Customer Perception towards Determinants of E-Tail Outlet Choice: An Empirical Study of Visakhapatnam Online Customers

V.V.Devi Prasad Kotni
Assistant Professor, Department of Management Studies, GVP College for Degree and PG Courses (A)
Visakhapatnam, India, Mobile No: +91 – 9010406969, Fax: +91 – 891 – 2565855
Email: devi_kvv@yahoo.com

Abstract

E-Marketing or e-tailing is the process of marketing a brand using the Internet. It includes both direct response marketing and indirect marketing elements and uses a range of technologies to help connect businesses to their customers. With recent news pointing to the increase in online shopping, it's evident that consumers are increasingly and confidently turning to the Internet to find competitively priced goods. 70% of consumers who purchased items used search during their observation stage, often including both brand and generic terms relevant to the item. The purpose of this study is to find out customer perception towards determinants of online shopping that motivate the customers towards selection of a particular etail outlet for online shopping. This study observes the existing determinants in practice and then finds out the customer perception towards those determinants, thereby offering recommendations to the etailers to concentrate on those determinants which are not performing well according to the customer expectations. This study was conducted in Visakhapatnam city in select etail outlets and respondents/customers are selected from flipkart.com, amazon.com, myntra.com, snapdeal.com.

Keywords: E-tailing – online shopping – determinants of e-tailing – customer perception

Introduction

E-tailing, E-Marketing or electronic marketing refers to the application of marketing principles and techniques via electronic media and more specifically the Internet. The terms E-Marketing**,** Internet marketing and online marketing**,** are frequently interchanged, and can often be considered synonymous. eMarketing is the process of marketing a brand using the Internet**.** It includes both direct response marketing and indirect marketing elements and uses a range of technologies to help connect businesses to their customers. By such a definition, E-Marketing encompasses all the activities a business conducts via the worldwide web with the aim of attracting new business, retaining current business and developing its brand identity.

With recent news pointing to the increase in online shopping, it's evident that consumers are increasingly and confidently turning to the Internet to find competitively priced goods. Internet heavy weight Google recently commissioned a study in conjunction with research company Nielsen; looking at how consumers are increasingly researching their products before purchasing online. The study covers all areas of online shopping behaviour, from how shoppers search for items to the amount of time they spend on researching items, before making a decision.

Consumer behaviour was studied across several retail categories ranging from mobile phones to apparel and travel. The survey sample size reached as many as 15,453 UK online shoppers in some categories. Key findings showed that UK consumers who shopped for clothes and shoes spend, on average, almost a month researching items online before making a purchasing decision. As a result, one in three purchases is made up to 30 days after the online research was first conducted.

Although apparel shoppers spend the longest time researching a product overall, one in 10 travel shoppers searched more than 50 times before deciding to purchase. 70% of consumers who purchased items used search during their observation stage, often including both brand and generic terms relevant to the item. In this changing scenario an attempt has been made to analyse the dynamics of e-commerce.

REVIEW OF DETERMINANTS OF E-TAIL OUTLET CHOICE

After conducting a series of desk reviews of existing literature, scanning various e-tail outlets' sales records and reports the following determinants are identified as presented in table 1. These determinants are selected for this research after taking due care so that these determinants are existing in select outlets for the survey.

S.No	Table 1: Determinants of E-tail outlet choice
1	Range of products
2	Minimum transaction cost
3	Payment security
4	Online tracking of customer orders
5	Screen layout
6	Security and privacy
7	Reliability of product delivery
8	Timeliness of product delivery
9	Post-purchase communication on order refund requests
10	Complimentary Benefits
11	After Sales Service
12	Customer Support
13	Return and replacement process
14	Feedback
15	Post-purchase communication

OBJECTIVES OF THE STUDY

The objectives of the study are to study the determinants of online shopping that motivate the customers to select a particular outlet, to study socioeconomic characteristics of the online customers in the study area, to know the customer perception towards the determinants, thereby offering recommendations to the etailers to concentrate on those determinants which are not performing well according to the customer expectations.

RESEARCH METHODOLOGY

The methodology of the study is designed in unique way to know the customer perceptions towards e-tail outlet choice determinants**.** The study is mainly an empirical one and the variables used are both quantitative and qualitative in nature. The study is based on both primary and secondary data. The secondary data was collected from various in-house magazines of corporate outlets, e-tail and marketing journals etc to know the existing determinants. The primary data is collected from 300 customers shopping in different leading online outlets in internet like flipkart.com, amazon.com, myntra.com, snapdeal.com etc.

Sampling technique: Purposive Sampling
Sample Size: 300
Study Area: Visakhapatnam

Format: online shopping websites

Research Instrument: A structured questionnaire has been designed specifically to elicit the opinions of respondents depending on objectives of the study. Firstly the questionnaire concentrates on analysing socio-economic characteristics of the online customers in Visakhapatnam, secondly asking the customers to provide their expectations on a five point likert scale regarding fifteen identified determinants of outlet choice in the study area. Questions in the questionnaire are framed in such a manner that the respondent gives their opinion mostly for questions on a five point likert scale, in some cases with given options and also open-ended questions sometimes. Scaling technique used to quantify the variables, the 5-point scale is Excellent, Good, Average, Bad, Worst. The perceptions of the customers are recorded and analysed.

SOCIOECONOMIC PROFILE OF ONLINE CUSTOMERS

Table 2: Socio-Economic Characteristics of online customers

Variable	Categories of variable	Frequency
Gender	Male	145 (48%)
	Female	155 (52%)
Age	13 - 19 years (teenagers)	29 (10%)
	20 - 30 years (young-agers)	150 (50%)
	31 - 40 years (early middle-agers)	79 (26%)
	41 - 50 years (late middle-agers)	30 (10%)
	above 50 years (old-agers)	12 (4%)
Occupation	Unemployed / Students	56 (19%)
	Employed	189 (63%)
	Business people	55 (18%)
Education	Primary Education	12 (4%)
	Secondary Education	26 (9%)
	Higher Secondary / Diploma / ITI	48 (16%)
	Graduation (UG)	100 (33%)
	Post Graduation (PG)	89 (30%)
	Higher than PG	25 (8%)
Income	Less than Rs.15,000/-	89 (30%)
	Between Rs.15,000/- and Rs.30,000/-	140 (47%)
	Between Rs.30,000/- and Rs.50,000/-	56 (19%)
	More than Rs.50,000/-	15 (5%)
Size of Family	Single	12 (4%)
	Two	59 (20%)

	Three	49 (16%)
	Four	125 (42%)
	Five	48 (16%)
	Six	7 (2%)
	Seven	0 (0%)
Note: Figures in the parentheses are percentages to the sample size(300)		

1. Among the sample of 300 respondents, 48% are male and 52% are female. It can be observed that the number of female customers participating in online shopping is little more than the number of male customers.
2. Regarding the age group, It is noticed that about 10% of respondents are teenagers, 50% of the consumers are in the age group of 20 to 30 years (youngsters) and about 26% consumers are from 31 to 40 years of age group, 10% consumers are from 41 to 50 years of age group and 4% consumers are from above 50 years of age group. It can be interpreted that majority of the online customers are youngsters i.e. from 20 – 30 years of age group.
3. Occupations of respondents are like, 19% of respondents are students and unemployed group, 63% are employed and 18% are from business back ground. So employees are participating in online shopping more than business people and students/unemployed.
4. As far as Education is concerned, 33% are graduates, 30% are post graduates, 9% finished secondary education, 4% completed primary education, 9% higher secondary and 8% are from above post graduation back ground. Hence graduates, post graduates and higher post graduates are doing more online shopping.
5. Income levels of consumers are in between Rs.15,000/- to Rs.30,000/- per month for 47% of sample respondents, 30% are from less than Rs.15,000/- monthly income group, 19% are having monthly income in between Rs.30,000/- to Rs.50,000/- and 5% are having more than Rs.50,000/- monthly income.
6. Family size of sample online consumers, single 4%, double 20%, three 16%, four 42%, five 16% and family size is six for 2% of respondents as shown in table 2. Family size with two, three and four are participating majorly in online shopping.

CUSTOMER PERCEPTIONS TOWARDS DETERMINANTS OF E-TAIL OUTLET CHOICE

In this section, customer perceptions on 15 determinants of e-tail outlet choice were recorded on a rating scale. The determinants like Range of products, Minimum transaction cost, Payment security, Online tracking of customer orders, Screen layout, Security and privacy, Reliability of product delivery, Timeliness of product delivery, Post-purchase communication on order refund requests, Complimentary Benefits, After Sales Service, Customer Support, Return and replacement process, Feedback and Post-purchase communication as presented in table 3.

Table 3: Customer Perceptions towards Attributes of E-Marketing

S.No.	Determinants	Excellent	Good	Average	Bad	Worst
1	Range of products	45	45	156	45	9

		15%	15%	52%	15%	3%
2	Minimum transaction cost	12	48	89	89	62
		4%	16%	30%	30%	21%
3	Payment security	148	78	59	10	5
		49%	26%	20%	3%	2%
4	Online tracking of customer orders	159	125	16	0	0
		53%	42%	5%	0%	0%
5	Screen layout	150	121	29	0	0
		50%	40%	10%	0%	0%
6	Reliability of product delivery	15	48	159	63	15
		5%	16%	53%	21%	5%
7	Timeliness of product delivery	12	49	78	100	61
		4%	16%	26%	33%	20%
8	Post-purchase communication on order refund requests	15	45	158	50	32
		5%	15%	53%	17%	11%
9	Security and privacy	152	130	18	0	0
		51%	43%	6%	0%	0%
10	Complimentary Benefits	25	50	109	86	30
		8%	17%	36%	29%	10%
11	After Sales Service	13	89	150	24	24
		4%	30%	50%	8%	8%
12	Customer Support	30	50	157	42	21
		10%	17%	52%	14%	7%
13	Return and replacement process	45	89	104	36	26
		15%	30%	35%	12%	9%
14	Feedback Mechanism	15	56	148	54	27
		5%	19%	49%	18%	9%
15	Post-purchase communication	90	51	145	14	0
		30%	17%	48%	5%	0%

RESULTS AND DISCUSSION

Range of Products: It can be observed that 52% of the respondents perceived that the range of products available in e-tail outlets as average, 15% of the respondents rated as good, 15% of the respondents rated as excellent, 15% of the respondents rated bad and remaining 3% of the respondents are rated as worst on range of products available in website. The retail outlets have to improve the availability of range of products in website.

Minimum transaction cost: It was found that 16% of the respondents agreed that minimum transaction cost is good, 30% of the respondents gave rating average, 4% of respondents only agreed that the call centre is excellent, 30% gave the rating bad and 21% rated as worst. It can be inferred that the online customers perceive that the transaction cost for online shopping is high.

Payment Security: It was noticed that 26% of the respondents agreed that payment security is good, 20% of the respondents rated as average, 49% of the respondents rated as Excellent, 3% of the respondents rated as bad and 2% of the respondents rated as worst on payment security. With that it can be concluded that the payment security in e-tail website is good and up to the mark.

Online tracking of customer orders: It can be observed that 42% of the respondents perceived online tracking of customer orders rated as good, 53% of the respondents rated as excellent, 5% of the respondents rated as average and no one rated as bad or worst. So it can be inferred that online tracking of customer orders is perceived good.

Screen Layout: It can be interpreted that 10% of the respondents opined that the screen layout is average, 40% of the respondents rated as good, 50% of the respondents rated as excellent, no one rated as bad or worst. So it can be inferred that screen layout of e-tail outlets is good.

Reliability of product delivery: It can be observed that 53% of the respondents gave rating as average on reliability of product delivery, 16% of the respondents rated as average, 5% of the respondents rated as excellent, 21% of the respondents rated as bad and 5% of the respondents rated as worst. So it can be concluded that the Reliability of product delivery has to be improved.

Timeliness of product delivery: It can be observed that 4% of the respondents rated Timeliness of product delivery as excellent, 16% of the respondents rated as good, 26% of the respondents rated as average, 33% of the respondents rated as bad and 20% rated as worst. So it can be concluded that the So it can be concluded that the Reliability of product delivery has to be improved.

Post-purchase communication on order refund requests: It can be noticed that 15% of the respondents rated good about Post-purchase communication on order refund requests, 53% of the respondents are rated as average, and 5% the respondents are rated as excellent, 17% the respondents are rated as excellent and 11% rated worst about Post-purchase communication on order refund requests. Hence Post-purchase communication on order refund requests is perceived well by the online customers.

Security and privacy: It can be observed that 6% of the respondents agreed that Security and privacy as average, 43% of the respondents rated as good, 51% of the respondents rated as excellent, and no one rated as bad or worst. Hence Security and privacy is perceived well by the online customers

Complimentary Benefits: It can be found that 36% of the respondents rated Complimentary Benefits as average, and 17% of the respondents rated as good, and 8% of the respondents rated as excellent and also 29% of the respondents rated as bad and 10% rated as worst about Complimentary Benefits. It can be understood that Complimentary Benefits from e-tail outlets are not perceived well by online customers.

After Sales Service: It can be analysed that 50% of respondents agreed that the after sales services as good, 30% of the respondents rated as average, 4% of the respondents rated as excellent and 8% gave rating worst and bad for After Sales Services. Hence it can be concluded that After Sales Service are perceived well.

Customer Support: It can be observed that 52% respondents agreed that customer support is average, 17% of the respondents rated as good, 10% of the respondents rated as excellent, and 14% gave rating bad and 7% gave rated as worst about After Sales Service. Hence it can be concluded that customer support is perceived well by online customers.

Return and replacement process: It can be noticed that 35% respondents agreed that Return and replacement process is average, 30% of the respondents rated as good, 15% of the respondents rated as excellent, 12% rated as bad and 9% rated as worst. So it is necessary to maintain a sound return policy for every e-tail outlet and the policy must be communicated to the customers at the time of purchase.

Feedback Mechanism: It is interpreted that 49% of the respondents rated Feedback Mechanism as average, 19% of the respondents as good, and 5% gave rating as excellent, bad 18% and worst 9%. In online retailing feedback mechanism play vital role in success of online business. So feedback mechanism needs to be improved in online shopping sites.

Post-purchase communication: It can be observed that 30% of the respondents rated Post-purchase communication as excellent, 17% of the respondents rated as good, 48% of the respondents rated as average, 5% rated as bad and no one rated as worst. So it can be said that Post-purchase communication is not found to be perceived well, it has to be improved.

CONCLUSION

Payment security, Online tracking of customer orders, Screen layout, Post-purchase communication on order refund requests, Security and privacy, After Sales Service and Customer Support are perceived well by the online shoppers. The online marketers need to maintain these determinants with same standards in order to retain their customers.

9. on Wesley, Singapore, 2001

Range of products, Minimum transaction cost, Reliability of product delivery, Timeliness of product delivery, Complimentary Benefits, Return and replacement process, Feedback Mechanism and Post-purchase communication are not perceived well by the online shoppers. The online marketers need to improve these determinants with good standards in order to attract new customers.

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