

A Study on Factors influencing the Customers towards Online and Conventional Buying

(A Case Study of Hyderabad City)

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Abstract

Online shopping is a gift of technology development and is defined as an electronic trade where buying and selling is progressed electronically. However, online or conventional buying has the similarities of trade but the only difference is that the online offers a virtual mechanism whereas the conventional gives a physical form of service. The convenience, variety, quality along with versatility in transactions have attracted and retained the customers when compared with its counter market i.e. conventional market. Indian being a cosmopolitan culture country has wholeheartedly welcomed the concept of online shopping with exceptional competition. The growth of online is not uniformly distributed throughout India but has a significantly grown over years. Hyderabad as a city of pearl has its share of story in the acceptance of online market. Considerable online sites have changed the structure of Hyderabad and proactive natured people have readily accepted the change with some pros and cons. The research is taken to study the influence of factors affecting online and conventional buying. The factors taken for the study are Location, Delivery Time, Reputation, Guarantees & Warrantees, Privacy of Information, Description of Goods, Customer Service, Security and Prices. The descriptive and analytical study was conducted on 600 respondents taken from Hyderabad city with an awareness of online buying. The statistical tool of t-test was used for the analysis. The study concludes that Location, Reputation of the firm, Description of goods and prices have favored online market and Delivery Time, Guarantees and Warrantees, Privacy of Information, Customer Service and Security were in favour of conventional buying. Each type of

market has its own players and the one which has the capability to adapt to the changes will continue to be the leader of the market. From customer point of view it is seen that they want to have the best of both the markets. The present study can be further analyzed to know the situational preference of customers and the dimensions of online and conventional buying.

Keywords: Conventional Buying, Online Market, Factors and Pricing

1. Introduction

There has been shift in the consumer perception emotionally with respect to the method adopted for shopping. Despite the fact that consumers keep on purchasing from a physical store, they feel extremely advantageous to shop online since it liberates them from going to the store. Choices can be produced using home with a gander at different decisions and costs and deals can be effortlessly compared. Online shopping offers the client an extensive variety of products and administrations, wherein the consumer can pick the best arrangement from it.

Internet has adroitly provided a unique base for the grooming of online business. It elevates a balanced communication between the vender and the end client with round the clock services. The internet has achieved an outlook change in the way the things are finished. The global Internet (www) has changed the way consumers have searched and used data drastically. The Internet, once considered a data encapsulation device, has become a vital place for business.

Today, internet marketing business is the fastest developing online trade. The real contrast amongst the traditional and online offering is the degree of communication between the shopper and the merchant. As a measure to survive, the businesses are relieving on how well they can coordinate the internet as a medium to expand the business. With advancement in information, communication technologies and with the era of digitalization the gap between conventional and online market have been minimize. With a specific end goal to offer many businesses are considering to analyze the differentiating factors in the minds of Indian consumers and to adopt the best practices for attracting the retaining end users. Online or conventional market, the objective lies on the concept of strengthening the bridge of product with partnership. This can be achieve by satisfying the customers through developing the trust and removing the apprehensions.

The task lies in creating a differentiating factor in the minds of Indian consumers and to adopt the

best practices for enticing the consumers towards a particular market. Obstacles in the form of perceived risk, service, product involvement and reputation do effect the decision making process which needs to be tackled and explored for creating a positive experience of shopping.

2. Need and importance of the study

With change in the buying channels i.e. from physical space to advanced space and with dealers adopting online market with their internet based shopping centers, there is a great deal of potential to be explored by considering the variables of online shopping.

Hyderabad, the city of pearls is selected for investigating the potential of online shopping. Hyderabad has rapidly strengthened its reputation as a formidable global technology capital with Amazon, Google and Facebook setting up their offices in the central city and a modern metro system is being prepared to support the logistics of e-commerce businesses.

The rich architectural past and the real heritage of the city make it even more attractive. The accomplishment of online organizations likewise depends vigorously upon their capacity to draw in and hold the customers. In such a situation, orderly research is required which will test the online buying behavior of the consumers and explore the significant parts of online shopping variables and the elements that builds the potential of online shopping.

With the above backdrop the study is undertaken to explore the paradigm shift in shopping with respect to online shopping .Particularly in Hyderabad market, it is intriguing to observe how the consumers have responded to the online shopping. The objective is to study the model shift in consumers 'perceptions with respect to online buying and traditional buying in the Hyderabad retailing.

3. Literature Review

Researchers over the time have paid much attention to the concept of online business and the variables responsible for the growth of the business. As Fosket Sally (1996) explained how online services are driving the business and how Marketers interact through World Wide Web sites with prospective customers while creating an opportunity for innovation with significant challenges. However, Johnson et.al (1999) study has found that clarity of information with effective communication through online business will help in saving the time and cost of customers. However, drastically changing a weirder style is not possible but a slow and steady approach proofs to be more

effective. A change with innovative development will give a paradigm shift and growing recognition to the business Warren J. Keeyan (2002). The objective is to bring the change in a revolutionary manner with a strong base. As Lee and Lin (2005) shows that a strong base is build by developing reliability, accountability, responsibility and trust. These are some of the important factors which affect the quality of service and satisfaction of customers related with their transactions. Apart from this, the growth of business is also seen from technological point of view. As Deepali (2013) study have shown the concept of how internet has revolutionised the world and made millions of users in the form of its applications. With increased awareness and the growth of economy has pushed the sale of online market drastically in the recent years. Prof. Ashish Bhatt (2014) showed how internet have revolutionized the business transactions and as such many companies have started using online services for cutting down the cost, for making the products economical and to be ahead in the present competitive market of the world. However, with technology and awareness comes the problem associated with it. Selvakumar (2014) study tried to analysed the perception of customers related with the products sold online and the problems faced in the process of online shopping. It is seen that the continuous improvements with ease affects the customer's decision to buy online. Change is accepted as a part of upgradation and Amit Saha (2015) made a brief attempt in knowing the various aspects of retail businesses and the development of e-stores and their survival in changing scenario of market. Puja Gupta (2015) made a brief comparison by addressing the perception of customers related with online and offline shopping. Product, price, quality and service are the variables which intents in creating the differentiation related with purchasing decision. Apart from Puja Gupta, even Hashim Shahzad (2015) also explained about the variation in factors responsible for influencing the behaviour of online consumers. Change in behaviour leads to perceptual change and the consumer becomes loyal with the store products. Mathur and Gangwani (2016) identified six factors i.e. sales personnel and store association, atmosphere, promotion and institutional, service, merchandise and convenience have an effect in creating customers loyalty. The attitudinal factors like cognition, usefulness, convenience, pleasure and security shown by Pritam and Maindargi (2016) study were responsible for satisfying the customers to their utmost extent. Dr. Rajasekar and Sweta Agarwal (2016) article have highlighted the growth of e-commerce industry on the economy and its associated benefits in the form of accessing the goods at lower cost, wide range of products and a measure to save the time. However, many companies in India are adopting the e-commerce and m-commerce for the merchandising and for doing transactions of their businesses.

Even Gupta and Sethi (2016) made a comparative analysis of online and traditional retail market and found that comfort and variety is the foremost factors but at the same time awareness of technology is important to go for online shopping. Impact of online shopping on conventional shopping is seen in Archana and Meshram (2016) article which aimed at knowing the growth of online shopping over traditional method of shopping. It is seen that online stores with their attractive features and offers have adversely affected the traditional market retailers in terms of revenue and growth. The study also unravels the declining number of footfalls to fixed shop retailers due to increasing trend for online shopping. Menal Dahiya (2017) also shows the impact of E-Commerce market on traditional retailers and the role of Internet in daily life and its significance in changing the role of market and retailers of ecommerce industry. Even Shukla and Singh (2017) article on “E-Retailing versus In-Store Retailing: Is the Indian Consumer ready for an On-line Experience” has described the growth of technology savvy generations and immense opportunities related with online market in future. But the study concludes that offline retailers have to win a long battle in terms of customers’ apprehensions, building customers loyalty and creating sizeable profits. Sharma and et.al (2017) study shows that the security is a major hindrance factor in decision making process followed by overloaded information, lack of transparency and complexity and lack of originality in selecting between online and offline mode of shopping. Though Behera and Mishra (2017) shows that intention to buy is effected with the location and layout aspects of stores. However, convenience, accessibility, availability of transport, location and visibility specifies the environment of store location but at the same time layout considers navigation, visual merchandising, space, location of billing counters, product assortments and store compositions. Agarwal and Singh (2018) draws the relationship between experience, satisfaction and intentions of online customers and explores the changes in their behavior is a result of four factors called customers motivation, sales, shopping environment and variety of products. As Shivani and Godwin (2018) explores that the personality of consumers greatly affects the online shopping behavior. Consumers build their negative and positive experiences of online shopping but it is to retailers to curb the negative experience but providing the best possible service to make them loyal and satisfied.

The above studies revealed that technology combined with awareness and a change in behavior with an urge to experience the variety has led to the development of online market. It is in this context the following objective was framed to know the factors influencing the customers for online and conventional buying.

4. Objective of the Study

To study the factors which are influencing the customers for making online and conventional buying in Hyderabad City.

5. Research Methodology

The present study is taken to understand the advancement of technology in retaining a market. The study is in the form of empirical analysis where the objectives are evaluated by primary and secondary source. The primary data was collected by using questionnaire from consumers of Hyderabad district having awareness of online buying concept. Furthermore observations and discussions were carried out from the consumers related with conventional and online buying procedure so as to make the study error free. The secondary sources of data pertaining to the study was gathered from the articles, journals, magazines, media reports, theses, news reports University libraries, proceedings of seminars, conferences and text books on concerned topics and through web resource.

5.1 Sampling Plan

Hyderabad the city of Pearls and Nizam is finding online shopping a convenient way to shop by sitting in the comfort of their home. Online shopping is the latest trend which is growing at a faster pace in the city, as several stores are providing online shopping facility. Most of the customers are opting for online shopping for clothing, accessories, and confectionary items even the high end items like mobile phones, tablets and other electronic gadgets are also preferred on online. Apart from comfort, ease of comparison, cash back offers, discounts, freebies and additional offers are attracting the customers to buy the products online. This popularity has made even the conventional stores to launch their websites for providing online facilities to customers. This has led to cashing on the demand for online shops. Hyderabad a traditional and Nawabi city is quickly changing to digital city and to know the differentiation created by online and conventional shopping, the following study is undertaken to understand the factors influencing the customers for online and conventional buying by considering Location, Delivery Time, Reputation, Guarantees & Warantees, Privacy of Information, Description of Goods, Customer Service, Security and Prices.

5.2 Sampling Method

The empirical study was done by using convenience sampling method and the respondents were selected from Hyderabad District of Telangana. The views of the respondents are taken at random with convenience combined with judgmental sampling.

5.3 Sample Size

The sample size of 600 respondents was selected from Hyderabad at random by the convenience method. Samples are taken on the basis of certain criteria where a respondent should have awareness of online shopping or have shopped from online on different occasions.

A well structure questionnaire was developed by keeping in view the objective of the study. It was administered to a very small sample segment as a pre-test. The results of the pre-test were helpful in modification of the questionnaire so that consistency develops for processing the large scale data.

5.4 Hypotheses

H₀₁: There is no significant difference between online buying location and with conventional buying location.

H₀₂: There is no significant difference between online buying delivery time and with conventional buying delivery time.

H₀₃: There is no significant effect of reputation of the firms on online buying and with conventional buying.

H₀₄: There is no significant effect of guarantees and warrantees online buying and with conventional buying.

H₀₅: There is no significant effect of privacy of information on online buying and with conventional buying.

H₀₆: There is no significant effect of description of goods on online buying and with conventional buying.

H₀₇: There is no significant effect of customer service on online buying and with conventional buying.

H₀₈: There is no significant effect of security location on online buying and with conventional buying.

H₀₉: There is no significant difference between Online buying prices and with conventional buying prices.

5.5 Statistical Tools

The primary data collected from the respondents were analyzed with the help of Statistical Package for Social Sciences (SPSS). The following statistical tools were applied for the study.

Multiple Regression analysis is used to predict the variability of the dependent variables based on its co-variance with all the independent variables. The analysis is done to find the effect of online buying features (Independent variables) on customer satisfaction (Dependent Variables).

Parametric two-sample paired t - test is used to analyze the differentiation created by pricing and after sales service between online and conventional buying.

6. Hypotheses Testing

6.1 The differentiation created by Factors which influence the customers towards Online and Conventional Buying

To compare the significant difference of factors influencing the customers for online and conventional buying the following hypotheses were tested through statistical tool of t-test.

Table No. 1 Paired Sample T-test

S.No	Factors	Paired Differences					t	Df	Sig. (2-tailed)
		Mean	Std Deviation	Std Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
H₀₁: There is no significant difference between online buying location and with Conventional buying location.									
1	Location	0.373	1.715	0.07	0.236	0.511	5.331	599	0.000
H₀₂: There is no significant difference between online buying delivery time and with Conventional buying delivery time.									
2	Delivery Time	-0.01	1.693	0.069	-0.146	0.126	-0.145	599	0.885
H₀₃: There is no significant effect of reputation of the firms on online buying and with Conventional buying.									
3	Reputation	0.14	1.596	0.065	0.012	0.268	2.148	599	0.032

H₀₄: There is no significant effect of guarantees and warrantees online buying and with Conventional buying.									
4	Guarantees & Warantees	-0.137	1.687	0.069	-0.272	-0.001	-1.984	599	0.480
H₀₅: There is no significant effect of privacy of information on online buying and with Conventional buying.									
5	Privacy of Information	-0.052	1.834	0.075	-0.199	0.095	-0.69	599	0.490
H₀₆: There is no significant effect of description of goods on online buying and with Conventional buying.									
6	Description of the Goods	0.155	1.626	0.066	0.025	0.285	2.334	599	0.020
H₀₆: There is no significant effect of customer service on online buying and with Conventional buying.									
7	Customer Service	0.063	1.654	0.068	-0.069	0.196	0.938	599	0.349
H₀₇: There is no significant effect of security location on online buying and with Conventional buying.									
8	Security	-0.015	1.693	0.069	-0.151	0.121	-0.22	599	0.828
H₀₉: There is no significant difference between Online buying prices and with Conventional buying prices.									
9	Prices	0.358	1.608	0.066	0.229	0.487	5.46	599	0.000

Source: Primary Data

As the Sig. (2-Tailed) value of paired sample t - test is less than .05. The test concludes that Location, Reputation of the firm, Description of goods and Prices have created differentiation and favored the online market. On the other end it is seen that the Sig. (2-Tailed) value of paired sample t - test is greater than .05, the test concludes that factors like Delivery Time, Guarantees and Warrantees, Privacy of Information, Customer Service and Security have not created any significant differentiation and were in favour of conventional buying.

7. Findings

The significant difference created by factors in influencing the customers for online and conventional buying has led to favoring of one market over the other. Location as a medium has played an important role in the preference for online shopping. It specifies the convenience of shopping without any hurdles.

Reputation of the firm specifies the goodwill. Many international and reputed brands in online market are giving transparency in their transaction by providing quality at affordable prices. Apart from this a clear description of the product is added advantage with virtual experience of shopping. There is price advantage on online market with the absence of store rent and bills and the retailers pass these benefits to the customer by offering the products at lower prices. These factors have made online buying an economical experience and have contributed to the growth of online market in Hyderabad city.

On the other end the factors which have not favored the growth of online buying and were significant in retaining the conventional buying are delivery time, guarantees and warranties, privacy of information, customer service and security of transactions. In all this it is being observed that the approachability, risk, time, trust, legitimacy, tangibility of the products with security of transaction have contributed in sustainability of conventional market. However, both the markets have its share of variation but the customer as an opportunist wants the best of both the worlds.

8. Conclusion

This study was accomplished to determine the factors influencing online buying and conventional buying. The consumer behavior of shopping have become more effective and efficient with the support of technology. The choice made by the consumers determines their interest and the ability to use the information. Development of Technology has mushroomed and paced the growth of online market. But at the same time conventional market with its strategies was able to retain the customers in the form of customer satisfaction. Location, reputation of firms, description of goods and prices has favored the growth of online market. Whereas guarantees and warranties, delivery time, privacy of the information, customer Service and security related with transactions are responsible for sustainability of conventional market. Selecting the channels of purchase depends upon the requirements and progression of customer's knowledge. Some factors are strong in one channel and some may be weak in other. The factors which were strong and significant in the growth of online market are responsible for hampering the conventional market and the factors which were insignificant in the growth of online market are responsible for sustaining the conventional market. The impact of these factors is seen in the perceived values of customers. A happy customer will leads to progressive business. Some factors may not contribute in creating a difference between online and conventional buying but in the long run will definitely impact and make a significant contribution to the growth of the business.

9. Limitations of the Study

The area of the study is confined to the vicinity of Hyderabad city. The findings are based on the specific responses provided by the people of the city. However, it may have its own limitations as they cannot be generalized for the study of other areas.

The biased responses from the respondents due to some personal factors or their reluctance in giving the responses were a major hindrance.

The technique of sample selection has its own limitations.

There is lack of consistency and conformity in responses.

10. Scope for Further Studies

The limitations of the study are considered for developing future research to extend and expand its scope. The following areas can be targeted for undertaking research related with online and conventional buying.

1. Research can be undertaken to analyze the various dimensions between online shopping and conventional shopping.
2. Analyzing the situational preference of consumers for online or offline shopping.
3. Research can be taken on adopting various measures to make online shopping as customer-centric shopping.
4. Making online shopping as tailor made shopping based on the preference of consumers.
5. The research can be done on how to target institutional buyer apart from individual buyer.

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