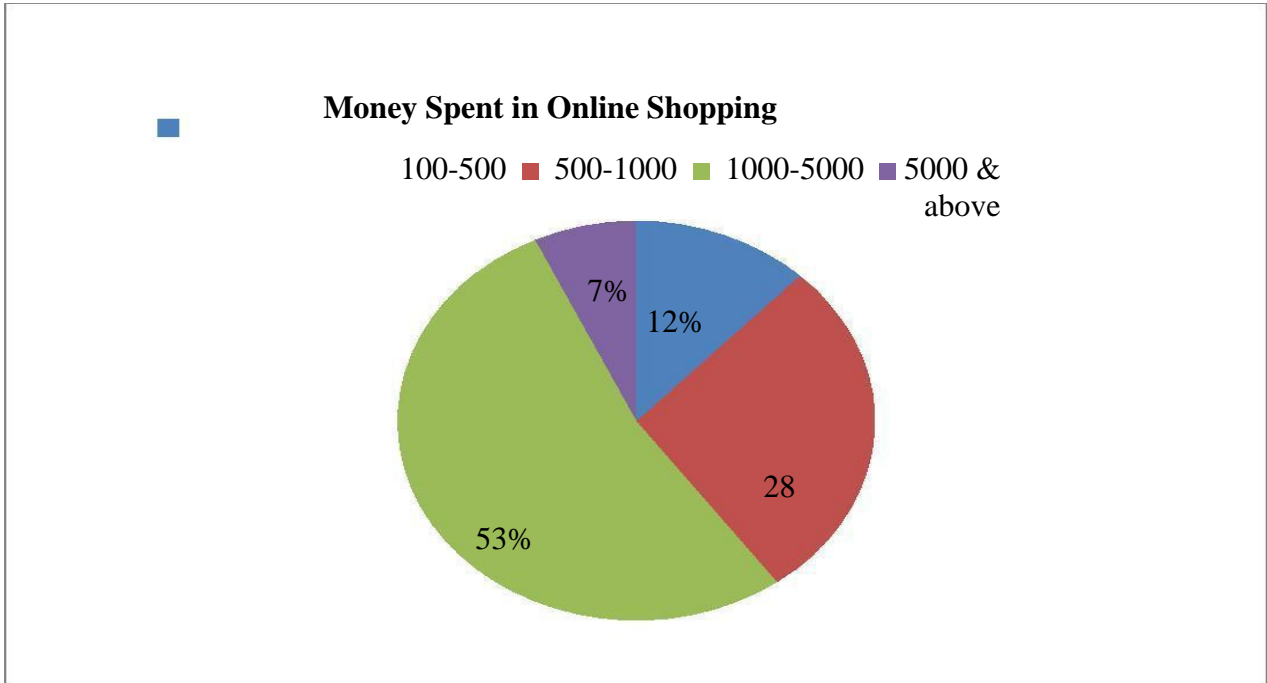
ILLUSTRATION:

The money spend in online shopping is ranging from INR 1000-5000, which indicates the users are willing to pay more price when there is premium quality products such as electronics, branded apparels, original music etc.

When do you feel the need to shop online?

| home delivery	Special products	prices	Don't have time to go market	other
71	39	47	42	1

Need to Shop factors
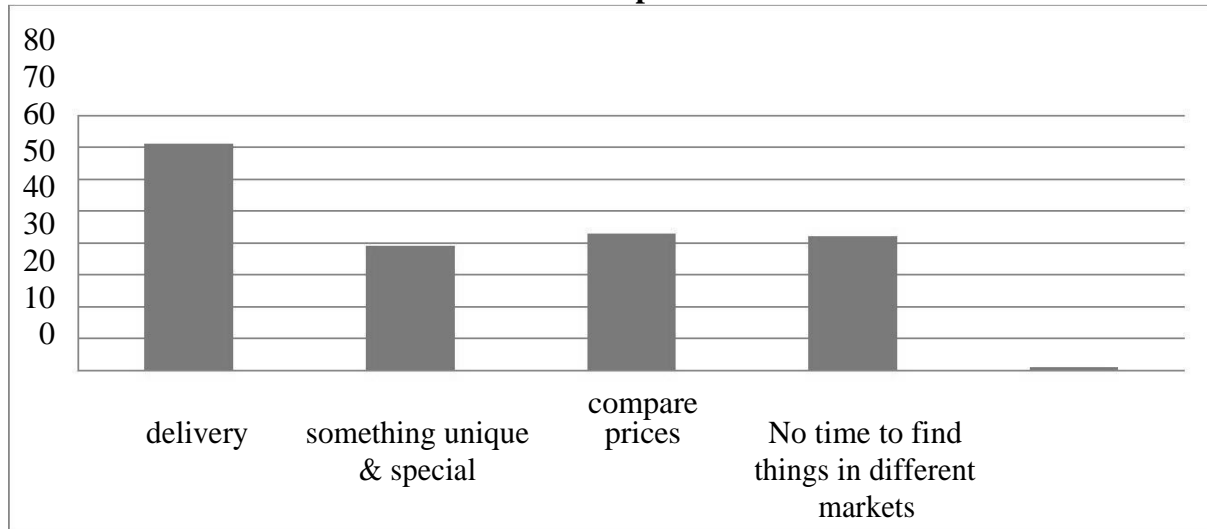
ILLUSTRATION:

From the above we can depict the factor which motivates the respondent to shop online is when they need home delivery. The other factor which motivates to shop online when they compare prices of different products at a same place. The above graph also determines that people shop online when they don't have the time to find things in the market for the product to be purchased. Also respondent shop online when they want some unique & special product which they cannot find in the offline market.

What features in online shopping attracts you?

| Design of website	Discounts offered	Advertisement	Variety	Value of money
30	55	31	55	29

Online shopping attraction factors
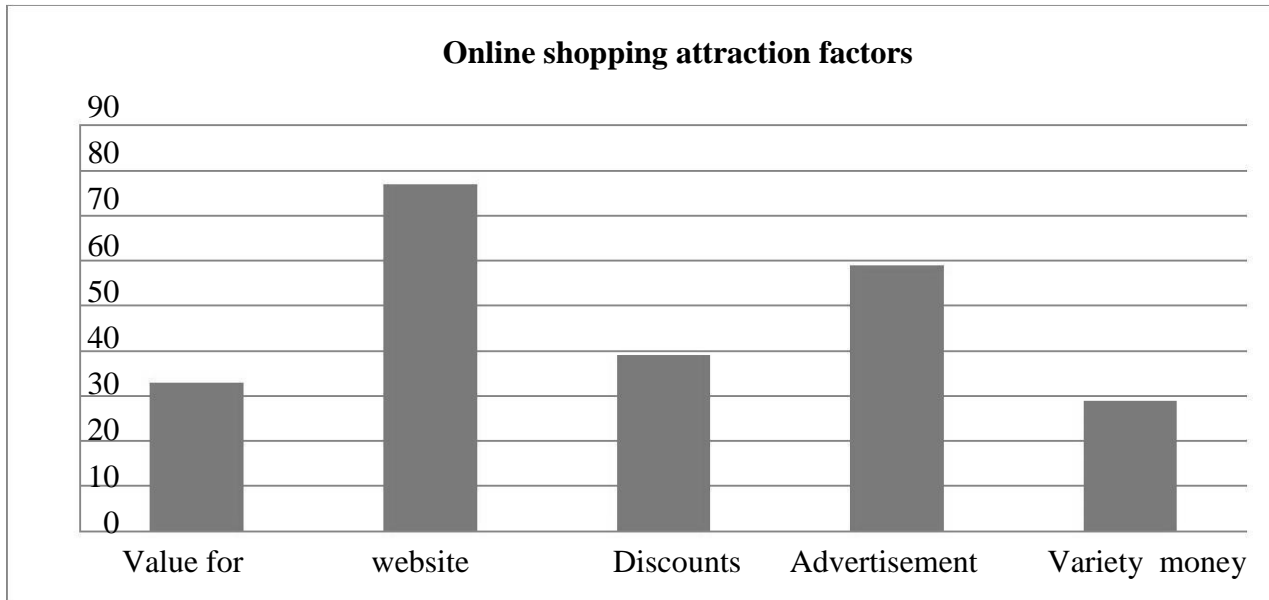
ILLUSTRATION:

From the above diagram we can determine that people prefer online shopping when discounts offered are offered to them. Also the variety of product offering to the customer also forms an important factor which motivates the respondent to shop online. The other factor that motivates the user to shop online is when the product they purchase is of value of money. Also the design of website along with the different advertisement promotion motivates the user to shop online.

While shopping what effects the satisfaction most?

	Most important	Important	Not Important
Website User Friendly	100	70	30
Adequate Search Option	85	90	25
Cash on delivery	100	85	15
Net banking payment	70	70	60
Credit/Debit Card payment	75	75	50
Offers & Discounts	100	75	25

| Free Shipping | 125 | 75 | 0 |
| Order Confirmation Screen | 145 | 55 | 0 |
| Tracking of items | 150 | 45 | 5 |
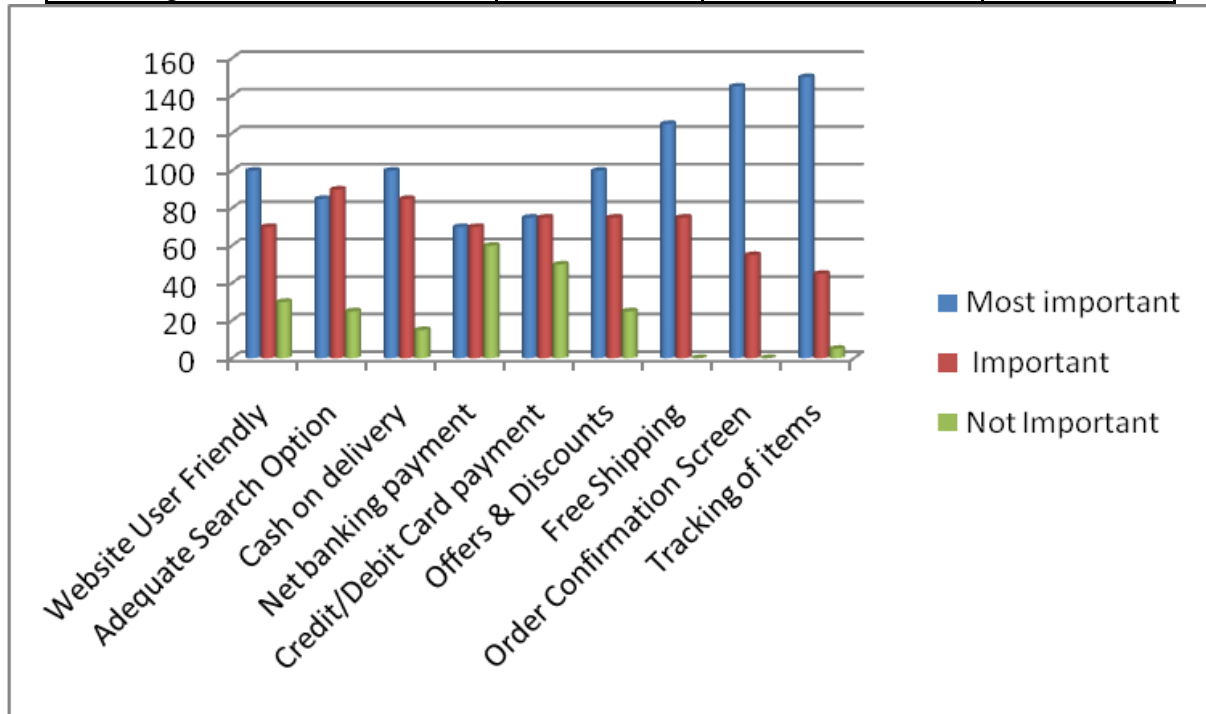
ILLUSTRATION:

 The above diagram depicts that website user friendliness forms an important factor when it comes to online shopping, more the website user friendliness will determine more number of visits on a website which will in turn results an increase in the sale truncations for the particular shopping site. Adequate search option is the search bar which is used by the user to search for a particular type of product in the website. The above graph depicts that user feels that adequate search bar form neither important nor unimportant part of the online shopping website. Product assortment in a online shopping website helps the user to easily track the product they are willing to buy. From the above graph we can determine product assortment form neither important nor unimportant part of the online shopping website. Cash on delivery forms an important aspect of the online shopping website in Indian online shopping market, the above graph depicts that it does forms an most important part on the online shopping. The other mode of payment gateway through net banking and credit/debit banking also forms an important part of the online shopping website. The above graph depicts that along offers & discounts, free shipping also forms as the most important factor for the online shopping website, which forms a motivating factor for the user to shop. When it comes to security aspect of the website Id & password forms an important aspect of the online transaction.

Challenge you faced in online shopping

Lack of guarantee	Possibility of forgery	Higher price	clutter	Security issue	No Physical Examination
26	25	12	19	44	74

Issues of Online Shopping
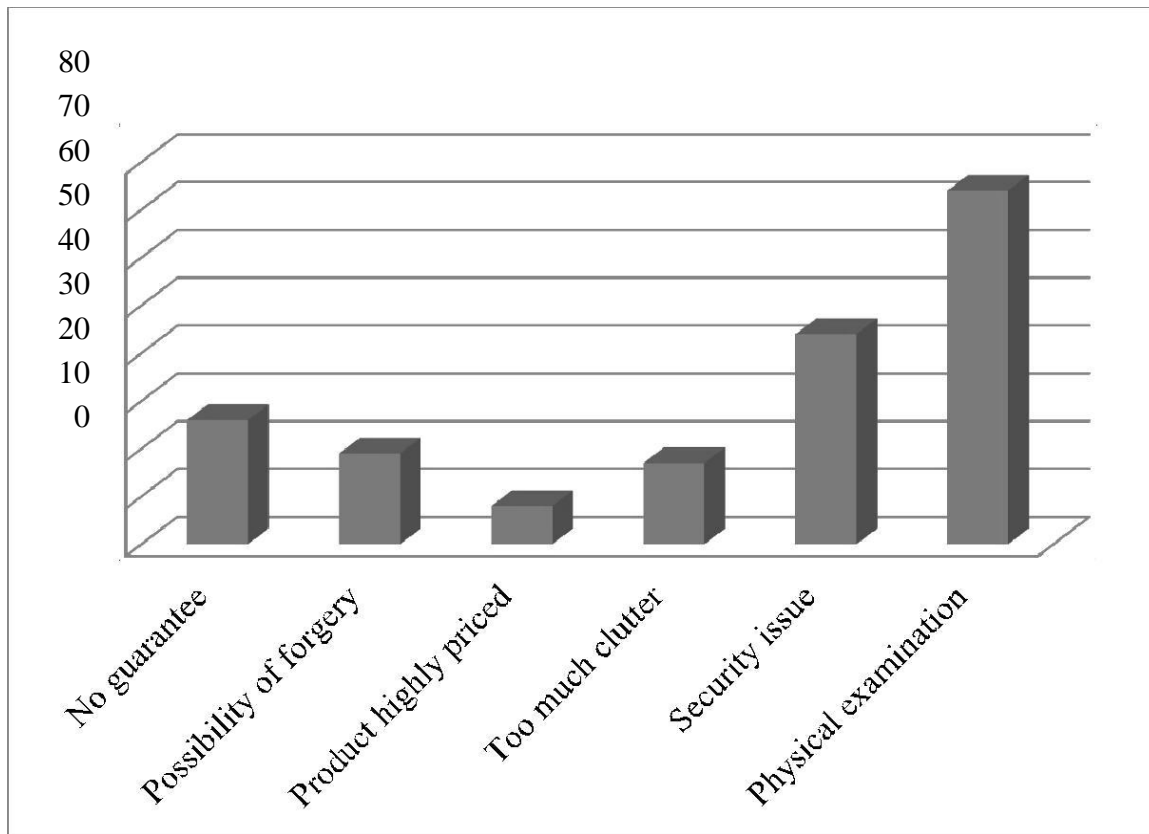
ILLUSTRATION:

The above data determines that physical examination that is the tangibility of the product is the important issue when it comes to online shopping. The other factor which demotivates the user to shop online is the security issue, which consists of issues like phishing, hacking of accounts etc.

Findings

From the data collected above we can observe that there is an increase in the number of respondent in online shopping as there is awareness about this concept in the market. Certain parameters which motivates the user to shop online are:

- User friendliness of the website.
- Discounts and offers, offered by the website.
- Cash on delivery form an important gateway in online transaction.
- Free shipping is the most important factor which motivates the user to shop online.
- Lack of Physical examination is the important issues in the online shopping
- From the above data collection we can determine most of respondent agree to buy utilities online if the option is give.

- The data also determines the factors which will be beneficial for the consumer to shop utilities online which are variety at one shop, saves times and avoid long queues.

Suggestions

When it comes to operational aspects of the business, the firm should consider the following business operation model:

- Instead of going the regular e-commerce way of Utilities shopping, the firm should start up by bringing existing retailers online.
- For the purchase of the utility items user can choose their nearby Kirana Store from the listed stores along with a convenient time of the delivery.
- The local store would be informed about the order and it would be delivered to the address at the time mentioned with the payment of cash only on delivery.

Following are the important aspects of the proposed business plan:

- The firm will have a low operating cost compared to other online utilities website, as
- they don't have to stock any inventory of utilities products.
- The firm main cost will include cost of dealership from the local retailers.
- Other cost will include the cost related to website designing, HR personal, computer database hardware & software, building cost etc.
- It will allow the firm to eliminate the cost of brand loyalty of the branded utilities item which reduces the operating cost to a great extent.
- It will develop a better relationship between their neighbourhood retailer and the consumers.

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