

Influence of E-Commerce towards Indian Consumers

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Abstract—*In the emerging global economy, E-Commerce has increasingly become a necessary component of business strategy and a strong catalyst for economic development. It has also created a huge influence on the consumers. The internet has created a new medium for communication and commerce for businesses. It is hard to imagine a business working without using a computer. The concept “Electronic Commerce” has been commonly used now a days by the business executives as well as consumers. Ecommerce has been regarded as a bundle of innovations. It is a new mode of communicative interaction between the business and their consumers. The main focus of any sort of organization through any medium is to satisfy customers.*

The internet performs as a marketplace for getting sellers and buyers together to conduct sales as a form of transaction. The World Wide Web provides an inexpensive, easy and fast way to interact with customers, suppliers and business. Without the acceptance of consumers, any business cannot grow.

Keywords: *E-Commerce, Consumer, Business, Perception*

1. INTRODUCTION

The concept, “Electronic Commerce”, “Internet Marketing” and “Online Shopping” has resulted to a commonly used criteria, being used by the business executives as well as consumers throughout the world as the businesses are recognizing the potential opportunities for commerce in the on-line business environment (Karakaya and Charlton, 2001).

E-Commerce can be regarded as a bundle of innovations (Zwass, 2003; Molla, 2006). The increase in the numbers of internet users points out the emergence of an important and new medium of commerce. The internet refers to a new paradigm to conduct business relations and advertising strategies development. The distinct communication mix potentiality is found on the internet is not only changing the way businesses interact with their customers but also the way businesses interact with one another (Quinn, 1996). To shop from any corner of the world for a variety of products and services, consumers and businesses have the ability to do by sitting at home or office. This is possible to visualize the products, its need and comparison of products as well. They can also have online discussions as well as seek reviews and feedbacks from other consumers about the product. The internet involves the complete purchasing process in one easily accessible medium, i.e., from the exposure of the product till the purchasing of the product. Even if there are

many ways in which the internet medium differs from other advertising channels, three consistent components are focused according to advertisement literature. These components can be pointed out as, interactivity of internet and consumer, intimacy of customer and the ability to shop online (Quinn 1996; Berthon et al., 1996).

The internet represents a new prototype to conduct business relations and to develop advertising strategies. The combination of the whole purchasing processes which includes starting from exposure of product to purchase of product in a single and easygoing medium. The rapid growth in the sector of commerce through the medium of internet has evolved an environment that putatively causes it simpler and easier for the customers to compare different alternatives, complexity reduction, asymmetric information, cost switching and thus, products are commoditized. The main focus of any sort of organization through any medium is to satisfy customers. Without the acceptance of consumers, any business cannot grow.

An information rich environment is developed by the internet which creates awareness and provides upto-date informations related to the products and/or services available, about different suppliers etc. (Bruner, 1997; Chung Hoong, 2003; Settles, 1995). The consumers do their transactions and meet their expectations by a simple click of a mouse (Friedman, 1999; Sirdeshmukh et al. 2002).

With increase in the interest of shopping online, concern is about engaging in online shopping activity where personal information as well as credit card number and other information must be provided. It is also argued that privacy concerns and fear of insecurity of transaction has been the biggest inhibitors to the online shopping (Wang et al., 1998).

According to the *Harvard Business Review* (1997, p. 13), the impact of privacy can be defined as an unauthorized collection, disclosure, or other use of personal information as a direct result of E-commerce transactions. It is recommended in the article that choices are offered to the consumers whether to share their personal information by the e-commerce companies. It is also suggested that the e-commerce companies promise security to the consumers from hackers and provide access to the views or change online records of themselves.

The importance of word of mouth (WOM) communication is widely accepted in the traditional market research. As per previous studies, the consumer attitude towards wide range of products and services is affected by the WOM communication (S. Shavitt, et.al, 1994). Now the phenomenon of WOM has been transformed into various types of electronic WOM (eWOM) communication (M.G. Weinberger, et.al, 1981).

The online market enables customers to write recommendations that can influence potential consumers. Similar to the traditional WOM communications, online consumer reviews are also important for influencing the actions of the consumers. Certain characteristics of online consumer reviews can be pointed as the review context, the easy observation, the measurement of quantity and quality of both positive and negative opinions (P.Chatterjee, 2001).

As the consumers are exposed to those negative and positive comments about a product, they can easily categorize the product's quality as high, average and low quality (P.M. Herr, et.al, 1991). The true qualities of a product can be evidenced by the interpersonal information given by others is accepted (J.B. Cohen & E. Golden, 1972; D.N.Lascu, O.B. William&R.L.Rose, 1995). So, the interpersonal nature of information in the reviews of the online consumers can influence the attitude of the consumers. The individuals are influenced by the group with majority (M. Granovetter, S. Ronald, 1988).

E-Commerce has substantial advantage in the way of making business; E-Commerce has been adopted by organizations for the purpose of expanding markets, improving customer service, reducing costs, and enhancing productivity (Wenninger, 1999). Higher customization is possible due to E-Commerce by granting organizations to improve customer service (Choi &Whinston, 2000). A vital gain of E-Commerce refers to the approach towards global markets which enables businesses to expand their reach. The internet permits for the unconstrained awareness, visibility and opportunity for an organization to develop and promote its products and services (Senn, 2000).

Despite the global reach of E-Commerce, not all countries have taken advantage of or benefitted from E-Commerce. There is a big gap in Internet and E-Commerce adoption between the developed and developing countries (Licker& Motts, 2000); thus creating a digital divide. Digital divide is defined as the "differential capabilities of entire social (or regional) groups to access and utilize electronic forms of knowledge" (Straub, 2003), segregating the 'haves' from the 'have-nots' in the information society.

2. E-COMMERCE IN INDIA

E-Commerce provides significant opportunity for developing countries like India. E-Commerce in India is still in initial stage, but even the most-pessimistic projections indicate a boom. It is believed that low cost of personal computers, a

growing installed base for Internet use, and an increasingly competitive Internet Service Provider (ISP) market will help fuel E-Commerce growth in Asia's second most populous nation. This makes India a real attractive market for e-commerce. To make a successful e-commerce transaction both the payment and delivery services must be made efficient. There has been a rise in the number of companies' taking up e-commerce in the recent past. Major Indian portal sites have also shifted towards e-commerce instead of depending on advertising revenue. Many sites are now selling a diverse range of products and services from flowers, greeting cards, and movie tickets to groceries, electronic gadgets, and computers. With stock exchanges coming online the time for true e-commerce in India has finally arrived. On the negative side there are many challenges faced by e-commerce sites in India. The relatively small credit card population and lack of uniform credit agencies create a variety of payment challenges unknown in India. Delivery of goods to consumer by couriers and postal services is not very reliable in smaller cities, towns and rural areas. However, many Indian Banks have put the Internet banking facilities. The speed post and courier system has also improved tremendously in recent years. Modern computer technology like secured socket layer (SSL) helps to protect against payment fraud, and to share information with suppliers and business partners. With further improvement in payment and delivery system it is expected that India will soon become a major player in the e-commerce market.

While many companies, organizations, and communities in India are beginning to take advantage of the potential of e-commerce, critical challenges remain to be overcome before e-commerce would become an asset for common people. India's ecommerce industry is on the growth curve and experiencing a spurt in growth. The Online Travel Industry is the biggest segment in ecommerce and is booming due largely to the Internet-savvy urban population. The other segments, categorized under online non-travel industry, include e-Tailing (online retail), online classifieds and Digital Downloads (still in a nascent stage). The online travel industry has some private players such as Makemytrip, Cleartrip and Yatra as well as a strong government presence in terms of IRCTC, which is a successful Indian Railways program. The online classifieds segment is broadly divided into three sectors; Jobs, Matrimonial and Real Estate. Mobile Commerce is also growing rapidly and proving to be a stable and secure supplement to E-Commerce due to the record growth in mobile user base in India, in recent years. Growth drivers and barriers are present in equal measures for new E-Commerce ventures.

E-Commerce market in India has a wonderful growth. The market was worth about \$3.8 billion in 2009, it went up to \$12.6 billion in 2013. The e-retail market in 2013 was worth about \$ 2.3 billion. About 70% of India's e-commerce market is related to travel. India has close to 10 million online shoppers and is growing at an estimated 30% growth rate, with global growth rate of 8-10%.

Electronics and Apparel are the biggest categories in terms of sales.

Some of the key drivers in E-Commerce of India can be pointed out as follows:

- Increase in broadband internet and 3G penetration.
- Rise in the standards of living and upward growth in usage of mobile even among middle class with high disposable incomes.
- Wide product range is available as compared to what is available at the shops.
- Busy lifestyles, urban traffic congestion and lack of time for offline shopping creates interest towards online shopping.
- Lower prices as compared to the brick and mortar retail driven by disintermediation and reduced inventory and real estate costs.
- Usage of online classified sites, with more consumer buying and selling second-hand goods has increased.
- Evolution of the online marketplace model with sites like Flipkart, Jabong, Snapdeal, Myntra, Homeshop18, Infibeam etc. creates revolution in the market.

As per data retrieved, overall e-commerce market is expected to reach around \$24 billion by the end of 2015 with equal contribution from online travel and e-tailing. In e-commerce one of the biggest segment can be referred to the mobile and DTH recharge with nearly 1 million transactions daily by operator websites.

3. OBJECTIVE OF THE STUDY

To understand the mindset of the consumers.

To know what influences the purchasing behavior of a consumer.

To focus on how the E-Commerce influence the consumer perception and purchase behavior.

4. SCOPE OF STUDY

The study has a much broader scope. Ecommerce is a growing concept in India, and is developing at a good pace. So, it will surely turn-up as an economic supporter in future. By applying the findings and recommendations of this study, ecommerce in India can be improved. It will help India to build world class ecommerce ventures like Amazon and Ebay.

5. HYPOTHESIS

H₀: Internet may act as a communication mix for the customers.

H₁: Because of E-Commerce the consumer purchasing behavior is affected.

H₂: E-commerce provides good exposure to the consumers towards all type of products.

H₃: Because of E-commerce, flexibility towards purchase behaviour of consumers can be focused.

6. METHODOLOGY

The study focuses on the influence of E-Commerce towards the consumers. The influence of the factors involved in the consumer perception and acceptance of E-Commerce is vital and thus data are collected and then interpreted to understand the study.

The data of the study were collected from the primary sources with the help of questionnaire from certain consumers whose purchase behaviour has been influenced by the E-Commerce recently. A sample of 40 respondents have been approached out of which response of 25 respondents is relevant. The respondents were provided with structured questionnaire and were collected after duly filled in by them. In certain cases direct personal and telephonic interviews were also conducted with the help of the structured questionnaire.

Books, Journals, Thesis and Websites related to E-Commerce for broad study of the subject as secondary source of data.

7. DATA ANALYSIS AND INTERPRETATION

The statistical tool used in the factors influencing is the "Friedman Two-way Anova". This methodology is used for analyzing the ordinal scaled responses given to several attributes or elements by 'n' number of objects/ individuals. The formula is:

$$x_r^2 = \frac{12}{Nk(k+1)} \sum_{j=1}^k R_j^2 - 3N(k+1)$$

Where,

N= number of blocks, i.e., number of rows

k= number of treatments, i.e., number of columns

R= sum of the ranks in the jth treatment group

X² critical value for (k-1) degree of freedom.

A survey has been conducted on the Influence of E-commerce towards consumers. A sample of 25 consumers is used with those major factors of E-Commerce that influence them. These 25 sample respondents were asked to rank order to the major factors through personal interviews done by questionnaires. They were told to assign a rank of '1' to the factor that was most influential, a rank '2' to the next most influential factor, and so on.

Twelve major factors has been taken to do the study. The factors are the following;

Product information (PI), Quality of product (QP), Free Shipment (FS), Easy return Policy (ER), Customer review (CR), Secured online transaction (ST), Great online navigation (GN), Delivery time(DT), Multiple options (MO), Easy price comparison (EC), Special categories (SC), New product (NP).

The table Fig. 1, below represents the data obtained from the 25 respondents on their preferential order of the factors of the E-Commerce that influence them.

Respondent	PI	QP	FS	ER	CR	ST	GN	DT	MO	EC	SC	NP
R1	1	4	7	9	8	5	2	6	11	3	10	12
R2	1	3	4	7	6	5	9	10	11	2	8	12
R3	1	2	3	10	6	7	8	11	9	4	5	12
R4	1	6	5	9	2	7	3	4	8	10	12	11
R5	2	1	6	9	3	11	4	7	5	8	10	12
R6	1	5	3	4	2	9	8	6	11	7	10	12
R7	2	3	1	5	7	4	8	6	10	9	11	12
R8	1	2	4	3	5	7	6	9	8	11	10	12
R9	4	6	1	3	7	2	5	8	11	9	10	12
R10	1	3	2	6	12	4	11	5	7	8	9	10
R11	3	4	6	1	7	9	10	2	5	8	11	12
R12	1	3	2	5	6	11	10	4	7	12	8	9
R13	2	3	1	5	6	4	8	7	10	9	12	11
R14	1	2	9	5	3	11	8	4	10	6	7	12
R15	3	2	6	4	7	10	1	8	5	11	9	12
R16	4	2	9	5	7	3	8	1	11	6	12	10
R17	1	4	8	2	7	3	9	5	11	6	10	12
R18	1	3	2	4	9	6	11	5	7	8	10	12
R19	1	4	3	5	7	6	2	9	8	11	10	12
R20	1	2	4	5	10	9	7	6	12	3	11	8
R21	1	2	4	12	11	5	10	8	7	3	6	9
R22	1	2	6	12	7	8	4	9	11	10	3	5
R23	3	2	7	11	12	4	10	6	9	8	5	1
R24	3	1	12	8	5	4	11	5	7	6	9	2
R25	7	6	2	4	10	5	3	8	11	1	12	9
Rj	48	77	117	142	172	159	176	159	222	179	230	253
Rj2	23	59	136	201	295	252	309	252	492	320	529	640
	04	29	89	64	84	81	76	81	84	41	00	09

Fig. 1:

$$\sum_{j=1}^k R_j^2 = 2304+5929+13689+20164+29584+25281+30976+25281+49284+32041+52900+64009=351442$$

$$\chi_r^2 = \frac{12}{Nk(k+1)} \sum_{j=1}^k R_j^2 - 3N(k+1) = \frac{12}{300*13} * 351442 - 75 \quad (13)$$

$$= \frac{12}{3900} * 351442 - 975$$

$$= 0.003077*351442-975 = 1081.36-975 = 106.36$$

The Friedman critical value is needed to be extracted from the Appendix, which gives the chi-square critical value. The table value for 5% level of significance for (k-1) degree of freedom (that is, 11) is 19.675

To make a decision, it is needed to compare the calculated and critical Friedman value. Since the calculated statistic of 106 is

greater than the critical value of 19.675, it can be concluded that the ranking of the factors influenced can assigned by the sample collected from the respondents for being influenced by the Ecommerce organization is significantly different. That means, at least one factor is more influential towards consumers. So, the null hypothesis is rejected with no significant difference in the factors influencing the firms in the e-commerce adoption. Thus, it can be stated that the factor that is the most influential is the Product Information.

8. FINDINGS

According to the study conducted and the data interpretation done, it can be pointed out that E-Commerce has created an important and valuable influence on the Indian consumers. Most of the consumers prefer E-commerce sites to use their time valuably and focus on those products available. In present scenario, E-commerce has started affecting the buying behavior of the consumers. It also influences the perception of consumers. Thus E-commerce has created its place in the mindset of the consumers.

9. SUGGESTION

So, it can be suggested that the growth of E-Commerce which can create opportunity should focus on the clarity, understanding, awareness and competition within the organization and towards the customer. This can help the E-commerce to grow and achieve a height in the competitive market with influence in economy. Technological upliftment and development steps should be taken and need to be accepted as well as technology friendliness needs to be created so that it can be acquired easily both by the customers.

10. CONCLUSION

Thus it can be concluded that influence of E-Commerce has become very vital for the consumers. It also prefers to the growth of the organization with focus to the country. Considerable Opportunities for large and small firms across prefers with the advent of internet based E-Commerce offers to expand their customer base enter new products and rationalize their businesses by competing in the global economies. Ecommerce is new concept in India, and is growing at a good pace. Though the sector has witnessed tremendous growth and is expected to grow a lot of e-commerce ventures have faced extreme pressure to ensure cash flows. So, it is in the growth stage and will grow in future as well. There is relevance of e-commerce and the opportunity of its growth in developing countries, it is important to understand how the consumers are influenced and affected by e-commerce adoption.

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