

INFLUENCE OF ONLINE MARKETING ON CONSUMERS IN INDIA

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ABSTRACT

India's substantial e-retail opportunity across multiple segments, investors have been aggressively funding the e-commerce sector. This growth has been fuelled by rapid adoption of technology, improving standards of living, an increasing young population, and economically advancing middle class, besides increasing access to the Internet through broadband and use of smart phones and tablets. The entry of global e-commerce giants has intensified the competition for home-grown players. E-retailers use web atmospherics to differentiate themselves from their competitors and evoke positive cognitive and emotional states of online consumers. However, though this Indian online market is growing at an exponential rate, it is still unexplored in terms of its shopping behavior. Using structural equation modeling, this study applies the concept of the stimulus–organism–response to explain Indian buyers' online shopping behavior, besides examining the importance of design elements in enabling website satisfaction (WS). Malls in India have flourished in recent years. This has resulted in transformation of the Indian retail and metamorphosis of consumer behavior. The extant literature recognizes mainly two shopping motivations: utilitarian and hedonic motivations. The study provides theoretical contribution to the research by identifying materialism as a significant predictor of mall patronage intention in the Indian context. The results of the study unfold the motives shaping the Indian consumers' mall behavior.

KEYWORDS: Shopping, Motivations, Hedonic, Utilitarian, Materialism.

INTRODUCTION

India has an internet user's base of about 450 million as of July 2017, about 40% of the population. Despite being the second-largest user base in world, only behind China (650 million, 48% of population), the penetration of e-commerce is low compared to markets like

the United States (266 million, 84%), or France (54 M, 81%), but is growing at an unprecedented rate, adding around 6 million new entrants every month. The industry consensus is that growth is at an inflection point.

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In India, cash on delivery is the most preferred payment method, accumulating 75% of the e-retail activities. Demand for international consumer products (including long-tail items) is growing much faster than in-country supply from authorized distributors and e-commerce offerings.

As of 2017, the largest e-commerce companies in India are Flip kart, Amazon, Pay tm and Snap deal.

The Indian story is coming of age and the current discourse at WTO and other forums has precipitated an urgent need to formulate a comprehensive ecommerce policy that will become the basis for our global position one commerce.

India's existing ecommerce policy, as represented by the IT Act, FDI policy, etc, although reasonably clear in its intent, lacks comprehensiveness, interdepartmental coordination and enforcement muscle.

The FDI policy recognizes that the SME sector needs to be protected against the threat of global corporate oligarchies and capital dumping to prevent domestic businesses. The commerce ministry echoed the sentiment during its inaugural meeting of industry think tanks on the formulation.

Our FDI policy is also formulated with a clear intent to invite foreign capital for building infrastructure, logistics and technology to enable SMEs and the retail sector to transition to the ecommerce era and compete with global giants. This 'protection' should not be confused to be 'protectionism' or construed as a reluctance of the Indian entrepreneur to compete globally. It is more akin to an 8-year-old sprinter competing with the world's No1. No matter how good a runner the 8-year-old is, s/he will be no match for the more mature opponent. The 8-year-old will need to be

protected and nurtured till s/he is strong enough to compete with the fully grown rival.

The success of any policy can be measured by its ability to deliver the desired outcome. China's policy on ecommerce resulted in the emergence of Baidu (China's Google), Tencent (China's Whatsapp), Alibaba (China's Amazon and eBay) and many such companies that scaled up domestically and now compete on a level playing field with any global giant.

The Indian ecommerce policy, on the other hand, has been a spectacular failure in terms of achieving its desired outcome. Global tech giants including Google, Facebook, Amazon, Airbnb, Uber, Alibaba and Walmart dominate India's ecommerce and internet industry. More worrisome is that through clever corporate structuring these global giants, through their domestic.

The absence of well-thought, comprehensive policies on ecommerce in general-and services, content, B2B, B2C, O2O retail in specific-will have a long-term profound and deleterious impact on India. Our policymakers have to take a page from China and the US and adopt an outcome-based approach to policymaking. A noble goal would be for any equivalent of GAFAAM over next 15 years to include at least three Indian companies.

INDIAN OVERVIEW

The online retailers do advertisements just like offline retailers. The advantage that online retailers have is that the cost of advertisement will be very low since the ads will be in digital form. Moreover they follow the concept of viral buzz marketing. The online shopping experience will enable the customer to reduce their decision making time by providing a variety of selections. In online store the customer enjoys certain added facilities like product comparisons, reviews by customers

who have used the product and also enjoys offers and discounts. The concept of switching cost is also important. Switching cost is the cost involved when the customers change his buying pattern. When the customers move from offline to online purchase it is to be noted that the cost involved for him is zero. The customers find more convenient in online since no search cost and travelling is there.

THE FACTORS THAT DIFFERENTIATE BETWEEN ONLINE AND OFFLINE RETAIL ARE

- **CONVENIENCE:** By purchasing online the customer wants just to log into an online shopping portal and just type a product that he wants in search bar. This reduces the cost of searching for a product.
- **LOW PRICE:** The price of products in online store is low compared to other retail stores. Since there is no cost of marketing and the margins are very low in inline retail.
- **PAYMENTS:** The customers can make the payments through online by the use of credit or debit cards.
- **AVAILABILITY:** Today, with the advent of mobile devices the shopping has become much easier.

IS THE E-COMMERCE A PERFECT SOLUTION?

It's evident that e-commerce has been offering certain value propositions for the shoppers-convenience and discounts. But cannot serve the whole Indian population as internet penetration is still an issue, however fast it may grow. According to Google India report, only 8% population shopped online in 2012.

Also, online shopping may affect social lives in a long run. A BBC report states how people's lives are getting affected by e-commerce. Imagine yourself getting everything at your door-step and thus not leaving your home at all, other

than work. Also, think of the highly-jammed traffic with delivery vehicles on the roads. Shopping is an experience more than a need, it would help maintaining social life to an extent.

HOW CONSUMER BEHAVIOR TOWARDS EVER GROWING RETAIL IN INDIA IS CHANGING

Retail market in India is one of the most flourishing industries and the country has earned a remarkable position on the global forum by being ranked among top 20 developing countries identified by AT Kearney in its 2014 Global Retail Development Index (GRDI). The retail market in India is likely to clock whopping US\$1 trillion by 2018 according to Mr Nitin Bawankule, Indian Director for e-commerce and online classifieds at Google India. And, the online retail market in India is estimated to grow by four-fold to touch \$14.5 billion by 2018, thanks to the rapid expansion of ecommerce internet penetration and inflow of investments.

The report also states that a major part of the GDP, employment, etc. comes through retail industry, including organized and unorganized sector. This makes it one of the most important areas for the development and sustainability of Indian economy.

Before moving further on the topic, it's important to get some insight on the Indian retail history. We would not go into deep history, but just an idea about origin of retail in India would be sufficient.

Retail in India actually originated with the barter system at the time when currency was barely used or transactions rarely happened. It in fact continued for a long time, even after independence, especially in the rural areas. Buying grocery products, apparels with an exchange of food grains, etc used to be very common. Gradually, shopping with monetary

exchange started but in that era, retail was mostly unorganized. During late 19th century and early 1900s concept of manufacturing was introduced and some manufacturers even started opening their outlets. It was then during 1960s – 1970s, when organized retailing got started in the country, which was first introduced by *kirana stores* and *mom & pop shops*. These stores used to cater to the local consumers. Gradually the government started taking interest in the area, consequently many indigenous franchise stores came up with the help of Khadi & Village Industry Commission. 1980s saw a huge enhancement in organized retailing in all sectors including food, apparels, electronics, etc. After that, the industry has ever been rising.

CONCLUSION

This conceptual study helps to know about the online shopping or online retailing and it gives the some picture about how the purchasing pattern of the consumers shifted to online stores. It also highlights certain strategies to be followed by the fixed shop retailers to enhance their sales. So these Strategies may Helpful for the retailers to increase their sales in coming years.

As a result it can be concluded that, Companies involved in online retailing as well as fixed shop retail business should focus on building trustworthy relationship between producers and customers to improve the business which leads to economic growth.

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