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Consumer behavior towards online marketing

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Abstract

The entire business world is depending on the positive behavior of the Prospective customers in general and actual customer in particular. This study focuses on understanding the consumer behavior towards online marketing considering a particular geographical area i.e. Mysore. The growing use of Internet in India provides a developing prospect for online shopping. If E-marketers know the factors influencing the behavior towards on line marketing and the relationships between these factors and the type of online buyers, then they can further develop their tailor made marketing strategies to convert potential customers into active ones and also it's easy to retain the existing online customers and attract the new customers in an effective way. This research found that the five dominant factors which influence consumer perceptions towards online purchasing, they are perceived usefulness factor, information, ease of use; perceived enjoyment and security/privacy. Consumer behavior is said to be an applied discipline as some decisions are significantly affected by their behavior or expected actions. The two perspectives that seek application of its knowledge are micro and societal perspectives. This article also highlights on the role of demographic factors like Age, Gender, Income, Marital status affecting on the Consumer Behavior towards online marketing.

Keywords: Consumer behavior, online marketing, marketing strategies, E- business

1. Introduction

Internet is changing the way consumers shop and buy goods and services, and has rapidly evolved into a global phenomenon. Many companies have started using the Internet with the aim of cutting marketing costs, thereby reducing the price of their products and services in order to stay ahead in highly competitive markets. Companies also use the Internet to convey communicates and disseminate information, to sell the product, to take feedback and also to conduct satisfaction surveys with customers. Customers use the internet not only to buy the product online, but also to compare prices, product features and after sale service facilities etc., towards on line marketing. Many experts are optimistic about the prospect of online business. In addition to the tremendous potential of the E-commerce market, the Internet provides a unique opportunity for companies to more efficiently reach existing and potential customers. Although most of the revenue of online transactions comes from business-to-business, the practitioners of business-to-consumer should not lose confidence. It has been more than a decade since E- business-to-consumer first evolved. Scholars and practitioners of electronic commerce constantly strive to gain an improved insight into consumer behavior in cyberspace. Along with the development of E-retailing, the study continues to explain E-consumers' behavior from different perspectives. Many of the studies have posed new emergent factors or assumptions which are based on the traditional models of consumer behavior, and then examine their validity in the Internet context.

2. Objectives of the Study

1. To explore the consumer behavior towards online marketing.
2. To study the factors influencing towards online marketing.

3. Scope of the Study

The study focuses on the consumer behavior towards online shopping. At any given time there are millions of people online and each of them is a potential customer for a company providing online sales. Due to the rapid development of the technologies surrounding the Internet, a company that is interested in selling products from its web site will constantly has to search for an edge in the fierce competition. Since there is a huge potential consumer, it is of the out most importance to be able to understand what the consumer wants and needs.

The study is confined to marketing in general online marketing in particular. The geographical area for the study is confined to Mysore only.

4. Research Methodology

Data for this study was collected by means of a Survey conducted in Mysore. The sample size was 100. The Questionnaire was used mainly to test the model proposed for Attitude towards online shopping. The types of research were both exploratory as well as Descriptive have been employed.

4.1 Research Design

This study has been incorporated both exploratory as well as descriptive research design.

4.2 Sample Design

The sample size used for the study is 100. Responses Collected from 100 respondents. The sampling population for this research was the people of Mysore as it was particularly concentrated on this geographical region. Convenience sampling technique has been used.

4.3 Data Sources

- Primary data: Data collected through structured questionnaire from the respondents
- Secondary data includes the information obtained from the existing research reports, surveys, journals or magazines regarding consumer approach towards online shopping.

4.5 Data Analysis

The study has used descriptive statistics has been used for the data analysis for the better clarity in the result.

5. Limitations of the Study

- The study focuses only on consumer behavior towards online marketing, geographical area confined to Mysore only.
- The information collected from the respondents may not be able to generalize due to the small sample size.

6. Literature Review

6.1 Online Marketing

Based on Chaffey *et al.*, (2006), we can say that “Marketing is the management process responsible for identifying, anticipating and satisfying customer requirements profitably”. With a customer-centered perception, as proposed by Smith and Chaffey (2005) Internet Marketing can be used as follows:

- Identifying – by using the Internet for marketing functions the customers’ needs and wants can be addressed.
- Satisfying – an important factor in Internet marketing is to achieve customer satisfaction.
- Anticipating – customers can access the Internet to gather information and make purchases. The key element of the online marketing is the level in which the organization is related with its customers.

Firstly, businesses should select the kind of customers that will use the website and the kind of activities that will be able to perform. Every business should underscore to the acquisition of new customers by providing marketing activities enhancing the relationship between the business and the customers. When the customer chooses to interact

with the organization it is more likely to interact again if the business uses marketing activities that satisfy his/her needs and preferences. Additionally, businesses should extend their activities to satisfy different kinds of users. These steps are related to each other in a way of enhancing the relationship between the business and the customer and enabling the commitment to the organization.

6.2 Online Consumer Behavior

Today, it is the most challenging task for the organizations to know their customers, when consumers are introduced to new technologies their behavior changes. A great amount of studies have examined online consumer behavior. A recent research supports that it is very difficult to understand the online consumer behavior as each day businesses and the marketing place is being transformed has also examined if the emotional responses to a website may affect customers to visit the website again. The results revealed that the factors affecting the intention to return to a website are the enjoyment of the shopping experience and the usefulness of the web site. It is a very important issue for the marketer to review the factors influencing consumer behavior since different types of websites may need to accommodate different types of consumers with unique attributes.

6.3 Top Motivators for Shopping through Online

Times of India (February 12, 2013) has published that top motivators for shopping online which include cash back guarantee, cash on delivery, fast delivery, substantial discounts compared to retail, and access to branded products, while barriers include inability to touch and try products before purchase, fear of faulty products, apprehension of posting personal and financial details online and inability to bargain.



(Source: comScore report on state of E-Commerce in India)

Fig 2.6: Top motivators for online shopping

The explosive growth in last 12 months has come from all categories and has also increased the engagement in terms of time spent and consumption has been on the rise. Even with an explosive growth, most of the categories in India are showing below average penetration compared to global usage patterns. The total internet user base in India (inclusive of shared devices and mobile) is at 124 million users in the month of July 2012. 1 out of every 10 Indians is online making it a 10% online user penetration in India.

6.7 Major Factors influencing on Online Shopping in India

- Rapid growth of cybercafés across India
- Access to Information
- The increase in number of computer users
- Reach to net services through broadband
- Middle-class population with spending power is growing. There are about 200million of middle-class population good spending powers. These people have very little time to spend for shopping. Many of them have started to depend on internet to satisfy their shopping desires.

6.8 Changing Attitude towards Online Shopping

“Awareness, Future Demand Focus for Emerging Markets & Current Issues” Malls springing up everywhere and yet people are E-shopping! And not in small numbers either. Consumers are more rational now a day and have ability to get the choices from the market. Awareness among the consumers is spread through internet. The number of internet users is increasing day by day which attracts people who have an option to buy online. It was never thought that Indians would go in for e-shopping in such a big way. Ticketing, travel bookings and even books and movies seem fine to buy online. Knowing that in India sizes vary from brand to brand and quality is inconsistent, even of some electronic items, how is it that there are people buying these items online? In India there are some segments of people who have not yet tried purchasing over internet.

7. Data Analysis and Interpretation

Table 1: Gender analysis

Gender	Percentage
Male	70
Female	30

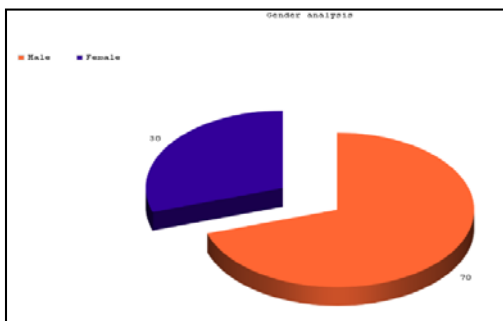


Fig 1: Gender analysis

From the above table and figure, we can easily analyze that majority of the respondents are males in the survey as compared to females, we have 70% of males and 30% of them are females have participated in this survey. Marketers have got a immense potential to tap the untapped segment i.e female segment because of their recent development of socioeconomic empowerment in the society.

Table 2: Age frequency analysis

Age group	Percentage
15 – 20	30
20 – 25	40
25 – 30	20
More than 30	10

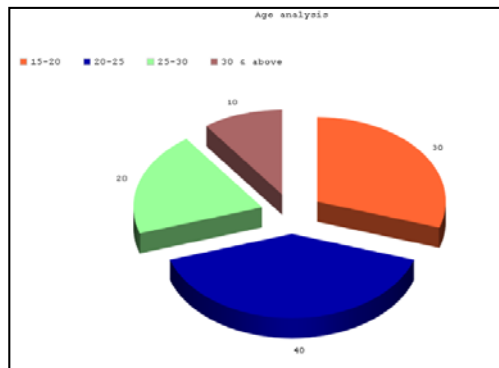


Fig 2: Age analysis

From the above pie-chart, it is clearly shows that, out of 100 respondents we have the maximum in the age group of 20-25 with 40% which is the highest percentage among other age distribution like 25-30 we have 20% and 10% fall in 30 & above age and rest 30% fall in 15-20 years old respondents respectively. The questionnaire responses mainly show the young generation which is actively part of the research. The present generations have a passion towards all the E's, it is an advantages to the marketer as well as to the customers to fulfill their needs.

Table 3: Marital status analysis

Marital status	Percentage
Single	60
Divorced	10
Married	25
Others	5

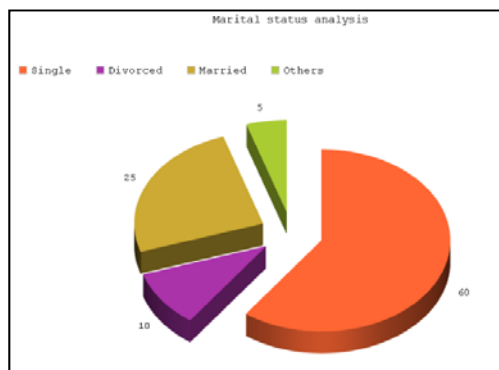


Fig 3: Marital status analysis

From the above pie-chart, it is clear that in this survey, out of 100 respondents 60% of them belonging to Single which is the highest percentage among other categories. Whereas married status comes in 2nd with 25% and the divorced category falls in 3rd with 10% and the rest 5% fall in others. It infers that single marital status is more comfortable and better exposed to online marketing. Marketer can tap to the other segments through innovative strategies.

Table 4: Occupation analysis

Occupation	Percentage
Student	70
Professional	20
Govt. Employee	3
Self Employed	2
Other	5

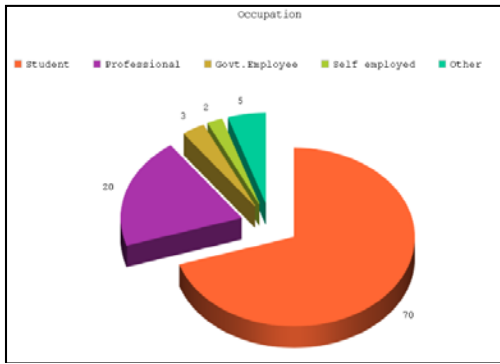


Fig 4: Occupation analysis

The above pie-chart help us to know the occupation of the respondents this is to know that which segment of people are buying more products on the internet whether they are the segment of students o government employees or professional, and it is clear that in this survey, out of 100 respondents we have the 70% of the respondents are students which is the highest percentage among other categories, which indicates 70% of the students are using internet and use to buy online products. Whereas professionals comes in 2nd with 20% when it comes to online shopping and the others categories falls in 3rd with 5% and the rest 5% are divided between govt. employees and self employees.

Table 5: Monthly income analysis

Monthly Income	Percentage
Below 15000	30
Below 25000	10
More than 25000	40
More than 40000	20

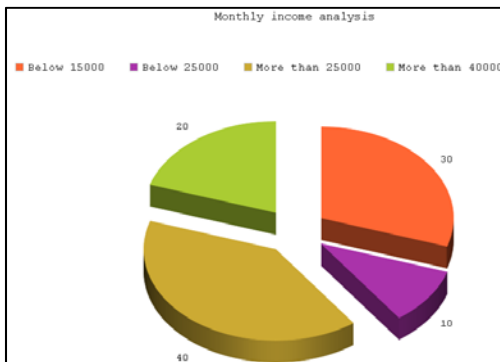


Fig 5: Monthly income analysis

This above graph shows the percentage of monthly income of the different respondents, and it show that less than 15000 income respondents using internet for shopping are 30%, while people having salary below 25000 are 10%, whereas people with salary more than 25000 are the maximum who uses internet for shopping with 40% and the rest 20% are with the range of greater than 40000.

Table 6: Usage of own Internet connection analysis

Internet Connection	Percentage
Yes	65
No	35

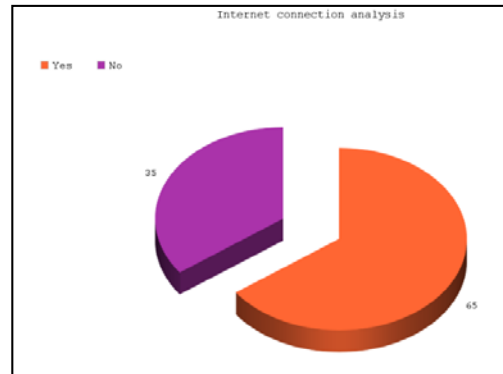


Fig 6: Internet connection analysis

This graph shows us the percentage of respondents who have their own internet connections, and it shows that 65% of respondents have their own internet connections and 35% people don't have their internet connection. Usage analysis may help for better understanding the behavior of the customers.

Table 7: Factors Influence on buying online

Influence to buy online	Percentage
Price	50
Product	15
Time	60
Others	5

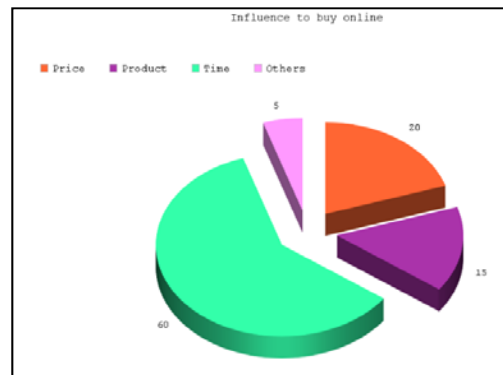


Fig 7: Influence to buy online

This graph shows us what motivates the people to buy through online, as from the above result, study shows that 60% of them use this because it saves time, followed by competitive pricing which motivates them to buy products through online.

8. Summary of Findings

8.1 Observations

From the data collected above it high lights the usage of online marketing revolutionarily increasing, and also find the better exposure, awareness, usage, comfort ability, result and the satisfaction level in the present on line business scenario.

Vertical e-Commerce categories including baby products, apparel, shoes and other lifestyle categories have also shown tremendous growth. Wider assortment and product availability have helped these retailers in growing business online.

9. Findings

- The study highlights that convenience, accessibility, scope, attraction, reliability, experience and clarity are the most important factors considered by the online shopper.

The study identifies that the Attributes which motivate the customer to shop through online are 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, The data depicts that supermarket are the preferred shopping destination as it offers all the basic aspect of the online shopping which are price, quality variety, proximity to home, offers & discounts. The data also determines the factors which will be beneficial for the consumer to Shop grocery through online which gives variety, saves times and avoid long queues if the option is given for the marketers. Bachelors, Students are the most potential customer for on line marketing, Better exposure of internet and smart phone are the reason for the revolutionized on line marketing.

10. Suggestions

- Consumers should be educated on online shopping procedures and its do's and don'ts
- Transactions should be safe and proper security should be assured to the people making online purchases.
- Government should play a pivotal role in encouraging online shopping for the betterment of the social and economic development.
- E-marketers must give a thought on, safety, time, and required information while designing their online product strategy.
- Banking should promote Debit card, Credit card facility in online shopping.
- Goodwill and trust may boost the sales

As the study recommend that, the online sellers have to make their payment transparent, and as people are coming on their sites and they are buying their products, so retailers have to give more discounts to their customers so that they can visit again and again to their site, and it also helps to make people more aware about the low risk shopping through net, and one more thing is that there is problem in the process of financial transaction due to its late process.

11. Conclusion

This study was accomplished to determine the consumer behavior in India in general, Mysore in particular towards online shopping. Online shopping is increasing in India but acceleration of online shopping is not as rapid as compared to other Developed countries like USA and UK according to the secondary data.

Increased Internet penetration, a hassle free shopping environment and high levels of Net suaveness see more and more Indians shopping online. But at the same time the companies need to reduce the risks related to consumer incompetence by tactics such as making purchase websites easier to navigate, and introducing Internet kiosk, computers and other aids in stores. The goal is not to convert all shoppers to online purchasing, but to show them it's option. In addition to above, efforts need to be taken to educate the online buyers on the steps that need to be undertaken while

making an online purchase. Moreover, the feedback of an online buyer should be captured to identify flaws in service delivery. This can be done through online communities and blogs that serve as advertising and marketing tools and a source of feedback for enterprises.

- The most preferred product of online buying is travelling tickets and clothing remains the least preferred choice of online shoppers.
- Among the payment options, Payment on delivery through cash in the safest choice of payment, while credit card are next preferred choice, online bank transfer is least preference choice.
- Online shoppers seek for clear information about product and service, time, saving, convenience, security and delivery on time are all important factor for online shopping. The offers with punch lines "Attractive offers" do not attract online shoppers.
- Most of the consumers who have experienced online shopping are very satisfied.

To conclude that, e-Commerce has seen tremendous growth in the last decade. Models like Cash on Delivery and other consumer centric payment options and improved service quality will boost overall sales. It is definitely the most exciting phase among online retailers and consumers as this learning curve shows India on the global map as one of the largest e-commerce markets in the foreseeable future. Still there is a huge untapped and under tapped potential market to tap through customized services offerings. Since the usage of smart phones has been increasing day by day, it is an added advantage to both the marketer as well as to the customers in fulfilling their needs and requirements.

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