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Online buying behavior and impulse purchase in Bihar

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Abstract

India is now ranked at second place after China in terms of internet users. India had already surpassed US and according to a report it is estimated that India will see a two-fold rise at 730 million users by 2020. So, increasing trend of Internet has given a huge boost to online shopping. Marketers are now able to understand factors that lead to impulse buying in online context and also the factors that influence Indian customers to purchase impulsively. With the help of data analytics, companies are able to convert their potential customers into their list of new customers.

This research paper aims to understand the consumer buying behaviour in an impulse purchase and also the factors that influence them to purchase online in an impulsive manner. Study also involves the correlation between such influencing factors.

Keywords: Online buying behavior, impulse purchase

Introduction

Indian E-commerce Industry

India is adding three Internet users every second and has already become the second-largest Internet market globally in terms of users. It is estimated that India will have almost 320 million online shoppers by 2020.

According to a recent report by Goldman Sachs, the domestic e-commerce market is expected to account for around 2.5 per cent of India's GDP by 2030, growing 15 times and reaching US\$ 300 billion. The report further added that the current market size of e-commerce industry in India is around US\$ 20 billion and factors like hyper growth in affordable smart phones, improving infrastructure, and a propensity to transact online are the key factors for the bullish projections for the domestic industry. "Further, India's attractive demographics-the youngest population in the world-should lead to over 300 million new online shoppers in the next 15 years, making e-tailing the largest online segment," the report said.

To guarantee that online business keeps up the steam that it has picked up lately, the administration needs to concentrate on the administrative front. Dissimilar to numerous different nations, India still does not have committed web based business laws. The Sales Tax laws should be amended, as they are posturing issues for online retailers while they choose distribution centre area.

Top Players with Their Market Share

S.No.	Site	Share	Products	Sellers
1.	Flipkart	37%	40 million	90,000
2.	Amazon	21-24%	55 million	85,000
3.	Snapdeal	14-15%	35 million	3,00,000

Key Drivers

Geography and Demography will play a critical role in the sector's future growth. Tier II and III cities and small towns have begun contributing meaningfully to the e-Commerce pie and will be pivotal for future growth driven by a rapidly growing internet population and significantly low internet penetration.

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Advancements in technology adoption such as the increasing proliferation of devices such as smart phones and tablets, and access to the internet through broadband, 3G/4G, etc. will further lead to increase in the online consumer base.

Business models have been changing rapidly in the e-Commerce sector largely due to heightened competition and the inability of players to sustain high costs. Newer models such as private, white labels and drop-ship are also becoming popular.

Key players continue to focus on building market share. Investor interest has also compelled players to adopt the gross merchandise value (GMV)-driven approach compromising profitability.

Consolidation in the near term appears inevitable. Players are aggressively rushing to build scale and those who cannot will likely be acquired. Common investors are also pushing for mergers, alliances and partnerships among players.

Increasing convergence of online and off line channels. Brands and brick-and-mortar retailers are increasingly focusing on 'going online'. E-Tailers are setting up physical stores in order to enhance the customer experience.

Online Shopping Trends in India

To better understand the Indian E-commerce market and gained some insights from this study which are listed as follows:

Indian Men shops 3x as compared to women: Woman prefer in-store shopping rather than buying online.

Web Shoppers prefer Larger Screens: Most purchases are done from computers as compared to tablet or smart phones.

- 60% of the online purchases happen during the business hours (9am-5pm).
- Cash on Delivery remains the most preferred way to pay online which accounts for more than 70%.

Online Impulse Buying

With online retail bargains persistently growing, and foreseen to continue doing in that capacity, association's are endeavouring to profit by the solace of electronic shopping by joining frameworks to invigorate inspiration purchases. With the constant progression of advancement and extended association in online publicising, locales have ended up being particularly innovative in enabling inspiration buying. Honestly, a couple locales depend only on drive purchases, which with the ultimate objective of this paper is an inspiration purchase is the purchase of any unconstrained thing.

Numerous clients are most likely exceptionally mindful of what they are doing, yet regardless they depend on their feelings when seeing a decent arrangement and needing to get it.

At that point, in the wake of settling on a brisk buy choice to abstain from feeling like they passed up a major opportunity they might be left thinking about whether the item was truly required. Having the fast purchase choice truly makes the motivation buy so much less demanding in light of the fact that it takes away a ton of the basic leadership prepare.

Unexpected Cheaper Prices and Discounts/sales/specials

One effect of unexpected price discounts is that of causing a generalized affective effect on consumers. Therefore, it had earlier argued that negative affect induced by unexpected

price hikes might suppress spending by limiting purchase consideration of other goods, while positive affect induced by unexpected price drops might increase spending by expanding consideration of other goods.

The consumer mental accounting activity concept can also explain price attractive induced accounting activity concept can also explain price induced impulse buying.

The concept is of the idea that an increase or decrease in the amount spent for an essential item on a given shopping trip would increase or decrease the amount that is perceived to be available to spend on other goods, producing a congruent spillover effect. It acknowledged that the unexpected price discount results in higher expressions of willingness to pay for unrelated discretionary items.

Internal Factors of Impulse Buying

- Internal factors of impulse buying focus directly on the individual, examining the internal cues and characteristics of the individual that make them engage in impulse buying behavior.
- Such factors involve a consumer's personality traits which determine the degree of their impulse buying tendency (IBT), internal cues such as emotional states, the consumer's normative evaluation of impulse buying engagement and demographic factors.

Many researchers have provided theoretical frameworks for examining impulse buying related to psychological variables (e.g. personality, self-regulation), hedonic experiences (e.g. shopping enjoyment, emotional state, mood) and situational variables (e.g. available time, money) in a shopping context. A person's emotional state, mood and self-feelings can be recognized as a person's affective state.

Internal stimuli are processed by the consumer affectively and/or cognitively resulting in impulsive or non impulsive behavior. In result, feelings might include an "irresistible urge to buy, positive buying emotions and mood management". When a consumer experiences an "irresistible urge to buy", he/she feels compelled to make an impulse purchase.

Several researchers have suggested that consumer personality traits can exemplify impulsive behavior more than other traits. Research contends that these personality traits can help determine the degree of a person's IBT.

Credit Card

Since impulse buying behavior may be accelerated by the credit card users need exist to investigate the relationship between impulse buying behavior and credit card use.

- Credit cards are seen as a convenient and relatively painless way to spend. Moreover, the use of credit cards lowers the perceived cost and biggest future use.
- Widespread credit card use reflects consumer preferences regarding prearranged lines of credit while technological developments make it much easier for creditors to offer revolving credit.
- Easy access to credit cards eliminate the immediate need for money to buy something, cause consumer to overspending and likely accelerate the development of impulse buying.

Thus, when compared to cash, credit cards lead to greater imprudence. Consumer researchers suggest that heavy credit card users have been found to be less price conscious, that

credit card possession is related to buying higher priced items and credit card possession and use is positively correlated with the anticipation and actualization of further use.

Objective and Methodology

Objectives of the study

- To determine the factors influencing impulse buying in online customers.
- To analyze relationship between impulse buying and various factors

Formulation of hypothesis

H1: Increased internet usage positively influences the online buying behavior

A conceivable pointer for the probability of making a buy is the point at which the client enters a condition of stream on the web, where the client forgets about a lot of time and pieces out what is occurring in the physical world around him or her. Along these lines, when a client has a tendency to invest a lot of energy on the web, he/she will probably visit web based shopping locales, which will eventually prompt to a buy choice.

H2: Web design quality positively influences online purchase

A possible indicator for the likelihood of making a purchase is the quality of the website. If the website has a good interface which engages the user and displays products in a clear format, it is likely that the user may indulge in a purchase. For instance, at website such as Amazon.com, not only does the consumer have a wide range of products from which to choose from, but also has one-click ordering, which makes the purchasing process very easy.

H3: The ease of payment option positively influence an impulse purchase decision

A possible indicator for the likelihood of making a purchase is the availability of easy availability of easy payment option on websites which makes the payment process smooth and leads to the likelihood of impulse buying. In the Indian context 80% of the online sales are made by the cash on delivery mechanism which delayed the payment process till the order is delivered.

H4: Time pressure wall positively influence an impulse purchase.

Internet retailers have the ability to reduce decision making time and to create a sense of urgency. Impulse buying is about reacting to an emotion and websites are becoming increasingly creative in their application of technology to exploit those emotions.

When in a store a customer can hold on to an item while deciding whether or not actually purchase it. However, websites makes the checkout process as simple as a couple of clicks by storing information in order to get people to buy while they are still feeling their initial reaction to the item.

In an attempt to get an even faster reaction, websites will display if an item is in short supply by displaying how many are left on the product page. Flash sale websites are even better at creating a time pressure by not really reserving items in a cart.

A customer knows that just because the product is in his or her cart does not mean that it cannot go to somebody else.

Thus these time pressure tactics could be a possible indicator for an impulse purchase.

H5: A comparison shopper will negatively affect the impulse purchase

A negative indicator of motivation purchasing ought to be a buyer who likes to search around. The web offers various potential outcomes for examination shopping to purchase inside seconds. This gives the shopper a considerable measure of force when shopping choices depend on cost. Some customers likewise tend to arrange out their buys before starting shopping and stick to such an arrangement.

In a review taking a gender at how value advancement and blessing advancement impacts drive purchases, the specialist likewise found that neither procedure especially gave judicious buyer the desire to purchase.

H6: Sales discount offers positively influence an impulse purchase decision

Product price has been found to be important determinants of impulse buying. More specifically consumers to be more impulsive when there are sales or product discounts. These types of quick sale websites have become very innovative in encouraging impulse buying and it has been uninteresting to see it develop over time. Many customers are probably very aware of what they are doing, but they still rely on their emotions when seeing a good deal and wanting to buy it.

H7: Electronic word of mouth increases the chances of the impulse purchase

Electronics word of mouth is likely predicator to influence an impulse purchase. Technology can allow for design modification depending on the user's preferences, create a greeting when they sign in, store information from previous purchases and make recommendations for products they might like. This is a way for the online retail outlet to build a relationship and trust with the customer. This also helps the company achieve a gain in revenue through impulsive buys because it has access to a great amount of personal information that allows them to target relevant products based on the customer's interests and past purchasers.

Research Methodology

Qualitative study: The qualitative study would include personal interview with the customers to understand online shopping habits of customers. In depth interviewers were conducted with online shoppers in the age group of 18-25 years.

Quantitative study: The quantitative study included a questionnaire which attempt to identify the extent to which consumers are making online. Also, it aims at identifying the factor leads to an impulse purchase decision.

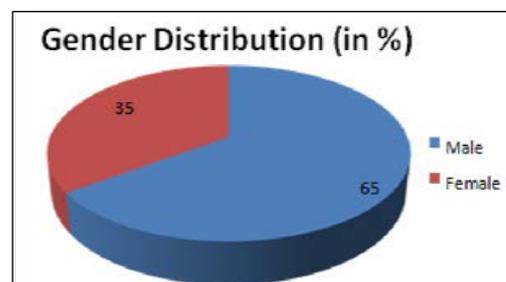


Fig 1: Gender

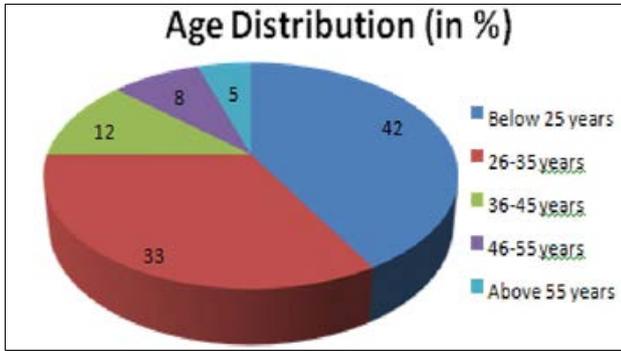


Fig 2: Age

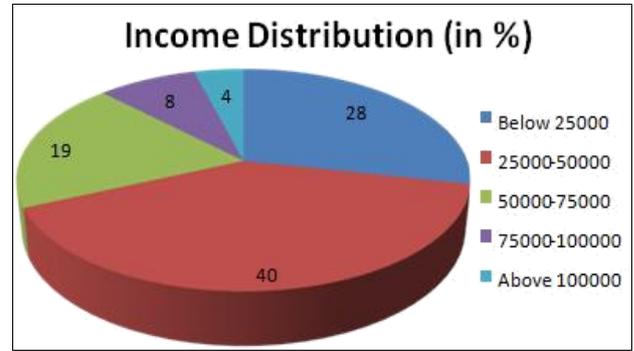


Fig 3: Income

Online Buying Habits



Fig 4: Frequency of online shopping

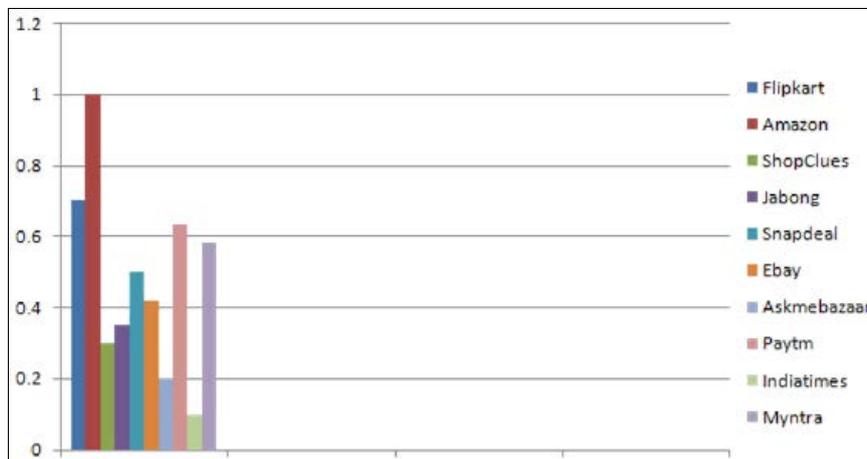


Fig 5: Preferred Websites for online shopping

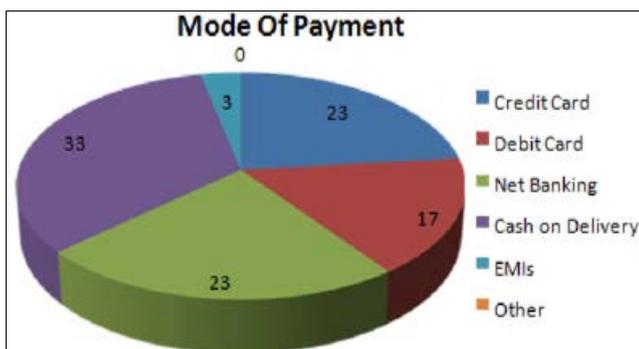


Fig 6: Mode of payment used

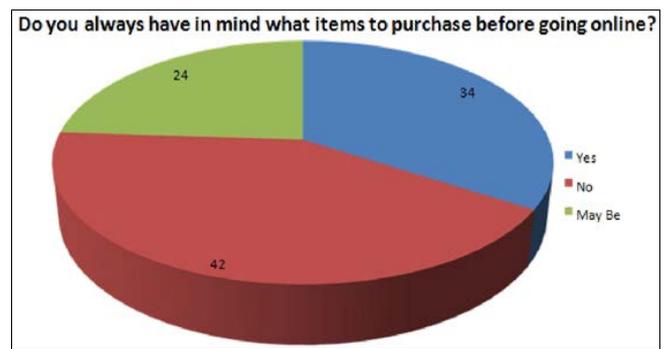


Fig 7: Impulse buying Tendency

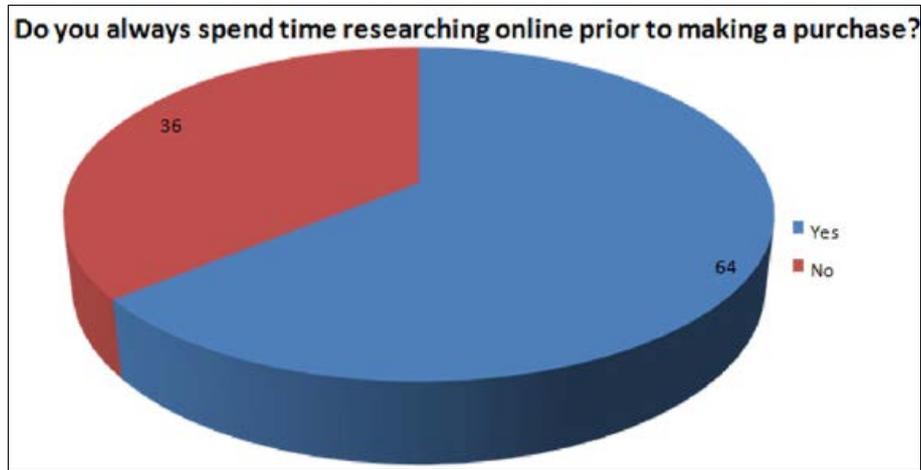


Fig 8: Time spent researching online prior to making online purchase

Discussion of the result

- The study aimed to judge the online buying habits of Indian consumers. It was observed that 40% of the respondents shop only once a month.
- This is attributable to the vast reach of the internet penetration and also a plethora of websites offering deals and discounts, 37% of the people shop online at least once in three or six months.
- This shows that Indian consumers are moving, out of the framework of shopping in retail outlets only and trying shopping.

Majority of the people 33% preferred to use the cash on delivery option to settle their online transactions, this mode helped them to get touch and feel of the products they are buying before they could actually pay for it.

Hardware items, accessories and books rose as the main 3 things which shoppers want to purchase on web. Footwear rose as the thing which purchasers are minimum intrigued to purchase. This could be inferable from size inaccessibility or fear to get the right size.

42% of population expressed that they didn't invest enough energy investigating on the web before making a buy. In the event that they preferred a thing at a moment, they got it without doing an exhaustive research.

Apparels, Deals and rebate coupons and books developed as the main 3 things in which shoppers are well on the way to make spontaneous buy it. This is predictable with the way that various retailers pull in clients in light of constrained day and age bargained on coupons and garments. In this manner buyer get enticed to purchase promptly.

Conclusion

The study attempts to analyze the online buying habits of Indian consumers who are residing in Bihar and the factors which lead to an impulse purchase decision. The study proves the fact that Indian consumers are moving fast towards the online medium of shopping and are buying at least once in six months from popular websites. After successfully completing this project study, following conclusions can be made:

- The results indicate that the likelihood of an impulse purchase is positively correlated with the time spent on the website prior to seeing an impulse item.
- Website quality has a significant impact on the impulse purchase decision. Consumers are urged to buy from a

website which is professional looking and has multiple product images displayed.

- The discounts and sales and the time pressure of getting a deal in turn affects the impulse purchase decision positively.
- The comparison shopper who searches multiple websites looking for the best deal will be a negative factor on the outcome of an impulse buy being made. The internet offers numerous possibilities for comparison shopping to consumers within seconds. This gives the consumer a lot of power when shopping decisions are based on prices and not indulge in impulse purchases.

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