

## A Comparative Study of Consumer Perception towards Online Shopping and Traditional Shopping in Bengaluru

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### Abstract

Customer perception state to the process by which a customer selects, organizes, and interprets information/stimuli inputs to create a meaningful picture of the brand or the product. It includes the consumer opinion towards the product, price, frequency of buying, selecting the store it may be online and offline stores. This study focuses on awareness about the online shopping, difference in consumer perception towards online and traditional shopping. In this study, the data collected from the consumers in online and offline shopping for the purpose of comparing the behavior of the consumers towards their buying habits between the online and offline shopping. The survey method with a structure questionnaire was used to collect data from the sample. The sample size is 100 consumers. For analyzing the data SPSS16.0 software was used. The statistical method like descriptive statistics, t-test analysis used for analyzing the data. The result indicates that the customers are more inclined towards online shopping than traditional shopping.

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### Keywords:

Online Shopping;  
Offline Shopping;  
Traditional Shopping;  
Consumer Perception;

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### 1. Introduction

E-commerce industry in India has experienced unprecedented development and expansion over last decade. India's e-commerce market has touched \$46 billion mark in year 2016 (Assocham). Indian e-commerce market is likely to grow fastest globally over three years. India received \$6.6 billion in venture capital and private equity investment in a single year 2015 (Morgan Stanley study, 2016). According to one study, Indian internet market is expected to grow to \$159 billion by 2020. The number of Internet users is constantly increasing, which is also significance that online purchasing is increasing rapidly (Joines, Scherer & Scheufele, 2003). Diversified demographics, availability of pocket internet and economy smartphones, ease of technology are some of the major factors which are causing these transformations.

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. Alternative names for online shopping are: e-shopping, e-store, Internet shop, web-store, online store, etc. There are various online shopping sites such as e-Bay, Amazon, Homeshop18, Snapdeal, Flipkart and many more. In today's scenario, Customers are no longer tied to the opening hours or specific locations as has been the case in traditional shopping; it may become active virtually at any time and any place to purchase products and services.

The e-shopping and traditional shopping each has unique features. The e-shopping substantially reduces search cost, grants easy access to product and price information and facilitates product comparison. E-shopping involves no travel, product carrying or restrictions on shopping hours, offering greater accessibility,

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convenience and time saving. In addition, it does not have any country barrier i.e. you can shop internationally with the ease. Even sometimes, required product is not available in your country then you can buy it online from other countries sitting at your home. India's population is of diverse background and traditional shopping has been a convention for it, therefore, during this transition from conventional shopping to online shopping, it is logical to conduct a comparative study of consumers' perception towards online shopping and traditional shopping.

## 2. Literature Review

According to **Lynch, Kent, and Srinivasan (2001)**, in the typical way of online shopping when the consumer needs some product or service they go through the internet and browse or search the things and their information they need. According to the study carried out by **Chaing and Dholakia (2014)**, the purpose the customer to purchase goods online during their shopping is characterized by mainly three variables those affect the consumer to purchase online or offline. Those variables are the accessibility features of the shopping sites, the type of the products and their characteristic, and the actual price of the product. The study revealed that the accessibility and the convenience of the shopping sites create the intention in the customer whether to purchase or not. The population who is more literate, more knowledgeable and who are more aware of the technology and those who have a positive attitude towards online shopping and internet are more into online shopping (**Iyer and Eastmen, 2014**). But the segment of population who is less aware of the internet and the shopping sites is less involved in online shopping because they do not have a positive attitude towards online shopping and do not feel convenient rather they are much more interested in offline shopping. The consumers who have more knowledge about the internet and the shopping sites they compares both online and traditional shopping for their purchase.

For both kind of shopping i.e. traditional or offline and online shopping, there are various factors and motivators and consumers' perception is varying about these. **Guo Jun and Noor Ismawati Jaafar (2002)** pointed out that persons attitude for adopting online shopping is related to perceived usability, perceived security, perceived privacy, perceived after-sales service, perceived marketing mix, perceived reputation. Zia Ul Haq finds out that consumers' perception of online shopping was based on website quality, commitment factor, customer service and security. **Hemamalini K (2013)** suggested that product involvement, attitude and reason for online shopping varied with different product types. Concerning the factors that influence or hinder online shopping, **Dr. Syed Shah Alam, Zaharah Bakar, Dr. Hishamuddin Bin Ismail, Nilufar Ahsan (2008)** asserted that website design, website reliability, customer service and privacy are the four key factors which influence young consumers' perception of online shopping. **Monami Banerjee, Dr. Neelotpaul Banerjee (2012)** suggested that the most important factor influencing consumers' online trust is marketer's integrity. **Ernst and Young (2000)** reported that internet users purchased online because of good product selection, competitive prices, and ease of use, but were concerned about shipping costs, lack of opportunity to prior examining the products, confidential information of credit card and the personal information. **Know and Lee (2003)** explored consumers' concerns about payment security and its relationship to online shopping attitude and actual purchases. They observed a negative relationship between attitude towards online shopping and concerns about online payment security. Consumers with a positive attitude seem to be less concerned about payment security. **Narges Delafrooz, Laily H. Paim, Sharifah Azizah Haron, Samsinar M. Sidin and Ali Khatibi (2009)** suggested that the motivators to attract online shoppers are convenience, competitive price and more variety products. Similarly, popular literatures cited ease of shopping comparison, low prices, timely delivery, convenience, time saving, low shipping costs, improved customer service, tax exempt status and speedy e-mail response, as key reasons for the increase in online shopping (**Lorek, 2003; Magee, 2003; Maloy, 2003; Retail Merchandiser, 2003**). Additionally, **Karayanni (2003)** observed that online shoppers tend to value avoidance of queues, availability of shopping on a twenty four-hour basis and time efficiency. A study carried out by **Monsuwe et al (2004)** collectively provides all the related literature review regarding the factors that drive consumers to shop online. Vidya Shree DV suggested that online shopping will become an even more central part of our lives, growing more sophisticated with each passing year. Many internet users avoid purchasing online due to privacy and security concerns (**Lian and Lin, 2008**) deriving by their hesitation to send personal information through the internet (**Roca, García and de la Vega, 2009**). In spite of this, online shopping is continuing to grow as online enterprises become more sophisticated (**Lian and Lin, 2008**), which results in the dramatic change of how consumers buy products and services (**Hill and Beatty, 2011**).

## 3. Research Method

This study adopts descriptive and inferential research design where primary data have been used. Sample survey method was adopted to collect primary data. Total of 100 respondents were distributed the questionnaires in Bengaluru. Non-probability sampling particularly convenience sampling was adopted.

Primary data was collected using a structured questionnaire to know consumer perception on all relevant factors taken from the previous literature.

### 3.1 Objective of the study

The objective of the study is to measure the difference in consumers' perception towards online shopping and traditional shopping.

### 3.2 Hypothesis

The following hypothesis was formulated and tested in this study

**Null hypothesis  $H_0$ :** There is no significant difference between consumers' perception towards e-shopping and traditional shopping.

**Null hypothesis  $H_1$ :** There is significant difference between consumers' perception towards e-shopping and traditional shopping.

### 3.4 Scope of the study

The scope of the study is limited to Bengaluru City. Based on past literature, consumers' behaviour varies across different social and cultural backgrounds. The outcomes of this research are also different to the results of past studies. Therefore, outcomes from this research might not apply to other population groups, or to the other cities of India.

### 3.5 Limitation of the study

- (i) Sample size is relatively small. Only 100 respondents have been considered for the research.
- (ii) Lastly, for primary data, non response error cannot be ruled out.

## 4. Results and Analysis

### 4.1 Demographic analysis

**Table 1: Demographic characteristics of respondents**

Variables		Frequency	Percent (%)
Gender	Male	65	65.0
	Female	35	35.0
Age	15-19	3	3.0
	20-29	28	28.0
	30-39	54	54.0
	40-49	11	11.0
	Above 50	4	4.0
Qualification	SSLC/below	1	1.0
	HSC	4	4.0
	Graduate	49	49.0
	PG	45	45.0
	Others	1	1.0
Profession	Student	5	5.0
	Professional	26	26.0
	Service/Job	58	58.0
	Housewife	9	9.0
	Business	2	2.0
Monthly Income (INR)	Upto 20,000	17	17.0
	20,000-40,000	18	18.0
	40,000-60,000	32	32.0
	60,000-80,000	25	25.0

	Above 80,000	6	6.0
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The result shows that majority of respondents i.e. 65% are males and 35% are the female. Majority of respondents i.e. 54% fall under the category of 30-39 years and very less respondent i.e. 3% fall in the category of 15-19 years. And majority of respondents are graduate i.e. 49% and 1% respondent are SSLC/below and other qualification categories. 58% are Service people and contrary to that only 2% respondents are business people. 32% of the respondents fall under the monthly income category of Rs.40,000-60,000 and 6% falls under the monthly income category of above Rs.80,000.

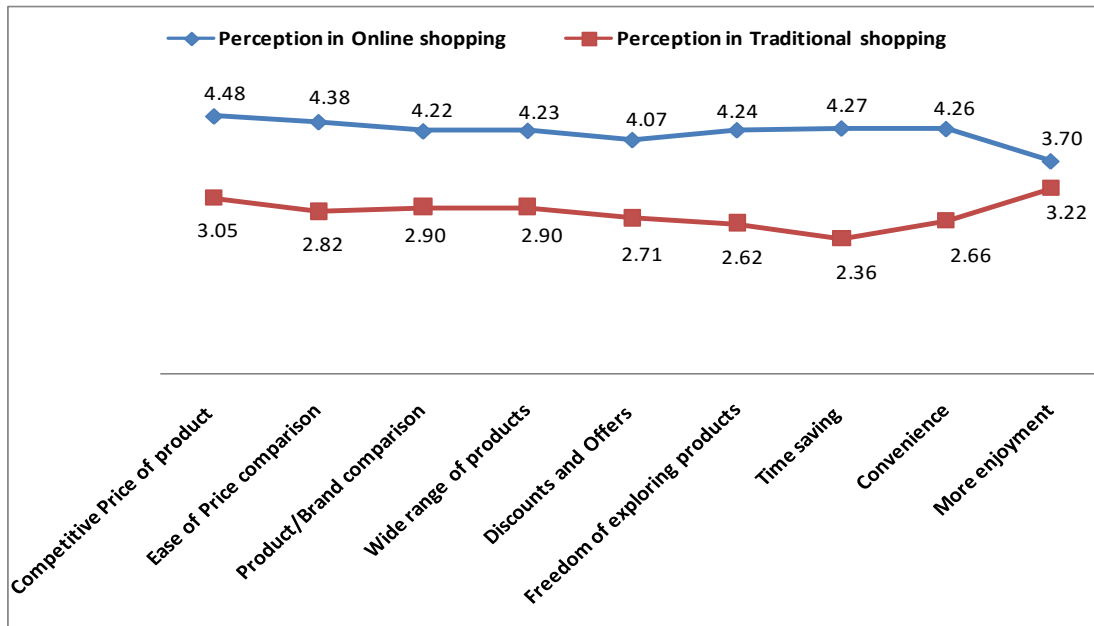
#### 4.2 Consumer perception towards Online Shopping and Traditional shopping

**Table 2: Difference in perception in online shopping and traditional shopping**

Variable	N	Online Shopping		Traditional Shopping		Gap
		Mean	Std Deviation	Mean	Std Deviation	
Competitive Price of product	100	4.48	0.62	3.05	1.06	1.43
Ease of Price comparison	100	4.38	0.61	2.82	1.05	1.56
Product/Brand comparison	100	4.22	0.78	2.90	1.00	1.32
Wide range of products	100	4.23	0.75	2.90	0.99	1.33
Discounts and Offers	100	4.07	0.76	2.71	1.06	1.36
Freedom of exploring products	100	4.24	0.88	2.62	1.04	1.62
Time saving	100	4.27	0.73	2.36	1.06	1.91
Convenience	100	4.26	0.67	2.66	1.12	1.60
More enjoyment	100	3.70	0.92	3.22	1.15	<b>0.48</b>

The table 2 indicates that all the variables Competitive Price of product, Ease of Price comparison, Product/Brand comparison, Wide range of products, Discounts and Offers, Freedom of exploring products, Time saving and Convenience except More enjoyment contributes significantly towards consumers perception in online shopping. Though More enjoyment contributes less towards consumers perception in online shopping, it indicates that consumer feel less enjoyment in online shopping. However, overall perception of online shopping scored more compared to traditional shopping.

#### Chart 1: Difference in consumers' perception



### 4.3 Testing of Hypothesis

To test the hypothesis, **paired sample t-test** also referred to as “dependent samples t-test was conducted. The results are shown in the below table 3.

**Table 3: Paired Samples Statistics**  
**Paired Samples Correlations**

	N	Correlation	Sig.
Online Shopping & Traditional Shopping	9	-.372	.324

**Paired Samples Test**

	Paired Differences					t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Online Shopping – Traditional Shopping	1.40111	.39279	.13093	1.09918	1.70304	10.701	8	.000

From the table 3, it is depicted that t-value is significant ( $0.000 < 0.05$ ) at the confidence level of 95%. Therefore null hypothesis  $H_0$  is rejected and alternate hypothesis  $H_1$  is accepted. Moreover, from the paired samples correlation, it is very clear that a negative correlation exists between the pairs, indicating a gap in perception. It can be concluded that there is significant difference in the consumer perception in online shopping and traditional shopping.

### 5. Conclusion

It is very interesting that in Indian e-commerce industry, being a very recent phenomena, consumers are very much inclined towards online shopping and very fast adapted to the culture of online purchasing. The consumers' perception in online shopping and traditional shopping varies from individual to individual. The study reveals the facts that people of age group 30-39 do more online shopping and the age group 20-29 also constitutes the major part. There may be a reason that people who are in their thirties' are more financially strong and independent and purchase more through online shopping. Study observes the less gap in perception with variables 'product and brand comparison', 'wide range of products', 'discounts and offers', with the least gap in more enjoyment. Consumers feel that online shopping lacks in enjoyment and in traditional shopping people go for purchasing causing more enjoyment as it is accompanied with outings.

Major draw cards of online shopping, as can be seen from graph also, are availability of wide range of products, freedom of exploring unlimited products, time saving, and convenience. Transformation in shopping trends is taking place due to the change of lifestyle of the people and e-retailers need to develop suitable marketing strategies to attract the customers and develop a potential market in e-commerce.

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