

CONSUMER BEHAVIOR TOWARDS DIGITAL MARKETING

Neetu Kashyap

Under the Guidance of Prof. Rubi Kumari

Master of Business Administration

SCHOOL OF BUSINESS GALGOTIAS UNIVERSITY

INTRODUCTION

The Internet, as a mean for both firms and individuals to conduct business, is now Adyson of the most widely used non-store formats. With popular trends and demands the concept of the Internet as the way forward to increase profit margins, companies new and old are creating websites here and there. The significance for retailers to having a web site is that a web site is informational and transactional in nature, as the web site can be used for advertising and direct marketing; sales; customer support and public relations. It has been more than a decade since business-to-consumer E-commerce first evolved. Scholars and practitioners of electronic commerce constantly strive to gain an improved insight into consumer behaviour in cyberspace.

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, communicate 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 they will receive if they purchase the product from a particular store. Many experts are optimistic about the prospect of online business.

A brand is the idea or image of a specific product or service that consumers connect with, by identifying the name, logo, slogan, or design of the company who owns the idea or image. Branding is when that idea or image is marketed so that it is recognizable by more and more people, and identified with a certain service or product when there are many other companies offering the same service or product. Advertising professionals work on branding not only to build brand recognition, but also to build good reputations and a set of standards to which the company should strive to maintain or surpass. Branding is an important part of Internet commerce, as branding allows companies to build their reputations as well as expand beyond the original product and service, and add to the revenue generated by the original brand. Initially, Branding was adopted to differentiate one person's cattle from another's by means of a distinctive symbol burned into the animal's skin with a hot iron stamp, and was subsequently used in business, marketing and advertising.

Customer perception is a marketing concept that encompasses a customer's impression, awareness and/or consciousness about a company or its offerings. Customer perception is typically affected by advertising, reviews, public relations, social media, personal experiences and other channels.

Consumer behaviour is the study of individuals, groups, or organizations and the processes they use to select, secure, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society. It blends elements from psychology, sociology, social anthropology and economics. It attempts to understand the decision-making processes of buyers, both individually and in groups. It studies characteristics of individual consumers such as demographics and behavioural variables in an attempt to understand people's wants. It also tries to assess influences on the consumer from groups such as family, friends, reference groups, and society in general.

Customer behaviour study is based on consumer buying behaviour, with the customer playing the three distinct roles of user, payer and buyer. Research has shown that consumer behaviour is difficult to predict, even for experts in the field. Relationship marketing is an influential asset for customer behaviour analysis as it has a keen interest in the re-discovery of the true meaning of marketing through the re-affirmation of the importance of the customer or buyer. A greater importance is also placed on consumer retention, customer relationship management, personalisation, customisation and one-to-one marketing. Social functions can be categorized into social choice and welfare functions.

The ultimate goal of most businesses is to increase sales and income. Ideally, you want to attract new customers to your products and encourage repeat purchases. Brand awareness refers to how aware customers and potential customers are of your business and its products. Brand Awareness is the extent to which a brand is recognized by potential customers, and is correctly associated with a particular product. Expressed usually as a percentage of target market, brand awareness is the primary goal of advertising in the early months or years of a product's introduction.

Brand awareness is the extent to which the consumer associates the brand with the product he desires to buy. It is the brand recall and the brand recognition of the company to the consumers. Brand recall is the ability of the consumer to recollect the brand with reference to the product whereas brand recognition is the potential of the consumer to retrieve the past knowledge of the brand when enquired about the brand or shown an image of the brand logo. Brand awareness is an essential part of brand development which helps the brand to stand out from the others in this monopolistically competitive market.

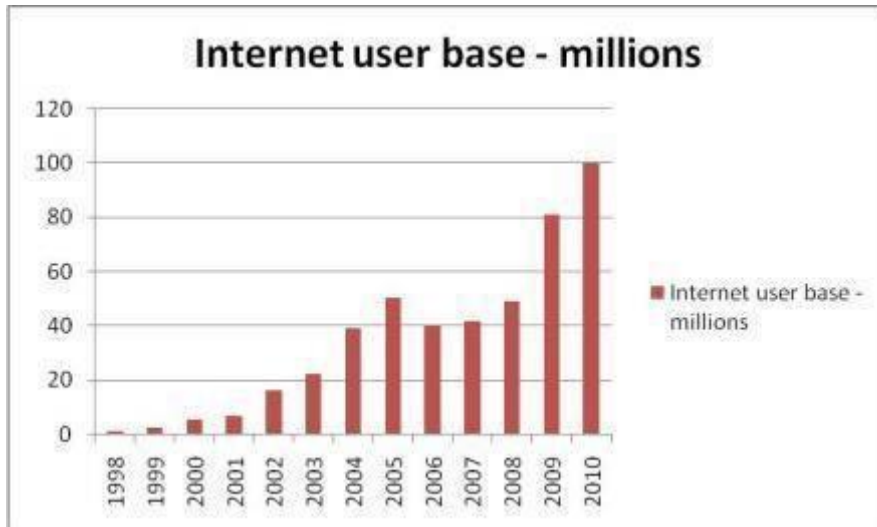
Digital marketing involves the promotion of products and services using digital distribution channels that reach consumers in a timely, relevant, personal, and cost- effective manner. At a high level, digital channels can have many categories, such as the internet, mobile, digital outdoors, and any form of interactive digital media. Each category has multiple digital tools/ sub-channels that can support digital marketing. These include:

- Internet- Email banner ads, dedicated websites, pop-up ads, sponsored content, paid keyword search, podcasts, etc... Newer channels comprise social networks, blogs, wikis, widgets, virtual words, online gaming etc...
- Mobile- SMS, MMS, mobile Web, mobile application and mobile video
- Digital outdoors – Stills, / video digital display, interactive kiosks
- Interactive digital medium – interactive television channels

Any combination of the above channels can be used to gain maximum visibility with utmost impact among targeted customers, thereby enabling more business at a reasonable cost. While digital channels empower marketers with a tremendous advantage in terms of their extensive reach, leveraging their potential requires effective management of multiple channels with complex variables to realize optimal value.

1.1 INTERNET USAGE IN INDIA

Internet in India report says that India's internet user base has gone well above 100 million – that's just fewer than 10% of the population. India's internet user base was growth was very sluggish until 2007-08, but has picked up rapidly thereafter.



Graph 1.1: Internet usage in yearly basis

At about 150 million Internet users, India now has 3rd largest Internet population in the world after China (at 575m) and the US (at 275m). At 150 million total Internet users, the Internet penetration in India remains at 12 per cent vs. 43 per cent in China and 80 per cent in the US. However, the low penetration means that India presents unmatched growth opportunity for the Internet sector in coming years. In our view, India will likely see golden period of the Internet sector between 2013 to 2018 with incredible growth opportunity and secular growth adoption for E-Commerce, Internet advertising, social media, search, online content, and services relating to E-Commerce and Internet advertising.

Here is the India Internet outlook for 2013, the first year for this golden period.

- Internet penetration will reach 15%. Expect India to add 30 million new Internet users in 2013 and total Internet population to touch 180mm. This implies a 20% growth in the Internet population.
- Time spend online will rise and directionally become comparable to US and China. As per research estimates, an Internet user in India on average is spending 13 hour per week and this number will likely reach 16 hours per week. The incremental time spend online will largely be spent on social media, photo/video sharing, E-Commerce, and utilities/banking/bill payments.
- Mobile Internet users to touch 100M. India has nearly 950 million mobile subscribers and close to 50 million or fewer than 6 per cent of these mobile subscriber's access Internet via mobile handsets. And estimate that in 2013 the mobile Internet penetration will go up from close to 6 per cent to 10 per cent and India could double its mobile Internet population in 2013 at 100 million estimated mobile Internet users by end of 2013.
- Internet usage will likely grow faster for female and from home. So far India Internet usage is heavily skewed towards male gender and from work and educational establishments. In 2013, Internet usage will grow much faster for female and from home access. This acceleration will likely happen due to overall Internet adoption moving to masses.
- E-Commerce will likely touch \$900M in 2013. As per the estimates, in 2012 India E-Commerce reached \$550 million in gross revenue and we expect E-Commerce to touch \$900 million in gross revenue by end of 2013.
- Majority of E-Commerce growth will come from emerging cities. While, top 8 cities in India may remain at 45 per cent to 65 per cent of total E-Commerce for various E-Commerce companies, we believe that higher growth delta for E-Commerce in 2013 will come from emerging cities. We define emerging cities as the

cities other than Top-40 cities in India e.g. Bhatinda in Punjab or Kota in Rajasthan.

- Internet advertising will be the fastest growing sub-sector of the India Internet. As per the estimates, India Internet advertising generated \$300 million in revenue in 2012 and can double in 2013 to reach \$600 million. Also believe that lots of Internet advertising growth will come due to the rise in social media, mobile Internet, and non-search and content driven online ad formats such as lead generation, affiliate marketing, and email marketing etc.
- Funding environment for the Internet start-ups to remain challenging in 2013. Funding environment for the Internet start-ups to remain challenging in 2013 in India. In last 17 years, India has created less than \$5 billion in Internet market capitalization vs. \$600 billion by US Internet sector and \$250 billion by Chinese Internet sector. Lot many Internet companies have to become a lot bigger for the funding environment to ease off.
- E-Commerce will likely see emergence of disruptive business models and consolidation. E-Commerce companies that are focusing on fundamental issues will likely disrupt the E-Commerce industry in 2013. On one hand, the fundamental issues are the issues that matter for improving customer experiences and the state of the ecosystem, on other hand focusing on fundamentals of business vs. throwing money at the problem will become absolutely imperative. Majority of the inventory led E-Commerce business models will likely either merge with each other or take a niche vertical position.
- Start-up culture and ecosystem to become more widespread. In our view, the start-up culture and start up ecosystem are becoming more widespread. The seed and angel rounds are no longer limited to Mumbai, Delhi or Bangalore and emergence of start-up is no longer limited to IITs or big cities. While, India has long way to go vs. having a true Silicon Valley start-up culture, ecosystem and support system, India is headed in that direction. Founding a start-up immediately after graduation or leaving a rewarding corporate job to join a start-up, or find or become an angel investor is no longer uncommon. While, the 2013 Internet funding environment will likely be challenging, the overall Internet start-up ecosystem will become stronger and more ubiquitous.

1.2 RETAILING

Retailing is selling of merchandise and certain services to the consumer. Retailing began several thousand years ago. The activities involved in the selling of goods to ultimate consumers for personal or household consumption. It is extremely competitive, and the failure rate of retail establishments is relatively high. Price is the most important arena of competition, but other factors include convenience of location, selection and display of merchandise, attractiveness of the establishment, and reputation. The diversity of retailing is evident in the many forms it now takes, including vending machines, door-to-door and telephone sales, direct-mail marketing, the Internet, discount houses, specialty stores, department stores, supermarkets, and consumer cooperatives.

Whatever form it takes, however, the essence of good retailing remains the same: attractive, appropriate merchandise offered for sale in an attractive, eye-catching manner at a reasonable price at a convenient location.

It ordinarily involves the selling of individual units or small lots to large numbers of customers by a business set up for that specific purpose. In the broadest sense, retailing can be said to have begun the first time one item of value was bartered for another. In the more restricted sense of a specialized, full-time commercial activity, retailing began several thousand years ago when peddlers first began hawking their wares and when the first marketplaces were formed.

As with most other business activities, retailing is extremely competitive, and the mortality rate of retail establishments is relatively high. The basic competition is price competition, but this is moderated somewhat by such non-price forms of competition as convenience of location, selection and display of merchandise, attractiveness of the retail establishment itself, and intangible factors such as reputation in the community. Competition for sales has led to a blurring of traditional product lines in retailing, and many establishments offer a much wider variety of merchandise than their basic classification would indicate (e.g., drugstores may carry food, clothing, office supplies, hardware, etc.).

Terms Defined:

Vending Machine- a coin-operated machine for selling small articles, beverages, etc.

Direct-mail marketing- reaching the desired clients using print ads in a form of leaflets, e-mails.

Discount houses- retail store that offers merchandise for sale at lower prices than conventional stores that sell merchandise at list prices or suggested retail prices;

Specialty stores- are small stores which specialise in a specific range of merchandise and related items.

1.3 INTRODUCTION TO ONLINE SHOPPING

Online shopping is the process whereby consumers directly buy goods, services etc. from a seller interactively in real-time without an intermediary service over the internet. Online shopping is the process of buying goods and services from merchants who sell on the Internet. Since the emergence of the World Wide Web, merchants have sought to sell their products to people who surf the Internet. Shoppers can visit web stores from the comfort of their homes and shop as they sit in front of the computer. Consumers buy a variety of items from online stores. In fact, people can purchase just about anything from companies that provide their products online. Books, clothing, household appliances, toys, hardware, software, and health insurance are just some of the hundreds of products consumers can buy from an online store.

Many people choose to conduct shopping online because of the convenience. For example, when a person shops at a brick-and-mortar store, he has to drive to the store, find a parking place, and walk throughout the store until she locates the products she needs. After finding the items she wants to purchase, she may often need to stand in long lines at the cash register.

Despite the convenience of online shopping, not everyone chooses to purchase items and services online. Some people like the idea of physically going to a store and experiencing the shopping process. They like to touch the merchandise, try on clothing, and be around other people. Online shopping doesn't permit shoppers to touch products or have any social interaction. It also doesn't allow them to take the merchandise home the same day they buy it.

Online shopping allows browsing through endless possibilities, and even offers merchandise that's unavailable in stores. If someone is searching for a niche product that may not be distributed locally, they're sure to find what

they're looking for on the internet. What's even more useful is the ability to compare items, similar or not, online. He can search through multiple stores at the same time, comparing material quality, sizes and pricing simultaneously.

Shopping via the internet eliminates the need to sift through a store's products with potential buys like pants, shirts, belts and shoes all slung over one arm. Online shopping also eliminates the catchy, yet irritating music, as well as the hundreds, if not thousands, of other like-minded individuals who seem to have decided to shop on the same day.

Online shopping transactions occur instantly-saving the time to get your other errands done! Additionally, unlike a store, online shopping has friendly customer service representatives available 24 hours a day, 7 days a week to assist you with locating, purchasing and shipping your merchandise.

1.3.1 Factors influencing consumer to shop online

Though there are several factors that influence consumers to shop online, but there are mainly four factors which influence consumer to shop online after reading literature in the field on consumer attitudes towards online shopping and these factors are discussed below in brief.

1.3.1.1 Convenience

Convenience factor refers that it is easy to browse or search the information through online is easier than the traditional retail shopping. Through online, consumers can easily search product catalogue but if the consumer look generally for the same product or item in a traditional store manually it is difficult to visit physically and time consuming also. Convenience has always been a prime factor for consumers to shop online. According to the Robinson, Riley, Rettie and Wilson (2007) the major motivation for online purchasing is convince in terms of shop at any time and having bundles of items delivered at door step.

Rohm and Swaminathan's (2004) claims in "typology of online shoppers into": Convenience shoppers, balanced buyers, variety seekers and store-oriented shoppers, based upon their present shopping motivation. Through online purchase consumers can easily compare the price than the traditional purchase. So, price comparison is also another convenience factor of online shopping.

1.3.1.2 Time saving

Time savings is one of most influencing factors of online shopping. Browse or search an online catalogue can save time and patience. People can save time and can reduce effort by shopping online. One possible explanation that online shopping saves time during the purchasing of goods and it can eliminate the traveling time required to go to the traditional store. On the other side, some respondent think that it is also time taken for delivery of goods or services over online shopping.

Unexpectedly time saving is not the motivating factor for the consumers to shop online (Corbett, 2001) because it takes time receiving goods or delivery. But time saving factor can be seen through different dimensions i.e. "person living in Florida can shop at Harod's in London (through the web) in less time than it takes to visit the local Burdines department store". So, the importance of the time saving factor cannot be neglected as motivation behind online purchasing. Additionally, Goldsmith and Bridges (2000) emphasize that there is a discrimination between online shopper and non-online shoppers, online shoppers are more worried about convenience, time saving and selection whereas non online shoppers are worried about security, privacy and on time delivery.

1.3.1.3 Website design/features

Website design and online shopping activity is one of the vital influencing factors of online shopping. Website design, website reliability/fulfilment, website customer service and website security/privacy are the most attractive features which influence the perception of the consumer of online buying Shergill & Chen (2005). Kamariah and Salwani (2005) claims the higher website quality, the higher consumer intends to shop from internet. Web design quality has important impacts on consumer choice of electronic stores, stated by Liang and Lai (2000). Website design one of the important factor motivating consumers for online shopping.

Website design features can be considered as a motivational factor that can create positive or negative feelings with a website. If website is designed with quality features it can guide the customers for successful transactions and attract the customers to revisit the website again. However, worse quality website features can also hamper online shopping. According to Liang and Lai (2000), web design quality or website features has direct impact on user to shop online.

1.3.1.4 Security

Security is another dominant factor which affects consumers to shop online. However, many internet users avoid online shopping because of credit card fraud, privacy factors, non-delivery risk, post purchase service and so on. But transaction security on the online shopping has received attention. Safe and secured transaction of money and credit card information increases trust and decreases transaction risk. In 1995, UK has introduced Fraud free electronic shopping and later on Europe and Singapore introduced secured electronic transaction (SET). According to Bhatnagar and Ghose (2004) Security is one of the attributes which limits buying on the web as they claim that there is a large segment of internet shoppers who don't like to buy online because of their thinking about the security of their sensitive information.

1.4

INTRODUCTION TO ECOMMERCE

Electronic commerce, commonly known as ecommerce, is a type of industry where buying and selling of product or service is conducted over electronic systems such as the Internet and other computer networks. Electronic commerce draws on technologies such as mobile commerce, electronic funds transfer, supply chain management, Internet marketing, online transaction processing, electronic data interchange (EDI), inventory management systems, and automated data collection systems. Modern electronic commerce typically uses the World Wide Web at least at one point in the transaction's life-cycle, although it may encompass a wider range of technologies such as e-mail, mobile devices social media, and telephones as well.

Electronic commerce is generally considered to be the sales aspect of e-business. It also consists of the exchange of data to facilitate the financing and payment aspects of business transactions.

E-commerce can be divided into:

- E-tailing or "virtual storefronts" on websites with online catalogues, sometimes gathered into a "virtual mall"
- The gathering and use of demographic data through Web contacts and social media
- Electronic Data Interchange (EDI), the business-to-business exchange of data
- E-mail and fax and their use as media for reaching prospective and established customers (for

example, with newsletters)

- Business-to-business/ Business-to-Customer buying and selling
- The security of business transactions etc...

-

1.4.1 Growth and progression of E-commerce in India

The e-commerce market in India has grown by 34% in the last seven years, was about USD 600 million in 2011-12 and is expected to touch USD 9 billion by 2016 and USD 70 billion by 2020. According to Forrester, the Indian e-commerce market is expected to grow at a CAGR of over 57% between 2012 and 2016, which is the fastest within Asia-Pacific region.

The key factors that are driving this growth are the rise of Internet usage (growing at 20%) & 3G penetration, and increasing smartphone users with availability of Internet on mobile phones. It is estimated that currently there are 27 million mobile Internet users in India out of which 4% are buying products on mobile. This figure is expected to increase to 20% mobile shoppers in the next four years. These factors accompanied by busy lifestyles, traffic congestion, lack of offline shopping time, great deals and discounts offered online, and use of innovative e-commerce models such as group buying and second-hand sales have led to more and more consumers switch to online shopping. With the rising middle-class incomes, global exposure and changing demographics (close to 50% of the population is less than 25 years of age), this trend also holds true for the Tier II & III cities.

Online travel (76 percent) and financial services (10 percent) form the biggest component of online shopping followed by e-tailing (8 percent). While services such as travel tickets, movie tickets, restaurant discount vouchers, hotel bookings, utility payments, insurance policies, and premium payments lead the wallet share of the amount spent online, product categories such as computers & accessories, cameras & mobiles, electronic durables, and books are picking up. But, product categories such as apparel, jewellery and footwear (require high touch and feel), which offer maximum potential in terms of market size, faces challenges such as high return rate and negative cash cycles due to COD (cash on delivery).

However, the e-commerce industry today faces certain challenges. Firstly, there is a very low penetration of credit/debit cards in India, which restricts the online purchasing power. Even though strategies such as cash on delivery have been introduced, they have their own nuances and pose high working capital issues to the companies. Secondly, high volume items such as refrigerators require high freight & shipping costs and because the e-commerce model in India is based on free shipping concept, sale of such items online could suffer a setback. Finally, the distribution & logistics in India is not very well organized and prone to fraud. Hence, buying of high value items such as jewellery, electronic goods (LCDs), which require travel insurance adding up to the total costs may not be one of the bestsellers in the digital space.

The key to success in this segment is delivering high quality user experience which includes differentiated and detailed product catalogue, order fulfilment, website performance, different modes of transaction (credit cards, payment gateways, cash on delivery etc.), and simple and sensible checkout. Furthermore, with the increase in competition in this segment, the e-commerce players need to invest in research and development of differentiated product catalogues, innovative service and customer engagement concepts, and cost-effective supply chain and logistics models.

PROFILES

3.1 INDUSTRY PROFILE

3.1.1 RETAIL INDUSTRY

India is the second fastest growing economy in the world. It is third largest economy in the world in terms of GDP and fourth largest economy in terms of Purchasing Power Parity. India presents a huge opportunity to the world at age, to use as a hub. Standing on the threshold of a retail revolution and witnessing a fast-changing retail landscape, India is all set to experience the phenomenon of global village. India is the “promised land” for global brands and Indian retailers A “Vibrant economy”. India tops in the list of emerging market for global retailer and India’s retail sector is expanding and modernizing rapidly in line with India’s economic growth. The future is promising; the market is growing; government policies are becoming more favourable and emerging technologies are facilitating operations.

Retailing in India is gradually inching its way toward becoming the next boom industry. The whole concept of shopping has altered in terms of format and consumer buying behaviour, ushering in a revolution in shopping in India. Modern retail has entered India as seen in sprawling shopping centres, multi-storied malls and huge complexes offer shopping, entertainment and food all under one roof. The Indian retailing sector is at an inflexion point where the growth of organized retailing and growth in the consumption by the Indian population is going to take a higher growth trajectory. The Indian population is witnessing a significant change in its demographics. A large young working population with median age of 24 years, nuclear families in urban areas, along with increasing working-women population and emerging opportunities in the services sector are going to be the key growth drivers of the retail sector in India. Retailing in India is evolving rapidly, with consumer spending growing by unprecedented rates and with increasing no of global players investing in this sector. Organized retail in India is undergoing a metamorphosis and is expected to scale up to meet global standards over the next five years. India’s retail market has experienced enormous growth over the past decade. The most significant period of growth for the sector was between year 2000 & 2006, when the sector revenues increased by about 93.5% translating to an average annual growth of 13.3%. The sectors growth was partly a reflection of the impressive Indian economic growth and overall rise in income level of consumers.

Apparels and consumer durables are the fastest growing vertical in the retail sector.

Mobile phone as a product category has witnessed the highest growth in the consumer demand amongst all retail products offering, with increasing penetration of telecommunication in towns and villages. The telecommunication sector has been adding on an average 5 million new users every month. The other product categories are gaining traction predominantly in the urban areas and emerging cities, with increasing average income and spending power of young urban India.

3.1.1.1 History of Retailing

Store; commonly a shop or stall for the retail sale of commodities, but also a place where wholesale supplies are kept, exhibited, or sold. Retailing—the sale of merchandise to the consumer—is one of the oldest businesses in the world and was practiced in prehistoric times.

Total retail sales, which include retail stores and eating establishments, topped \$2.7 trillion in the United States in 1998. Currently, there are over 1.5 million retail establishments employing over 19.8 million people. Most are

small. One third of all retail establishments have no paid employees; about 43% have fewer than 10 employees. Larger stores, with over \$500,000 in annual sales, account for three quarters of all retail sales. The 50 largest retailers' control about one fifth of the market, and stores with ten or more branches account for 95% of all department store sales, 56% of all drugstore sales, half of all shoe sales, and 57% of all grocery store sales.

3.1.1.2 The Development of Retail Stores

The earliest form of retail merchandising was probably the exchange of food and weapons; later came traders and peddlers, and by 3000 BC shops had become common. During the Greek and Roman period, stores, including many specialty shops, developed in the form of open booths, attracting large cosmopolitan crowds. After the decline of the Roman Empire, barter became more important, but by the 14th cent. Retail trade again assumed importance. Merchants, who in early times were viewed with suspicion, rose in the social scale. Small stores, each carrying its special line of goods, reached their peak in the 18th cent. The wholesale business developed, and traveling salesmen and standard prices came into general use.

In the United States the general store preceded the single-line store and is still common in small rural communities. In late 19th cent, the department store came into being—a large-scale general store or a combination of single-line stores in which each line of merchandise is operated as a separate department. Such stores provide the convenience of easy accessibility to a large variety of goods. Modern department stores have been vital to the development of shopping centres and malls, huge retail developments that contain a wide variety of stores and services.

Retail concerns that do business principally through the mail are called mail-order houses. In the United States among the first and largest were Montgomery Ward (founded 1872) and Sears, Roebuck, & Company (founded 1886), which sold their goods to rural residents by means of annual catalogues. Both later developed warehouses and retail stores in many urban communities; Montgomery Ward closed in 2001, and Sears was merged with Kmart to become a subsidiary of the Sears Holdings Corporation in 2005. Many mail-order houses now also depend on orders placed over the telephone and via the Internet. Development of the World Wide Web on the Internet has given rise to companies, such as Amazon.com, that sell goods exclusively through an Internet site, or on-line "store," shipping purchases by mail or other carriers.

Chain stores, though known in earlier times, first developed their modern form in 1859, when the Great Atlantic and Pacific Tea Company (A&P) standardized the quality and price of all merchandise sold in its stores. Through central management, quantity purchasing, standardization of business methods, and limited individual service, the chains are often able to sell their goods well below prices charged by independent stores. Chain stores were once typified by five-and-ten-cent stores (e.g., F. W. Woolworth Company, which operated such stores until 1998), but the most common forms now are discount superstores (e.g., Wal-Mart; see Walton, Sam), bakeries, tobacco stores, drugstores, groceries, and department stores.

Consumers' cooperative stores (see cooperative movement) have been established in Europe and the United States. Discounting merchandise became widespread after World War II, and stores specializing in discounted merchandise have become the fastest growing segment of the retail industry. The "discount club," where shoppers must pay a fee to become members and name-brand products are sold at a discount (often packaged in multiples or very large containers), became popular in the 1990s.

3.1.1.3 Indian Retailing Industry

India represents an economic opportunity both as a global base and as a domestic market. The real GDP is expected to grow at 8-10 percent per annum in the next five years and consuming class with annual Household incomes above Rs. 90,000 is expected to rise from about 370 million in 2006-07 to 620 million in 2011-12. India's vast middle class and its almost untapped retail industry are key attractions for global retail giants wanting to enter newer markets.

The Retail Sector of Indian Economy is going through the phase of tremendous transformation. The retail sector of Indian economy is categorized into two segments such as organized retail sector and unorganized retail sector with the latter holding the larger share of the retail market. At present the organized retail sector is catching up very fast. The impact of the alterations in the format of the retail sector changed the lifestyle of the Indian consumers drastically. The evident increase in consumerist activity is colossal which has already chipped out a money-making recess for the retail sector of Indian economy. The debate over the future of India's retail sector has arisen because people are questioning whether the public land used for these malls, the ultimate symbol of consumerism, is being put to good use. The crucial sectors of the economy are on a self-trajectory. The IT industry, telecommunication industry and many other industries have seen unprecedented growth during the last couple of years. But one industry that has caught the eye of the common man at almost every turning on the road is the Booming Retail Industry. There is a hue and cry over the entry of private organized retailers' entry in Indian retail industry. The sector faced quite a few hurdles such as controversy over the involvement of FDI in Multi-Brand Retail and the national wide protest by small traders against the bigger fishes. Instances are: Entry of reliance fresh and RPG Spencer's which faced nationwide protests. Critics argue they have done nothing to change many people's lives.

In fact, because the malls are offering attractive prices, they are squeezing out the small traders who can no longer afford to compete - thereby sharpening the divide between the rich and poor in India. But according to report of ICRIER, organized and unorganized retail will not only coexist but also grow substantially. the reason is the retail sector is growing on an overall basis hence the benefit of this growth will go to both the sectors and both sectors will progress though the share of organized sector will gradually increase. With the onset of a globalized economy in India, the Indian consumer's psyche has been changed. People have become aware of the value of money. Nowadays the Indian consumers are well versed with the concepts about quality of products and services. These demands are the visible impacts of the Retail Sector of Indian Economy. Despite the protests of the local Bania the mighty W is finally here. Wal-Mart will be setting malls in India in association with Sunil Mittal Bahrti Group; other international big players like Carrefour, Tesco and Auchan have also shown interest in the industry.

3.1.1.4 Meaning of Retail

The word retail is derived from the French word retailer, meaning to cut a piece off or to break bulk. In simple terms, it implies a first-hand transaction with the customer. Retailing can be defined as the buying and selling of goods and services. It can also be defined as the timely delivery of goods and services demanded by consumers at prices that are competitive and affordable. Retailing involves a direct interface with the customer and the coordination of business activities from end to end- right from the concept or design stage of a product or offering, to its delivery and post-delivery service to the customer. The industry has contributed to the economic growth of many countries and is undoubtedly one of the fastest changing and dynamic industries in the world today.

3.1.1.5 Current scenario of Indian Retail Market

The size of Indian retail industry is more than US \$350 billion but it is highly unorganized. The organized sector has started developing in the past few years. Many International brands have entered the market. With the growth in organized retailing, unorganized retailers are fast changing their business models.

In Indian retail sector organized retail is a recent phenomenon. It is a zero-sum game between 2 players: -

- a) Organized sector &
- b) Unorganized sector

India's retail is dominated by a large number of small retailers consisting of the local Kirana shops, owner manned general stores, chemists, footwear shops, apparel shops, Paan beedi shops, hand-cart hawkers, pavement vendors etc. which together make up the so-called Unorganized retail.

Organized retail is reflected in sprawling shopping centres, multiplex-malls & huge complexes which offer shopping, entertainment and food all under one roof. The last 3-4 years have witnessed the entry of a number of organized retailers Opening stores in various modern formats in metros and other important cities. Organized retailing has begun to tap the enormous market but its share is small. A number of large business houses have entered the retail business with very ambitious expansion plan.

However, opinions are divided on the impact of growth of organized retail in the country. Concerns have been raised that growth of organized retail may have an adverse impact on retailers in the unorganized sector. It has also been that growth of organized retailing will yield efficiencies in supply chain, enabling better success to markets to producers (including farmers and small producers) and enabling higher prices, on the one hand and, lower prices to consumers, on the other.

In India, organized retail contributed roughly 4% of the total Indian retail 2006-07, which was very small even compared with most of the emerging market economics. However, after 7 years, it was projected that grown at a compound rate of 40-45 per cent per annum and was estimated to contribute 16% to total Indian retail by 2011-12.

3.1.1.6 FDI Norms

Regulatory controls on FDI have been relaxed considerably in recent years. Currently the government allows 51% FDI in single brand retailing and 100% in cash-n-carry business.

However, the government's plan to further open up the retail sector has hit the roadblock after facing strong political opposition and nationwide protests by small traders against the proposal to allow FDI in multiband retailing.

3.1.1.7 Factors driving the growth of Retail sector: -

Indian economy is growing at the rate of 8%, indicating a prosperous future. The consistent economic growth resulted in a decent rise in income level of the middle class. The thickening of the pocket of the consumer resulted in a revolution of the retail industry. Many International brands have entered the market. With the growth in organized retailing, unorganized retailers have brought drastic changes in their business models, many factor are responsible for the growth of retail sector. These are:

1) **INCREASING DISPOSABLE INCOME:** Rising disposable incomes in middle class and lower middle class with increase in employment opportunities for young adults in IT & IT enabled sectors are the major cause of retail growth in India.

2) **INCREASING NO. OF DUAL INCOME NUCLEAR FAMILIES:** In India, hefty pay

packets, nuclear family along with increasing working women population and dual income in family are the factors contributing to prosperous retail sector.

- 3) **CHANGING LIFESTYLE AND CONSUMER BEHAVIOR:** Due to increasing working population, comfortable life, travel and leisure are given importance. These key factors are growth drivers of retail sector in India which now boast of retailing almost all the preferences of life – apparel and accessories, Appliances, Electronics, cosmetics & Toilets etc.
- 4) **EXPERIMENTATION WITH FORMATS:** Due to competition in the market, retailing is still evolving and the sector is witnessing a series of experiments with new formats being tested out.
- 5) **STORE DESIGN:** shopping malls and super markets are growing at a very faster rate. Improvements in infrastructure and enhanced availability of retail space, store design are the factors increasing the share of organized retail and thereby contributing to growth of Indian retail sector.

3.1.1.8 Recent Trends in Retailing

Retailing in India is witnessing a huge revamping exercise as can be seen in the graph.

India is rated the fifth most attractive emerging retail market: a potential goldmine.

Estimated to be US\$ 200 billion, of which organized retailing (i.e. modern trade) makes up 3 per cent or US\$ 6.4 billion.

As per a report by KPMG the annual growth of department stores is estimated at 24%.

Ranked second in a Global Retail Development Index of 30 developing countries drawn up by AT Kearney. Multiple drivers leading to a consumption boom:

- Favourable demographics
- Growth in income
- Increasing population of women
- Raising aspirations: Value added goods sales.

Food and apparel retailing key drivers of growth. Organized retailing in India has been largely an urban. Phenomenon with affluent classes and growing number of double-income households.

More successful in cities in the south and west of India. Reasons range from differences in consumer buying behaviour to cost of real estate and taxation laws.

Rural markets emerging as a huge opportunity for retailers reflected in the share of the rural market across most categories of consumption.

- ITC is experimenting with retailing through its e-Choupal and Choupal Sagar rural hypermarkets.
- HLL is using its Project Shakti initiative leveraging women self-help groups to explore the rural market.
- Mahamaza is leveraging technology and network marketing concepts to act as an aggregator and serve the rural markets.

IT is a tool that has been used by retailers ranging from Amazon.com to eBay to radically change buying behaviour across the globe.

E-retailing slowly making its presence felt.

3.1.2 ONLINE SHOPPING

Online shopping is the process whereby consumers directly buy goods, services etc. from a seller interactively in real-time without an intermediary service over the internet.

3.1.2.1 Introduction to the E-Commerce & Internet Business

The global Internet audience continues to grow rapidly, with the worldwide base of Internet users in the 2 billion range as 2012 began, including a large base of mobile broadband users. This vast base of Internet users encourages businesses to innovate and to offer an ever-evolving array of online services. Sectors that are growing very rapidly online include the sale of entertainment, event tickets, travel, apparel and consumer electronics. The most powerful trends on the Internet include access via wireless devices, migration of entertainment to the web and cloud-based software as a service.

Today, as a result of the recent recession, consumers are more focused than ever on finding the best prices. Consequently, e-commerce firms like Amazon that are known for their high value at low prices are well positioned to prosper. The standout winner in e-commerce continues to be Amazon, where sales have soared thanks to aggressive discount pricing, free shipping for its “Prime” members and an ever-growing variety of merchandise categories. Amazon’s revenues rose by 41% in 2011 to \$48.0 billion, and profits grew substantially as well. Books, movies, music and other media now account for only 35% of Amazon’s sales, while electronics and general merchandise bring in the largest share by far. Amazon’s sales outside of North America are booming, and now account for 44% of total revenues. Clearly, there is growing adoption of online consumer purchases throughout the world’s major economies.

Online advertising leader Google’s recent results are a good indicator of the strong growth in online advertising during 2011. The firm saw revenues soar 29.3% in fiscal 2011, to \$37.9 billion, while profits rose 14.1% to \$9.7 billion.

Growth in broadband subscriptions worldwide continues at a strong pace. Analysts at the International Telecommunications Union (ITU) estimate that there were 1.78 billion broadband subscribers worldwide by the end of 2011 (both fixed and wireless).

The number of American homes and businesses with broadband access capabilities topped 88 million by the end of 2011, thanks in part to modest monthly fees at Internet service providers. This number does not include mobile broadband users, estimated at another 105 million.

Online advertising in 2011 in the U.S. reached \$31.3 billion, according to eMarketer, accounting for 20% of all advertising spending in America. eMarketer estimates total online sales of merchandise during 2011 at \$188.1 billion, expected to grow to

\$269.8 billion by 2015. These numbers do not include online sales of travel, which was an estimated \$107.4 billion in the U.S. in 2011. Plunkett Research estimates global travel expenditures online at \$320 billion for 2011.

A significant evolution is taking place in the world of business, as more and more telecommunications move to the Internet. VOIP continues to grow in popularity, both at home and at the office. Meanwhile, the concept of “unified communications” threatens to completely revolutionize business communications by combining all communications into one screen on the desktop, including phone, fax, e-mail, IM, voice mail and teleconferencing. Voice communications will be digitized and archived, just as e-mail is today. A user’s communications tools will move seamlessly from the desktop to the mobile device.

Convergence: The Internet is about saving time (and therefore saving money), and the potential of the Internet has barely been tapped. New methods of taking advantage of efficiencies are becoming widely accepted, as access to high-speed broadband Internet connections becomes commonplace. Users of the Internet (both business and consumer) are multiplying around the globe, and many companies are earning terrific profits in the process of serving those users. The long-awaited phenomenon of “convergence” of entertainment, computing and communications arrived around 2004 and has been moving forward at high speed ever since. Now, the latest televisions come equipped with built-in Internet connections. This is going to create radical changes in the way TV viewers obtain their movies and TV programming over the near term. For example, subscribers to Netflix are able to stream downloaded movies directly to their Internet-connected TV sets.

Top selling product and services categories online include travel, clothing and accessories, books, music, videos, electronics and specialty foods including wines. In these markets, online shopping amounts to a significant share of sales. Meanwhile, many of the world’s largest storefront retailers now operate some of the most-visited Internet sites.

3.1.2.2 A Brief History of the Online Sector:

The e-commerce and Internet sector has evolved rapidly, going through several distinct stages since its beginnings in the 1970s:

The Internet is born: First, there were the early days, when the Internet was seen by many as a realm for techies only, one that would produce few, if any, and commercial enterprises. Initially designed in 1973, the Internet was a series of communication protocols written by Vinton Cerf as part of a project sponsored by the U.S. Department of Defence’s “Defence Advanced Research Projects

Agency” (DARPA). The first demonstration of a three-network Internet protocol-based connection occurred in November 1977. Eventually, a well-enabled Internet was rolled out in 1983, primarily as a failsafe method of defence communications and as a means for researchers at various universities to communicate.

The Web is Created: Next, the World Wide Web and the coding language of HTML were conceived in 1989 and implemented between 1990 and 1993 by Tim Berners- Lee, enabling a never-ending hyperlinked cyber world where sharing unlimited data became user-friendly thanks to the magic of linked pages.

The Boom Ensues: Starting in 1993 and 1994, entrepreneurs and financiers realized that hyperlinked, electronically posted data could be commercialized with vast, global potential. A dramatic revolution in retailing, publishing and entertainment was visualized, one in which consumers and business people alike would eagerly pay for the convenience of online shopping, trading and viewing of published data. An economic boom ensued, the likes of which hadn’t been seen since the beginnings of earlier technological breakthroughs: electricity, the railroad, the telephone, the automobile and the passenger-carrying airliner.

Thousands of hopeful new businesses were launched. Capitalization for these new Internet-enabled companies ranged from cash-strapped ventures launched with Visa card credit lines, to companies like Web Van that received vast sums from professionally managed venture capital firms only to fail miserably. Roughly 6,000 new firms of significant size raised a cumulative total of more than \$100 billion in venture capital in the boom period (1994-2000). About 450 of these companies sold their stock to the public via IPOs (initial public offerings). Stock markets soared and instant billionaires were made. Individuals and families from all walks of life bet their savings on technology stocks and watched their wealth rise quickly. Venture funds that cashed out early reaped phenomenal gains, and financiers easily found additional investors for new venture capital pools. The NASDAQ index of stocks rose to 5,000 by early in the year 2000, and the Chairman of the Federal Reserve warned of “exuberant optimism.” Some said this boom couldn’t last—others said it was the beginning of a “new economy” that would last forever.

The Bust: In mid-2000 the Internet industry entered a bleak and dreary phase after the NASDAQ collapsed in March, bringing the entire sector to its knees. Hundreds of thousands of people lost their jobs. Stock portfolio values plummeted. Thousands of firms closed their doors, filed bankruptcy, downsized or were scooped up at bargain prices by competitors. Sellers of hardware, software, consulting and telecommunications services suffered mightily. Entrepreneurs found it nearly impossible to raise funds to launch or sustain their businesses. The dream of a “new economy” became a nightmare for some—profits still matter; business cycles still happen.

The Reality Phase: By early 2003, this sector’s dark clouds were abating, and a “reality phase” was taking shape. Well-conceived, Internet-based businesses were proving their value. Consumers had become devoted fans of buying over the Internet. Businesses of all types were finding that the Internet creates true operating efficiencies and drives profitability. For example, while most of the airline industry suffered terribly in recent years, value-based discount airlines southwest and JetBlue enjoyed superior financial performance, in no small part because of their use of e-commerce to efficiently book reservations and sell tickets online. “Efficiency” is the most important factor in the e-commerce and Internet sector’s newfound success.

Consumers find the Internet to be a terrific way to efficiently expend their shopping and banking efforts. Travellers find the Internet to be an efficient way to book hotels rooms and airplane seats. Corporate procurement managers find the Internet to be the most efficient way to purchase needed goods and inventory. Hundreds of millions of people worldwide find e-mail, instant messaging and VOIP telephony to be the most efficient ways to communicate.

Low Costs Fuel the Steady Global Growth Phase: Today, access to fast Internet, both wired and wireless, is available at bargain prices in a growing footprint across the globe. Even in relatively undeveloped nations, both consumers and businesses have grown to rely on the Internet for everyday needs. The “second billion” set of users worldwide has been reached, and the third billion is clearly in sight over the mid-term, as cheaper devices continue to proliferate. Mobile computing is accelerating at blazing speed thanks to inexpensive cell phone plans offering enhanced Internet access.

Meanwhile, the cost of developing and maintaining web sites has plummeted, opening the door to millions of self-funded entrepreneurs, and making it easier for venture capital firms to fund start-ups using low amounts of cash. Trends such as open software and cloud computing, along with modular development tools, have made it easier, faster and cheaper to start sophisticated web sites.

3.1.2.3 History of Online Shopping

History of Online Shopping starts not so long ago. Tim Berners-Lee created "The World Wide Web Browser" in 1990. In 1994 few other developments took place. Online bank, the first of its kind opened this year. Another development was opening of online pizza shop by pizza hut.

In the same year Netscape introduced SSL encryption to enable encryption over the data transferred online. This later became the necessity of online shopping. In 1995, Amazon started operation, one of the largest online shopping malls now. Then in 1996 eBay started its online shopping portal.

1998 witnessed use of electronic postage stamps, where people can download and print postal stamps after paying nominal fee. In 1999 the first online shop in UK launched.

3.1.2.4 Online Shopping in India

Online shopping is quite common these days in the developed world than it was about 5 years ago but it is not the same in India for its own set of reasons. In developed economies consumers find the worldwide web a great place for bargain- hunting, with most goods available at lower prices than in a bricks-and-mortar store. But convenience appears to be an even bigger attraction as revealed in surveys because most online shoppers find the crowded high street too stressful.

Though online shopping has witnessed growth in India but it is still not pervasive like the west and the growth is also limited to certain areas like online travel booking and perhaps stock trading (which actually is not pure e-commerce). The main reason

why shoppers in India are not willing to shop online is that they don't get any real value or incentive. Also, they are wary about fraud, delivery and customer service and their fears are not imaginary.

Online shopping India sites offer a wide variety of products to choose according to your tastes and budget. Shopping online in India always offer benefit of price as online stores do not have to spend on building and maintaining showrooms. In addition, heavy discounts are offered on various popular products to attract worldwide customers to one site. Some online shopping India sites also offer online coupons, gift certificates and promotional codes as special offers through which the products prices are reduced to a great extent. Online shopping in India is easy and quick as wide variety of products are categorized in a very convenient manner, so that it will be easy for you to find the exact product you want.

One of the biggest advantages of online stores is that they provide complete and specific information like, product description, specification, model, size, colours, prices, customer reviews and various other details about each and every product offered by them. The best part is that they are available 24*7; therefore, you can shop at your own convenience.

Today more and more people prefer to buy products from online stores in India, as you can find wide categories of products right from gadgets, clothes, footwear, furniture, jewellery, books, music, and gifts to many more. So, whichever product you wish to buy, you simply need few clicks and the product will be delivered to your doorstep.

3.1.3 E-COMMERCE: A MAJOR INDUSTRY TREND

Electronic commerce, or e-commerce, involves the sale of goods and services via electronic means—principally over the internet, although sales via television (terrestrial, cable, and satellite) are also included. E-commerce can be further divided into the following sectors: business-to-business (B2B), business-to-government (B2G), consumer-to-consumer (C2C), government-to-business (G2B), government-to- citizen (G2C), and business-to-consumer (B2C). Retailers that rely primarily on e- commerce to sell goods or services are often referred to as e-tailers.

The term "Electronic commerce" (or e-Commerce) refers to the use of an electronic medium to carry out commercial transactions. Most of the time, it refers to the sale of products via Internet, but the term ecommerce also covers purchasing mechanisms via Internet (for B-To-B).

A client who purchases on the Internet is called a cyber- consumer-commerce is not only limited to online sales, but also covers:

- Preparation of estimates online
- Consulting of users
- Provision of an electronic catalogue
- Access plan to point of sales
- Real-time management of product availability (stock)
- Online payment
- Delivery tracking

- After-sales service

In certain cases, electronic commerce makes it possible to highly customize products, in particular when the electronic commerce site is linked with the production system of the enterprise (e.g. business cards, customized items such as T- shirts, cups, caps, etc.)

Finally, insofar as electronic services and products are concerned (mp3files, software programs, e-books, etc.), electronic commerce makes it possible to receive the purchase in a very short time, if not immediately.

3.1.3.1 Online stores

Most electronic commerce sites are online stores which have at least the following elements at the front-office level:

- An online electronic catalogue listing all products for sale, their price and sometimes their availability (product in stock or number of days before delivery);
- A search engine which makes it possible to easily locate a product via search criteria (brand, price range, key word, etc.);
- A virtual caddy system (sometimes called virtual cart): This is the heart of the e-commerce system. The virtual caddy makes it possible to trace the purchases of the client along the way and modify the quantities for each reference;
- Secure online payment (accounting) is often ensured by a trusted third party (a bank) via a secure transaction;
- An order tracking system, which allows tracking of order processing and sometimes provides information on pickup of the package by the shipper.

A back-office system allows the online dealer to organize its offerings online, modify prices, add or remove product references as well as manage and handle client orders.

Retailing over the internet generally takes one of two forms:

- Cybermalls—the most famous cybermall is eBay, which offers access to products from a variety of independent retailers.
- Individual websites—most major retailers now have their own websites, which complement their traditional “bricks-and-mortar” outlets. Some retailers operate solely over the internet.

In terms of television sales, programs on dedicated shopping channels generally feature a presenter who demonstrates products on air. Viewers can buy these products by telephoning an order line with their credit card details, or, in the case of interactive television services, by using their remote control. Recent years have seen the development of a variety of selling techniques, including on-air auctions.

3.1.3.2 About E-commerce

E-commerce is most closely associated with the internet, and has developed in tandem with the growth of the medium. Indeed, e-commerce initially became possible with the opening up of the internet to commercial users in the early 1990s. However, it wasn't until the latter half of the decade that companies really began to exploit the internet's commercial potential.

A number of start-up companies, such as Amazon and eBay, have exploited the power of the internet to emerge as retailing behemoths in their own right. However, e-commerce has largely been developed by established large retailers, which regard it as simply another sales channel. The gigantic grocery retailers that have expanded away from food and into a wide variety of other areas, such as clothing and electronic goods, have been particularly quick to appreciate its potential. The medium has also created opportunities for very small businesses. It is now possible to buy over the internet a wide range of specialized products that are not available in shopping malls. Thus, the internet has provided a lifeline for many small producers, and has allowed entrepreneurs to enter the retailing sector without the need to invest heavily in physical retail outlets.

E-commerce has proven so successful because it offers significant advantages to both consumers and retailers. Consumers can compare a vast array of retailers in a few minutes—something that it would be impossible to do physically. Online retailers often sell products and services at a significant discount to those offered by traditional outlets, and buying online is convenient: consumers can make their purchases from the comfort of their own home, and have them delivered to their door. Furthermore, online shopping appeals to the environmentally conscious. In March 2009, researchers at Heriot-Watt University in the United Kingdom revealed that online shopping is 24 times “greener” than taking the car to the shops, and seven times “greener” than taking the bus. The researchers compared the carbon footprint of a typical delivery from a local depot with average carbon footprints for shopping trips by car and bus, and found that home deliveries involved much lower levels of carbon emissions. In June 2009, a study by the Carnegie Mellon Green Design Institute in the United States found that shopping online can reduce “our environmental impact by as much as 66%.”

For businesses, the advantages of e-commerce lie mainly in the low cost of setting up and maintaining a business. Firms do not need to invest heavily in a physical presence, or in sales staff. However, they do have to organize payment systems, distribution, and returns.

3.1.3.3 E-commerce today

Ecommerce today is a remarkable experience. It has transformed traditional shopping beyond recognition. It is so much better than any other way of shopping that it has already attracted a great many of ecommerce-lovers.

If some years ago ecommerce was a buzz word, now it has become the order of the day. People seem to shop literally everywhere – at their workplaces during lunch times, in rush hour when there is nothing else to do but switch on their laptops and start surfing.

Ecommerce today gained so much popularity because its underlying technologies are evolving at giant steps. We are even offered to “feel” the product with a 3D mouse to better understand its shape, size and texture. Why go somewhere out when all you have to do is make an order, choose the shipping method, put up your feet and wait till the order is delivered right to your door-step?

Ecommerce today offers so much luxury that even conventional stores have already signalled the alarm. Although, everyone agrees that it is a long way for an ecommerce to replace “brick-and-mortar” stores, it has every chance to happen in the future. Ecommerce which we are witnessing today brings in so much adventure into our lives that it is

enjoyed by the whole online community.

Ecommerce today does have some drawbacks but they say “he that fears every bush must never go a birding”. A lot of consumers do put up with minuses since they trust the online world and want it to be a better place.

3.1.3.4 Future of E-commerce

Experts predict a promising and glorious future of ecommerce in the 21st century. In the foreseeable future ecommerce will further confirm itself a major tool of sale.

Successful ecommerce will become a notion absolutely inseparable from the web, because e-shopping is becoming more and more popular and natural. At the same time severe rivalry in the sphere of ecommerce services will intensify their development. Thus, prevailing future trends of ecommerce will be the growth of Internet sales and evolution.

Each year number of ecommerce deals grows enormously. Sales volumes of on-line stores are more than comparable with those of “brick-and-mortar” ones. And the tendency will continue, because a lot of people are “imprisoned” by work and household duties, while Internet saves a lot of time and gives opportunity to choose goods at the best prices. Present-day Internet sales boom is the foundation for magnificent ecommerce future.

The “quantity to quality” tendency of ecommerce is also becoming more and more obvious, as the Internet has excluded geographical factor from the sale. So, it doesn’t matter anymore whether your store is situated in New York or London or in a small town. To survive, merchants will have to adapt rapidly to the new conditions. To attract more customers e-store-owners will have not only to increase the number of available services, but to pay more attention to such elements like attractive design, user-friendliness, appealing goods presentation, they will have to opportunely employ modern technologies for their businesses to become parts of ecommerce future.

Of course, those, who acquire e-stores earlier, get better chance for future success and prosperity, though an ecommerce site itself doesn’t guarantee you anything. Only an appropriate ecommerce solution in combination with thorough eMarketing and advertising can buy the business insurance.

3.1.4 Leading online websites in India

Online shopping has become a popular trend in India now. People have been enjoying the convenience of having their order shipped right to their doorstep. But people often get confused in selection of reliable sites as there are a plethora of sites, and everyone claims to be reliable. But in actual only few are up to the mark. Thus, to facilitate you, here is our pick of leading 10 online shopping sites.

eBay.in is one of India's leading online marketplaces. It is an online marketplace where anyone can trade practically anything. It is a platform for the sale of goods and services by a diverse community of individuals and businesses. eBay users trade in more than 50,000 categories including collectibles, antiques, sports memorabilia, computers, IT and office, art, antiques, toys, dolls, stamps, comics, magazines, music, pottery, glass, photography, electronics, jewellery and gemstones, claims the company.

Fashion and You is an invitation-only online destination. It features the best International & Indian designer brands in luxury, hi-fashion and lifestyle experiences for men, women, children and your home.

Flipkart.com is an online chopping site that lets users shop various items including books, mobile accessories, cameras, game consoles, MP3 players, home and kitchen appliances and much more, online at discounted prices. It offers multiple methods to make payments for order: credit card, debit card, net Banking, e-gift voucher and cash on delivery. The order is generally delivered within 3-4 working days.

MyGrahak.com is said to be India's largest online Supermarket. It sells a wide range of products like FMCG, Food, Non-Food, Grocery, Rice, Gourmets and others.

Attractive offers are also available for shopping online at MyGrahak.com

Futurebazaar.com is one of India's largest online retailers and is part of Future Group owner of brands like Big Bazaar, Pantaloons & Central. It offers a wide range in cameras, consumer durables, home decor, home entertainment, appliances and electronics, mobile.

Homeshop18 is a virtual retailer operating in a multimedia environment that includes television, web, catalogue and print to sell high quality products and services directly to consumers across the country. It deals in books, movies and music, gifts and flowers, mobiles and accessories, camera and camcorder's, electronics, computers and peripherals, toys and games and much more.

Myntra.com is an online shopping destination for fashion and lifestyle products. It lets you shop online from the latest catalogue of original branded products in apparel, footwear and accessories for men, women and kids.

Snapdeal.com website claims to offer 50-90 per cent off daily discount deals in major cities of India. It is touted to be the one-stop-shop for availing discount coupons/vouchers for restaurants, spa, gyms, travel/holiday packages and other cool things in your city.

Letsbuy.com is an Internet retailer of branded Consumer electronics and IT products, which claims to offer more than 9000 products from top international and domestic brands. The company deals in technology products like notebooks, printers, networking, digital cameras, storage and Consumer electronics such as LCD TVs, mobile phones, MP3 players, gaming and home electronics.

Mydala.com is a platform which gets you great deals you want in your city. It claims to offer deals each day - 40-95 per cent off on the best of restaurants, shopping, and salons in your city.

3.2 COMPANY PROFILE

3.2.1 FLIPKART.COM

Flipkart is an Indian e-commerce company headquartered in Bangalore, Karnataka. It was founded by Sachin Bansal and Binny Bansal in 2007. In its initial years, Flipkart focused on online sales of books, but it later expanded to electronic goods and a variety of other products. Flipkart offers multiple payment methods like credit card, debit card, net banking, e-gift voucher and Cash on Delivery.

Flipkart went live in 2007 with the objective of making books easily available to anyone who had internet access. They're present across various categories including movies, music, games, mobiles, cameras, computers, healthcare and personal products, home appliances and electronics – and still counting!

With over 11.5 million book titles, 11 different categories, more than 2 million registered users and sale of 30000 items a day, they're one of the leading e-commerce players in the country.

Their success is largely due to their obsession with providing customers a memorable online shopping experience. Be it Cash on Delivery, a 30-day replacement policy, EMI options, free shipping - and of course the great prices that they offer.

Then there's dedicated Flipkart delivery team that works round the clock to personally make sure packages reach on time. For now, they're present in 27 lucky cities, but don't worry, plans are underway to spread to many others.

3.2.2 History of Flipkart.com

Flipkart was founded in 2007 by Sachin and Binny Bansal, both alumni of the Indian Institute of Technology, Delhi. They worked for Amazon.com before quitting and founding their own company. They both were solid coders and wanted to open a portal that compared different e-commerce websites, but there were hardly any such sites in India and they decided to give birth to their own e-commerce venture - Flipkart.com.

Thus, was born Flipkart in Oct 2007 with an initial investment of 4 lac (co-founders' savings). It was never going to be easy since India had a bad past experience with e-commerce trading. It was not an easy segment to break into, people were very particular in paying money for something which they had not seen and received. The trust was missing in the Indian customers. So, what Flipkart had to do was to instil trust and faith in their customers. And they did exactly the same later.

Initially they used word of mouth marketing to popularise their company. Flipkart began with selling books, since books are easy to procure, target market which reads books is in abundance, books provide more margin, are easy to pack and deliver, do not get damaged in transit and most importantly books are not very expensive, so the amount of money a customer has to spend to try out one's service for one time is very minimal. Flipkart sold only books for the first two years. A few months later, the company sold its first book on Flipkart.com—John Woods' Leaving Microsoft to Change the World.

Flipkart started with the consignment model (procurement based on demand) i.e. they had ties with 2 distributors in Bangalore, whenever a customer ordered a book, they used to personally procure the book from the dealer, pack the book in their office and then courier the same. In the initial months the founder's personal cell numbers used to be the customer support numbers. So, in the start they tried their best to provide good service, focus on the website - easy to browse and order and hassle-free, and strove hard to resolve any customer issues. Since there were not any established players in the market, this allowed them a lot of space to grow, and they did in fact grew very rapidly.

3.2.3 Flipkart Today

Today, as per Alexa traffic rankings, Flipkart is amongst the top 20 Indian Web sites and has been credited with being India's largest online bookseller with over 11 million titles on offer. The store started with selling books and in 2010 branched out to selling CDs, DVDs, mobile phones and accessories, cameras, computers, computer accessories and peripherals, and in 2011, pens & stationery, other electronic items such as home appliances, kitchen appliances, personal care gadgets, health care products etc. Further in 2012, Flipkart added A.C, air coolers, school supplies, office supplies, art supplies & life style products to its product portfolio. As of today, The Company started from 2 employees and now employs more than 4500 people.

Flipkart.com started off from selling books in 2007, based in Bangalore, and entered then consumer electronics category with the launch of mobile phones, in September 2010. Since then, it kept on adding more new products categories including books, mobiles, computers, cameras, home & electronic gadgets& appliances, in addition to these very Recently, Flipkart.com has also widened its foray by entering into the emerging digital content market with the recent launch off Lyte, the digital music store & is still continuing to enlarge its product portfolio. It is now one of the leading e-commerce players in India, currently ranks at the top 20websites in India, spread in 37 cities, with 11.5 million plus book titles, 14 different categories, 3 million plus registered users and sale of 30000 items a day. It provides online-shoppers a memorable online-shopping experience because of its innovative services like:

- Cash on Delivery,
- 30-day replacement policy,
- Easy Monthly Instalment options (EMI),
- Free shipping
- Discounted prices & deals

Flipkart started with consignment model as discussed above, since most of the customer issues like delivery delays etc. result from procurement model, the company started opening its own warehouses as it started getting more investments. The company opened its first warehouse in Bangalore and later on opened warehouses in Delhi, Kolkata and Mumbai. Today the company works with more than 500 suppliers. As on date more than 80% orders of Flipkart are handled via warehouses which help in quick and efficient service.

A humble beginning from books, Flipkart now has a gamut of products ranging from: Cell phones, laptops, computers, cameras, games, music, audio players, TV's, healthcare products, washing machines etc. etc. Still, Flipkart derives around 50% of its revenue from selling books online. Flipkart is the Indian market leader in selling books both offline and online, it enjoys an online share of around 80%. The electronic items have a large number of players like Napoli, Lets buy, India plaza, Trades, Infibeam, Yebhi etc. The electronic market share is distributed among them in different unknown proportions.

India has around 13.5 crore internet users today where as the number of homes with Cable and Satellite (C&S) television is 10.5 crore. The expected internet users will reach a figure of 30 crore by 2014 and C&S homes are expected to be 14 crores by 2014. Thus, India has a tremendous internet growth and with the customers getting accustomed to e-commerce, the future of e-commerce sector is definitely rosy. An approximated 25 lac people have transacted online this year, the number is all set to increase with time.

Also to mention most of the Flipkart customers use internet from PC's/Laptops to order goods. The use of mobile internet is very less at the moment, but with the advent of smart phones the use of mobile internet for e-commerce transactions will soar with time. India has 8 crore mobile net users at the moment, the number is expected to swell to 22.5 crore by 2014.

Flipkart had a revenue of 4 crore in FY 2008 - 2009, 20 crores in FY 2009 - 2010, 75 crores in FY 2010 - 2011, and the revenue for FY 2011 - 2012 which ends on 31 Mar 2012 had 500 crores. This is indeed a massive growth. The company targets revenues of 5000 crore by 2015.

3.2.4 Evolution of Logos



3.2.5 Funding

Initially funded by the Bansal's themselves with 4 Lakhs (INR).

Flipkart has since then raised two rounds of funding from venture capital funds Accel India (in 2009) and Tiger Global Management (up to the tune of US\$10 million) (in 2010).

Private equity firms Carlyle and General Atlantic are in talks to jointly invest about \$150 million to \$200 million in Flipkart, according to sources.

3.2.6 Acquisitions

2010: WEREAD, a social book discovery tool. The stated goal was to give Flipkart a social recommendation platform for buyers to make informed decisions based on recommendations from people within their social network.

2011: Mime360, a digital content platform company.

2011: Chakpak.com is a Bollywood news site that offers updates, news, photos and videos. Flipkart acquired the rights to Chakpak's digital catalogue which includes 40,000 filmographies, 10,000 movies and close to 50,000 ratings. Flipkart has categorically said that it will not be involved with the original site and will not use the brand name.

2012: Letsbuy.com is India's second largest e-retailer in electronics. Flipkart has bought the company for an estimated

US\$ 25 million.

3.2.7 Teams at Flipkart

3.2.7.1 Category Management

All this requires an extremely efficient supply chain and this is where Category Management comes in. The folks at Category Management are responsible for vendor relations and supply management – without which online shopping wouldn't be what it is at Flipkart.

- * Developing Vendor Network across Country
- * P&L Responsibility for various Product Categories
- * Building Relations with Leading Brands and Manufacturers
- * Market Research
- * Managing Supply Chain for efficient sourcing
- * Using Technology to Solve Problems

3.2.7.2 Catalogue

These guys build the look of every catalogue that is launched on the website. From defining product specifications to ensuring all product related content appears correctly on the site – the team is constantly working to ensure the customer can make an informed purchase from us at all times.

3.2.7.3 Warehouse & Fulfilment Centre

Procurement in Flipkart is all about obtaining products that are the best in “Quality”, from the right “Source” and in the shortest possible “Time” to ensure “Customer Delight”. Warehousing in Flipkart, on the other hand, is where these products are inspected with a fine tooth-comb. After all, we have a promise to keep - original products with original warranty. And this is all done with the highest level of automation because for us, technology is everything.

3.2.7.4 Logistics

Flipkart ship 30,000 items every day. That's 20 items a minute, to nearly every single pin code in this country. At least 80% of these orders are shipped by our very own, one-and-a-half year old delivery team, Flipkart Logistics.

Today Flipkart is in 30 cities and soon we intend to expand all over the country. A huge (and growing) team of delivery executives with a ‘customer first’ approach – this is what FKL is all about.

3.2.7.5 Customer Support

‘Customer delight’ is one of the USP of Flipkart. Flipkart want their customer to have the best ever online shopping experience when they are with them – and will do everything in our power to ensure it. Though every employee at Flipkart is responsible for giving the customer a great experience at all touch points, it is our 24X 7 customer support team that has succeeded in setting unbeatable standards in the service industry.

3.2.7.6 Finance

Flipkart is a company that has gone from being a start-up to the largest online retailer in the country – clocking revenues of Rs 2.5 cores per day and well on its way to achieve a target of \$1 billion in revenue by 2014. So can there be any doubt that Finance plays a really important role in their development.

3.2.7.7 Talent Acquisition

Growing by leaps and bounds is not an exaggeration when it comes to Flipkart. What was started by two people in 2007 has today become a 4500 strong company – and counting! In the last year alone, we have added 4000 people to the team. With the demand for high quality talent across departments showing no signs of slowing down, the Talent Acquisition Group, or TAG as Flipkart like to call them, have their hands full.

3.2.7.8 Human Resource

Flipkart as an organization has grown from strength to strength to emerge as a leader today in the Indian e-commerce space. The pace which we have maintained has been possible because of a high calibre, energetic and agile workforce. Today Flipkart attracts highly talented professionals from across the industry and campuses alike - the opportunity to innovate and exposure to a high-growth business environment being our main attraction.

Being a de-centralized function, the team constantly interacts with various business departments at all times in order to better understand and cater to their HR needs.

The team also builds strategic relationships with the corporate functions to drive pan- organization initiatives.

The Human Resources team is responsible for the end-to-end HR life cycle of an employee once they come on board. It is the HR team that ensures that employees across departments and from various backgrounds get to know and understand the Flipkart culture. Creating a high level of employee engagement and helping them develop as professionals is what keeps their team at Flipkart busy.

3.2.8 Payment through Wallet in Flipkart

Flipkart has added a new 'Wallet' feature to enable customers store money in their Flipkart account and redeem it on future purchases. Flipkart Wallet works on a prepaid credit system: customer can top up your wallet with any desirable amount up to Rs 10,000 by using any one of its regular payment modes like credit card, debit card, and net-banking. This amount will then be reflected as prepaid credit on customer's account and can be used as a payment mode for all forthcoming purchases on the portal. Expectedly, this amount will be deducted from the balance in their account's wallet.

They can keep track of your Wallet balance by either heading over to their Flipkart account or viewing the wallet balance at the top. However, if they run out of balance on their wallet before making a purchase, Flipkart allows them to make a partial payment using your Wallet and pay the remaining amount using other payment modes like credit card, debit card, and net-banking. Flipkart does point out that cash- on-delivery payment mode cannot be combined with a Wallet payment.

As said earlier, there are other players in the country like Mobi Kwik and Paytm* which offer online wallet services called 'Mobi Kwik Balance' and 'Paytm Cash' respectively, indicating the impact of unreliable payment gateways on online transactions in India. While Mobi Kwik Balance allows customers to add money into their account to allow multiple purchases like online recharge for prepaid mobile phones, DTH and data cards, Paytm Cash allows you to store money in a wallet for future transactions on its portal.

The company had recently claimed to ship around 20 units every minute, with 65% of the purchases being made through Cash on Delivery (COD). The company had also hoped to grow its sales by more than tenfold this financial year.

3.2.9 Interesting facts & figures about the portal:

- Flipkart employs 4500+ people
- 2 million sales unit and 4 million visitors/month
- 11.5 million titles, Flipkart is India's the largest online book retailer.
- Registered user base of 4 million customers
- Ships out as many as 45,000 items a day, clocking daily sales of approx. Rs

2.5 cr.

- Flipkart is now investing in expanding its network of distribution centres, warehouses, procurement operations which is now in only 8 cities in country, so as to reach more & more Indian cities.
- The company is even setting up its own delivery network which is now in 37 cities, by which company can save up cost associated to the outsourced shipping & logistic function and is set to expand this even further by next year.

3.2.10 Flipkart Success Factors

The site is very easy to navigate, which helps users to easily search for the contents or products online, it even allows users to search by using various filters like by price range, search by brands, by age group, by hot-selling etc. If a certain product is not available or is out of stock it even ask users to input its details & then when the products is available the desired users are informed, this really helps one connected to the products they are seeking & leads to repeat & frequent purchases.

The Flipkart site is fast & powerful, i.e. if you Search any products in the Flipkart search bar and you'll find exactly what you looking in likes no time & it's very quick to process the payments & transactions by a very efficient & flexible payment mechanisms of the portals. Approximately 60% of orders are placed in cash on delivery system. So, there is high possibility scams & frauds, so users have to have their email account linked & with verified details & receives a confirmation code message on their cell phones or email, after which the users confirms the unique code& the transaction is processed & usually get delivered in 2-3 business days on the confirmed mailing address.

Flipkart manages to deliver the item in 2-3 business days. If the order placed is not delivered in the specified time, immediate enquiry goes to nearest supplier and the item becomes available. It will then be delivered within 24 hours depending on the cause of delay.

Flipkart is continuously aiming to bring down the delivery time of regular orders; in doing so it is investing in its

own delivery system & network, as the time to delivery is one of the important aspects of selling products online as users want a fast turnaround time. An excellent marketing strategy by Flipkart marketing team is to increase the sales revenues & to optimize the user shopping experience & increasing loyalty by repeat purchases.

The portals offers a good pricing offers & deals to its users by the means of cash rewards, loyalty points, discounts, coupons, Frequent buyer rewards points. It even offers goods relatively cheaper pricing points than it is available in the physical market which in total helps users save money & at the same time get benefited by the means of rewards points.

3.2.11 Future Road Map

- They aim at 10 times growth and eyes at \$ 1Billion sales by 2015.
- They will look at bigger investments in their supply chain and technology.
- Investment will be made in large warehouses and increased automation of their process, so that the product is not delayed.
- They intend to enter in to various new categories and expand their current categories as well.
- Everything except for groceries and automobiles will be available on Flipkart in future.
- To go further in the value chain, Flipkart is looking at associations with a larger number of suppliers and partners, both nationally and internationally.

3.2.12 Threats in future:

There are no major foreseeable threats in the future. The company has built a great brand name, they just have to maintain and enhance the same. Need to keep introducing more products, adapting to the changing needs of the customer with time. The entry of Amazon.com in 2012 in the Indian e-commerce space has been cited as a big challenge to Flipkart. However, Flipkart is a respected Brand name in India and should be able to compete with Amazon. Amazon being a very big company can bring in serious competition to Flipkart, since Amazon can bear more losses in the beginning to gain customer base. But again, Indian market is growing at a rapid pace as access to internet increases and people become more aware of e-commerce sites and start trusting the same; hence Indian market is sufficiently big at- least for these two giants to co-exist beneficially.

REVIEW OF LITERATURE

D. Lakshmanan and Dr. S. Rabiyaathul Basariya (2017) have studied the effectiveness of advertising through social networking sites. The study finds that social media marketing effectiveness is highly influenced by its messages or contents quality, the company's involvement, and its association with the other marketing platforms. In addition, a complex and detailed analysis of the strategy is needed in order to accurately © 2018 JETIR May 2018, Volume 5, Issue 5 www.jetir.org (ISSN-2349-5162) JETIR1805260 Journal of Emerging Technologies and Innovative Research (JETIR) www.jetir.org 406 measure the return on investment of the social media marketing. The study also finds that generation Y might be the main users of social media sites, but they are not the main target audience of the social media marketing.

Sadia Afzal and others, in their 2015 paper, talked about how online and traditional advertising affects how consumers buy branded clothing. The findings showed that the quality, design, and content of an advertisement,

along with how loyal a customer is to a brand and their past buying experiences, play important roles in shaping how consumers make their purchasing decisions.

The research conducted by Bhagwat and Goutam and their team. (2013) emphasize the importance of social networking sites for businesses. They discovered that social technology helps people connect so they can share information and other things with one another. Their study shows that Facebook is the top social media networking site. They have also shared statistical data showing that social media sites are expanding and offering benefits to both businesses and individuals. Their reputation has quickly grown because they are needed in society for communication and business purposes.

Berthon et al. (2012) believes that the latest interactive technologies are changing lifestyle patterns and corporate innovative practices. Organizations have begun to understand the importance of and have taken control of the internet demonstrating both interest and involvement in online communities.

Loredana Di Pietro and Eleonora Pantano (2012) states that social networks are

becoming an efficient tool for IT-based business, by providing several services for both consumers and marketers. The aim of this paper is to investigate to what extent social networks, as Facebook, influence consumer's purchasing decision through a quantitative analysis, which integrates a revised technology acceptance model. The findings confirm that enjoyment is a key determinant of social networks usage as tool for supporting the purchasing decision. This research moves beyond social networks usage to factors related to the Facebook-mediated marketing communications, by providing significant data on the weight of this channel for the development of new direct marketing strategies.

A research study conducted by Mass Relevance that provides a social media curation platform to clients found that 59% of consumers will more likely trust a brand that has presence in social media and 64% of the consumers interviewed have already made purchases based on social media presence and reviews.

Sliva, Bhuptani, Menon & D'Sliva (2011) has made an attempt to understand the usage pattern of social media among youth in the city of Mumbai. It also aimed at assessing the influence of social media on the consumer buying behaviour. Results from the analysis indicated that social media is a very important tool for networking among youngsters.

A study for Harvard Business Review by Edelman (2010) highlights how the Internet and social marketing has changed not only the way businesses operate but also how consumers choose their products. It discusses how market has moved to a more open-ended approach whereby consumers no longer follow a methodical approach of selecting products. It stresses how important it is for brands to connect with consumers and it also studied the consumers' decisions across five different industries, namely automobile, skincare, insurance, mobile telecommunications and electronics, across three different continents. Based on the results of the study, it proposed a four-stage model that focuses on today's consumers using social media for advocating products and also purchasing based on the reviews and backing received.

Borges (2009) finds that today's buyers want to be engaged differently than in years past and many traditional marketing tactics simply do not work anymore. Social media marketing is a revolutionary way to build social relationships with buyers.

Low cost, brand building, staffing advantages, loyalty and level playing field are key benefits of social networking sites as a successful marketing media.

SCOPE OF THE STUDY

Scope of study is a general outline of what the study (e.g. class or seminar) will cover. "Scope" defines the parameters of this can be an object, or a theory process, activity, describing either future, current or past knowledge or statements of descriptive activity, experience etc. The topic chosen for this particular study is to analyse the customer perception towards online shopping on Flipkart.com. The sample size chosen was according to the convenience and the objectives of the study. To know about various aspects of Flipkart in market, the improvements needed in case of features and process, and the effect of factors on the buying behaviour of online customers. The geographical area that this study covers is Noida (India).

RESEARCH OBJECTIVES

Analysis of Customer Perception towards online shopping on Flipkart.com. Basically, it is important to investigate the motivation behind consumer purchase but it is equally important to find out how the consumers form perception and behaviours towards online buying because consumer perception towards purchasing online is a conspicuous factor affecting actual buying behaviour. One of the research projects is to work on factors that influence customers to buy online from Flipkart.com, and have decided to study four factors such as convenience, time saving, Website features, and security. And along with this the study for out of stock on highly discounted items also will be done.

However, customer's willingness to purchase online could be affected by one's individual needs and these needs can be 'Need for cognition'. Taking these aspects into account, a survey is conducted to know the perception towards online shopping on Flipkart.com.

To find the factors that leads a website user to return to or recommend the website Flipkart.com

To discover the key factors that influence online buying behaviour of consumers in India

To identify who are the online shoppers in terms of demography To understand the customer awareness on Flipkart.com

To determine the factors responsible for customer satisfaction

RESEARCH METHODOLOGY

OPERATIONAL DEFINITION OF THE CONCEPT

Customer perception is defined as the way that customers usually view or feel about certain services and products. It can also be related to customer satisfaction which is the expectation of the customer towards the products.

When a customer purchases a service, the attitude of the customer is the function of Value, Quality and the satisfaction level of the customer. The value of the service is determined as the price or time he is going to spend for a particular service.

Customer testifies the quality of a service, either by his own past experience or by the communication of the service provider. After the consumption of the service the customer measures the satisfaction level, he gets from consuming the service.

Thus, the customer perception regarding a service is framed by: -

1. The value of the service.
2. The quality of the service.
3. The satisfaction level from the service.

Since the optimum level of the Value, Quality, Satisfaction from a service is always acceptable to the customer.

METHODOLOGY

Research Design

“Research means different things to different people” and the intention behind it are to investigate innumerable data, theories, experiences, concepts and law. “The procedural framework within which the research is conducted” is the definition of research methodology. The two broad and distinct approaches to social research cover the Quantitative and Qualitative methods of enquiry.

The quantitative paradigm on the other hand intends to gain a deeper understanding, knowledge and insight into a particular situation or phenomenon, by providing answers to questions of ‘how?’ rather than ‘what?’. Unlike qualitative research which occurs in natural settings, quantitative research is where hypotheses are established.

Data collection

The data required for understanding will be collected from various online customers. In order to conduct the study digital survey was conducted through Facebook and e- mail. And those responses are collected in a spreadsheet and further analysis was done.

The data collection method in this particular research comprises of two forms: namely primary and secondary data. One needs to be careful while using secondary data as maybe the collected data may be biased as the collector of that original data might have highlighted only a partial picture or another aspect may be that data may be quite old and also the data quality could be unknown.

Primary data

“Data collected specifically for the research project undertaken” is the definition of primary research as provided by Saunders et.al (2003: pp. 486).

Primary data is generally originated by any researcher to address any specific problem or issue at hand, where the only drawback is that it can be expensive and time-consuming. The various ways of gathering primary data is through surveys, focus group and observations.

In this study, the primary data is collected through well-formed questionnaire with the help of a digital survey. The questionnaire consists of quantitative and qualitative multiple-choice questions and the respondents are asked to choose the one choice which suits them the best amongst the multiple choices.

Secondary Data

Prerequisite to the collection of primary data is a careful scrutiny of the existing secondary data (Malhotra, 2005). The Data that is collected from existing journals, reports and statistics from private and public institutions are called Secondary data. For this specific study the collection of secondary data was done primarily from marketing journals already available on this topic. Secondary data helps the author to comprehend the perception of Indian consumers on online shopping.

Thus, the study carried out has analysed the primary data with the rationale and validation of the present secondary data.

Sample technique

Choosing a study sample is an important step in any research project since it is rarely efficient, practical, or ethical to study whole populations. In this study the sampling strategy used is convenient sampling. The sample size is 100. A small part of something intended as representative of the whole, or a subset of a population. In this research simple random sampling is being used.

Data collection

The data collection would be:

PRIMARY DATA: Questionnaire

SECONDARY DATA: Journals, Internet, newspaper etc.

Sample design

Online customers of Noida city are included under this research and tell their satisfaction level.

SAMPLE SIZE-

Sample size of 100 respondents was taken.

1. Respondents

- Businessman
- Serviceman

Data source

Both Primary and Secondary source of data would be used. The major type of information is used from primary

RESULTS, DATA ANALYSIS AND DISCUSSIONS

This chapter aims obtain the objective of the study by critically analysing the qualitative data through thoroughly examining the interviewee's responses and beliefs. This has been achieved through evaluating the most relevant responses by the participants. The data has been analysed and discussed by comparing the comments made by the respondents with the literature review keeping in mind the research objective of the study. Thus, the rationale of this analysis is based on the personal answers provided by the respondents.

An appropriately designed questionnaire was used to collect the primary data for the study. The data for 100 respondents was organized systematically in tables and graphs and then was subjected to analysis using appropriate statistical tools. The results of the analysis are presented in the following section in order to assess the customer perception towards online shopping on Flipkart.com in India.

Here for analysing, we are considering two factors. That is:

- Demographical factors
 - Behavioural factors Demography:
1. Gender of Respondents:

Table 4.1: Gender wise respondents

	Male	Femal e	Total
Response s	58	42	100
Percenta ge	58	42	100

Graph 4.1: Gender wise respondents

Analysis and Interpretation:

According to demography profile, in this study 70 % male and 30% female respondents are part of my target population and they help me to fulfil my questionnaire from different area of Bangalore city. From these groups total respondents are 100. So, according to the survey result, the male respondents are more and can be told that they interested to shop online than female, even though both of them shop online.

2. Age Group:

Table 4.2: Age wise respondents

	15 -25	25 -35	35 - 45	45 & above	Total
No of respondents	63	24	12	1	100

Percentage	63	24	12	1	100
------------	----	----	----	---	-----

Graph 4.2: Age wise respondents

Analysis and Interpretation:

Below figure shows that 63% respondents are between 15-25 years old, 24% respondents are between 25-35 years old, 12% respondents between 35-45 years old, and 1% respondents are between 45&above. Overall result shows that between all of them the respondents who has age limit between 15 to 35 years (63%+24%= 87%) people are more familiar to shop online on my target population.

3. Occupation:

Table 4.3: Occupation wise respondents

	Business person	House wife	Salarie d	Studen t	Total
No. of respondents	8	7	46	39	100
Percentage	8	7	46	39	100

Graph 4.3: Occupation wise respondents

Analysis and Interpretation:

In this survey, 46% of the respondents are salaried and 39% are students. So, they both together made majority of respondent's percentage (85%). 8% are business persons and 7% are House wife. Salaried persons and students will always look for new technologies and new services which make them more comfort.

4. Educational Qualification:

	Graduat e	post graduate	SSC or Equivalent	Others (PhD)
--	-----------	---------------	-------------------	--------------

Number of respondents	63	36	0	1
Percentage	63	36	0	1

Table 4.4: Educational wise respondents

Graph 4.4: Educational wise respondents

Analysis and Interpretation:

All of them in this survey are graduate and above qualified peoples only. Among these 63% are graduates, 36% are post graduates and one person is PhD.

5. Annual Income:

Table 4.5: Income wise respondents

	0- 3 L	3-6L	6-9L	9 & above
Number of respondents	60	23	13	4
Percentage	60	23	13	4

Graph 4.5: Income wise respondents

Analysis and Interpretation:

Since 39% of this survey is students most of them are of 0-3L income range, i.e. 60%. 23% of them are in 3-6L income range, 13% in 6-9L and 4% is 9 & above.

Behavioural factors:

This survey is conducted on those people who do online shopping and are aware of Flipkart. So, everyone answered 'yes' for those two questions.

6) Frequency of purchase from online:

Table 4.6: online shopping usage

	Always	Often	Sometim es	Seldom	Never	Total
Male	5	21	29	3	0	58
Female	4	14	23	1	0	42
Total	9	35	52	4	0	100

Graph 4.6: online shopping usage

Analysis and Interpretation:

More than half of them use online shopping sometimes, i.e. 52%. People who always and mostly shop through online shopping are also good in number, 9 and 35, together 44%. And who use online shopping rarely is very less in number 4%. Since only 44% are mostly using this, there is a wide space to fill and to make online shopping a great success. And there is not much gender difference in online shopping, which means both males and females enjoying online shopping and its benefits.

Analysis and Interpretation:

Most of them are aware about Flipkart through word of mouth (39%) followed by television and online advertisements (22%). Customers got awarded through blog recommendations (2%) and promotional e-mails (5%) are very less in number.

This means a good communication about Flipkart is going on through friends and families, which proves that word of mouth strategy by them is the most successful means of making people aware about their products. Success can only be gained through delighted customers who act as advocates for their products and there is a wide scope of other digital advertisement techniques like search engine marketing, email- marketing, providing links and blog recommendations in order to make more customers.

Graph 4.8: Frequency of using Flipkart

	Every time	Occasionall y	Most of the time	Hardly ever	Total
No: of respondents	17	45	32	6	100
Percentage	17	45	32	6	100

Graph 4.8: Frequency of using Flipkart

Analysis and Interpretation:

Here on this survey 17% are always choosing Flipkart for online shopping, while 45% are using it occasionally. Hardly ever using members are very less, and 32% are using it most of the time. Since more than half of them prefer Flipkart while thinking of online shopping, it means branding had done successfully by them either through advertisements, services or providing good experience to customers.

Graph 4.9: Category mostly prefer to buy from Flipkart

	Electronic s	Apparels & Accessorie s	Books, Movies & Music	Stationari es	Healthcare & personal care	Home & Kitchen items	Total
No: of respondents	39	20	30	3	4	4	100
Percentag e	39	20	30	3	4	4	100

Graph 4.9: Category mostly prefer to buy from Flipkart

Analysis and Interpretation:

Electronic items, Books and Stationery, Apparels& Accessories, cameras, watches and others (bags, belts, etc.) are purchased more. 39% of respondents are preferred to buy Electronics items followed by Books and Stationery (30%) and Apparels and Accessories (20%). Books & stationery and electronics items are more famous among the students and that may be the reason for large purchase of those items from Flipkart.com.

10) Reason for customer's preference on Flipkart.com than others:

Table 4.10: Customers expecting feature of Flipkart

	Fast Delivery	Availabilit y	After Sales Services	Easy Payment options	Portal Features	Total
Response s	41	29	8	17	5	100
Percentag e	41	29	8	17	5	100

Graph 4.10: Customers expecting feature of Flipkart

One of the most efficient features in Flipkart is fast delivery when compared to other online shopping websites. So, most of the customers prefer this website for shopping with the perception of quick delivery (41%) and availability of product (29%), followed by easy payment options (17%). And there is a scope of increasing after sales services and portal features when comparing with other features.

11) Product selection from the categories given by Flipkart.com:

Table 4.11: On the basis where product is chosen

	Rating of the product	Discounts and features	Review about the product	Brand of the product	Total

No: of Responses	14	48	26	12	100
Percentage	14	48	26	12	100

Graph 4.11: On the basis where product is chosen

Customer perception varies while using Flipkart; it is one of the online shopping sites which give high discounts and offers. Most of them in this survey (48%) are looking for good featured product with high discounts while purchasing products from Flipkart. And also, customers more often go through the product review (26%) before making their decision to purchase. Product review is a kind of word-of-mouth strategy where product users leave their review on their experiences with Flipkart.

Customers are giving priority to these two features while brand of product (12%) and rating of product (14%) also taken care by some other customers.

12) Rating of services on Flipkart.com (in a scale of Excellent, Good, Average, below average, Poor)

Table 4.12: Rating of Flipkart services

	Excellent	Good	Average	Below Average	Poor
Cash on delivery	46	45	5	2	2
30 days replacement policy	23	55	20	2	0
EMI options	21	48	25	5	1
Free shipping	35	34	17	12	2

Graph 4.12: Rating of Flipkart services

Analysis and Interpretation:

46% of respondents are rated excellent for cash on delivery service, while for 30 days replacement policy 55% rated good and 23% rated excellent. For EMI options 48% rated good and 21% rated excellent, and for free shipping 35% rated excellent.

While analysing the data, customers have more interest in two services of Flipkart: That is, 30 days replacement policy and EMI options.

Since Flipkart is providing 30 days replacement policy for all the products in the platform. And this combined mix service increased the customer trust.

In case of EMI options, Flipkart is the only site which accepts all credit cards and thus it provides a better payment options to the customers.

Cash on delivery is a compactable service that provided to the customers and they are much satisfied on that service also. Even some rated less for this service, may be because of less customised experience on cash on delivery.

In case of free shipping, Flipkart provide this service for total purchase of rupees 300 and above only. So, it may affect some of the customers who purchase less price products frequently.

13) Issues faced by customers while shopping in Flipkart.com?

Table 4.13: Issues faced when purchased from Flipkart

	Out of stock	Payment issues	Replacement issues	Delay in Delivery	Faulty product	No issues	Others	Total
No of Responses	37	6	6	12	8	30	1	100
Percentage	37	6	6	12	8	30	1	100

Graph 4.13: Issues faced when purchased from Flipkart

FINDINGS

- There is not much difference in gender for using online shopping.
- Students and salaried persons are most frequent users of Flipkart.
- Frequency of purchase for electronics, books and music, apparels and accessories are more in Flipkart.
- Word of mouth was more influential in promotion as many people were made aware by their friends and family when customers recommend this website to them.
- Highly discounted products got out of stock quickly, since customers purchased it as soon as they could when they see high discount on good featured product.
- The services provided by Flipkart are good and even more scope of development is there for increasing the customer strength.
- Digital marketing techniques like search engine marketing, links providing other website and advertisement also functioned well for promotion of this website.
- Fast delivery is one of best service Flipkart is providing.
- Different payment options available in Flipkart made customers more satisfied and comfort for paying while purchasing product.
- Customers feeling more secured when purchasing through Flipkart because of different policies and services they have.
- In comparison with competitors, Flipkart is charging free shipping for the purchase of 300 plus rupees, while others free ship the service without any barrier.
- Out of stock is the main issue faced by Flipkart.
- Most of customers have good experience with Flipkart while purchasing products.
- Most of them are satisfied with the services of Flipkart and so that they succeed in retaining the customers.
- Advertising is an important way to have the brand and products familiar to consumers.
- Convenience and time saving are two important factors that customer looking for while purchasing through online.

LIMITATIONS OF THE STUDY

No research is complete without admitting the limitations that was faced while conducting a study which will contribute to present learning. This study too like the others have certain constraints which have been discussed below.

- The study was restricted to Noida city only
- The study is mainly concentrated on Flipkart.com
- The sample of the size will be limited to time and resources
- The information will be collected valid until there is no any technical change or any innovation
- The result is assuming that respondents have given accurate information

CONCLUSION

The thorough study is based on the consumer behaviour analysis which serves a great idea regarding consumer perception when they go for online shopping. In order to satisfy themselves consumer perceive many things before buying products and they will be satisfied if the company meet their expectation.

The Overall Brand Value of Flipkart is good, but it is facing some tough competition from its global competitors like Ebay and Amazon. Talking about domestic market i.e. India, it is the most superior E-business portal which is aggressively expanding & planting its roots deep into the Indian market & at the same time shifting the mind- set of the people from going & shopping from physical store to online stores, which is magnificent.

Be very focused on consumers and build amazing experiences for the customer.

RECOMMENDATIONS

- Flipkart has successfully placed itself into the prospects mind making it the India's largest online store with huge range of products. But it still needs to work on their core competence that is books and stationery items.
- Delivery services can be improved mainly in rural areas by selecting appropriate courier service which has services in customer area for dispatching an item.
- Can make free delivery to all priced products.
- Can include more coupon codes and gift vouchers for increasing the traffic of the customers.
- Out of stock items can made available as soon as possible and intimate the needed customers.

- Should look for International/ Overseas markets or Neighbouring Countries.
- Critical mass of Internet users – Internet users in India is increasing at increasing rate, so Flipkart can target more & more cities i.e. not only tier 1 & 2 but also tier 3 & 4 cities, which will help generate stronger customer base & more revenues.
- Should clearing focus on the Growing Online Apparel business & it can diversify into apparel category either organically or inorganically by acquiring other portals.
- User Experience: Portal should continuously aim to work to improve the user experience by adding more & more innovative features in the website like virtually shopping basket, virtual trial rooms. In this competitive world to differentiate via user experience, the ultimate winner will be the Indian online consumer.
- Should comprehensively invest into E-CRM & online reputation management.
- Logistics & Supply Chain: can continuously aim to reduce the delivery time cycle.
- Price will still be a factor as Amazon being a huge company will use its economies of scale to remove their competitors from the market; therefore, they need to be more competitive on that aspect.

BIBLIOGRAPHY

BOOKS:

- Assael, Henry. (1984.) "Behaviour and Market Action". Boston, Massachusetts: Kent Publishing Company,
- Belch, G.E., & Belch, M.A. (2001). Advertising and Promotion: An integrated Marketing Communications Perspective (5th ed.). Boston: Irwin/McGraw- Hill.
- Cooper, Donald R. and Schindler, Pamela S. (1999), Business Research Methods, 6 Tata McGraw-Hill Publishing Company Limited, New Delhi, India.
- Creswell, J. W. (2003). "Research Design: Qualitative, Quantitative, and Mixed Methods Approaches". Thousand Oaks, CA, Sage.
- Easterby-Smith, M., Thorpe, R. & Lowe, A. (2002), Management Research 2nd edition, London: Sage.
- Remenyi, D., Williams, B., Money, A. and Swartz, E. (1998), "Doing Research in Business and Management", Sage Publications, London.

JOURNELS AND MAGAZINES:

- Arnould, E.J. and Wallendorf, M. "Market-oriented Ethnography: Interpretation Building and Marketing Strategy Formulation," Journal of Marketing Research, Vol. 31 (November 1994), pp. 484–504.

ANALYSIS OF CONSUMER BEHAVIOUR ONLINE

Author: Dejan Petrovic

HOT BARGAINS: TIPS TO FIGURE OUT TRAPS FROM THE REAL VALUE DEALS

SUSHMITA CHOUDHURY AGARWAL, ET Bureau Apr 22, 2013 (The Economic Times)

WEBSITES:

www.Flipkart.com www.commodityindia.com www.marketoperation.com www.nextbigwhat.com
www.britannica.com en.kioskea.net www.ecommerce-land.com www.commodityindia.com
www.marketoperation.com

APPENDICES

QUESTIONNAIRE

1. Are you aware about the growing digitization of various facets, including the financial and marketing of the Indian economy?
 - a) Yes
 - b) No
 - c) Don't know/ can't say
2. What according to you is more a symbol of the digitalized economy and market?
 - a) Growth of PCs, Laptops and Computer hardware
 - b) Growth of mobile phones
 - c) Digital accounting
 - d) Digital Marketing practices like Value added services
 - e) Others
3. Do you think that with the growth of the digitalization project in various facets of the economy and its acceptability among the people has brought a change in the marketing strategy of the products and services?
 - a) Yes
 - b) No
 - c) Don't know/ can't say
4. With regard to the digitalization of the market economy, which statement according to you is correct?
 - a) Virtual market has not affected the real market
 - b) Virtual Market has replaced the real market
 - c) Virtual market has eroded the significance of the real market but both co- exist
 - d) Don't know/can't say
5. Do you think that risk factor is involved in digital marketing?

- a) Yes
- b) No
- c) Don't know/can't say
6. Do you think that rural India has the potential for the entry and operation of digital marketing?
- a) Yes
- b) No
- c) Don't know/ can't say
7. What are the various disadvantages Limitations in practicing digital marketing strategy in India?
- a) Limited tracking capabilities
- b) Lack of choice of the product service
- c) . Lack of personalization
- d) Others
8. Do you think that digital marketing can be used as an effective marketing strategy in place of direct marketing strategy?
- a) Yes
- b) NO
- c) Don't know/ can't say
9. With regard to the digital marketing strategy, what will be the best option?
- a) Digital Marketing as sole tool
- b) Digital Marketing being used sparingly
- c) Digital Marketing being supplemented by other marketing strategies
- d) Don't know/ Can't say
10. What according to you is the future strategy of the digital marketing in India?

- a) Has a potential future
- b) Future is not good
- c) Don't know/ Can't say