CONSUMER BEHAVIOUR: A CHALLENGE FOR E-MARKETERS

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ABSTRACT

For a developing country such as India, one of the most important benefits of E-Commerce is its potential to help a developing rural community to leap-frog into the knowledge paradigm. E-Commerce is providing useful resource for growth of microfinance and traditional Micro and Small Enterprises (MSE) in rural areas like Bodoland Territorial Area Districts (BTAD) of Assam. The positive effects of E-Commerce can be accelerating the commercial growth to have a profound impact on the socio economy of rural community like BTAD of Assam. This shows how the e-marketing is getting popularised at a very remarkable rate. Almost entire population is aware about the online shopping, its benefits, its uses etc. Most of the people are doing only online shopping now days. But the future of E-Commerce may be more tough than now. Because the Core factor i.e. customers are having volatile purchasing behaviour. The current paper is just an attempt to know the impact of e-commerce on development of economy, its benefits and its challenges with special reference to managing Marketing with the consumer with changing behaviour. The present paper is based on primary as well as secondary data collection. The secondary data has been collected from various reference books, journals, publications, websites etc. The primary data has been collected from 100 customers from Mumbai who have been involved in online purchasing.

Keywords: E-Commerce, Customers, purchasing behaviour

INTRODUCTION

According to the latest forecasts by eMarketer, a leading research source for marketing, the worldwide business-to-consumer (B2C) e-commerce sales will soon increase by 20.1% to reach $1,500 trillion! (Financial Express 26th January 2015) Indian’s E-Commerce market is at early stage, but it is growing faster and expected to see huge growth over the next four to five years. (Prasenjit Nath 2013) Even though there are only under-10 million internet users who actually buy online in India, there are about 150 million internet users or around 75 million households that are 'ready' for E-commerce. Almost 57 per cent of E-commerce sales come from small towns, while the eight metros account for the remainder. According to IAMAI, E-Commerce market in India is around $ 10 billion in 2012, out of which the travel industry alone contributes $8.4 billion. The first Indian E-Commerce site Fabmart.com (now known as Indi Plaza) was founded by Mr. K. Vaithheeswaran in 1999. The era of internet not only prosperous the shopping paradigm but at the same time social sites like facebook, twitter etc has become the inseparable element of the life of a common man. Shopping online has
become one of the most preferred way now a days because of many benefits such as saving of time and energy, availability of even small articles, fast delivery, COD options etc.,

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GROWING POPULARITY OF E-COMMERCE

To know the popularity of E-Commerce small survey was conducted by selecting 100 youngsters from various strata of Mumbai on convenient basis. And following findings were found. The average percentage method is used to derive the results.

<table>
<thead>
<tr>
<th>Question</th>
<th>YES (%)</th>
<th>NO (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Have you ever ordered articles online</td>
<td>96%</td>
<td>4%</td>
</tr>
<tr>
<td>Do you feel that online shopping is a boon</td>
<td>100%</td>
<td>zero</td>
</tr>
<tr>
<td>Have you ordered electronic article online</td>
<td>59%</td>
<td>41%</td>
</tr>
<tr>
<td>Are you satisfied with the services</td>
<td>97%</td>
<td>3%</td>
</tr>
<tr>
<td>Do you Shop on line atleast once in a month</td>
<td>62%</td>
<td>38%</td>
</tr>
<tr>
<td>Have you downloaded App of online shopping web sites</td>
<td>45%</td>
<td>55%</td>
</tr>
</tbody>
</table>

ECONOMIC IMPACT OF E-COMMERCE

The last twenty years have been noticed as the remarkable years of the development of ICT. E-commerce is relatively a novel concept. It has become the fastest mode of transport for a business man to reach to its customers. While in countries such as the US and China, e-commerce has taken significant strides to achieve sales of over 150 billion USD in revenue, the industry in India is, still at its infancy. However over the past few years, the sector has grown by almost 35% CAGR (ASSOCHAM)The online retail sector is completely dependent on the internet. As more and more people in the country are getting connected to the internet, the sector is getting a huge shot in the arm. Though the rate of internet penetration in the country is among the poorest in the world, the number of those connected is rising rapidly. An IAMAI report had already India crossing the 300 million user mark last year and is expected to touch the half a billion mark by 2016.

Various pull Factors for On Line Shopping are Availability of smart phones at reasonable prices, Cheaper internet charges, Huge youngsters population, Non availability of branded articles at everywhere etc.

According to Report by E marketer of December 2014, following is the scenario.

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Expected</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2013</td>
<td>2014</td>
</tr>
<tr>
<td>Total Retail Sales (Billion)</td>
<td>$ 635.25</td>
<td>$ 717.83</td>
</tr>
<tr>
<td>% Change</td>
<td>10.0 %</td>
<td>13.0 %</td>
</tr>
<tr>
<td>Retail E_Commerce Sale (Billion)</td>
<td>$3.59</td>
<td>$5.30</td>
</tr>
<tr>
<td>% Change</td>
<td>55.6%</td>
<td>47.6%</td>
</tr>
</tbody>
</table>
Highlights of Report by McKinsey & Company

1. Internet services and devices will generate 2.2 crore jobs by 2015.
2. The contribution to GDP of E-commerce from current 1.6% could grow to 2.8 to 3.3% by 2015.
3. GDP contribution from USD 30 billion to 100 billion by 2015.
4. India is on the verge of internet boom.

India is likely to have the second largest in terms of incremental growth.

CHALLENGES OF E-COMMERCE

The first challenge for e-commerce retailers in India is collecting payment. Less than 2% of Indian consumers own credit cards and 90% of all retail transactions are conducted in cash. As a result most e-commerce sites are forced to offer a Cash-on-Delivery (COD) option. Eight out of ten online transactions are conducted on a COD basis. However, as per one estimate 45% of all COD orders are rejected at the point of delivery by the customer. This is clearly expensive and not a very sustainable business model.

The problem is compounded by the fact that most e-tailers also offer free shipping to acquire and retain customers. (Arun Shroff, 2013)

ONLINE SHOPPING WORRIES

A lot of computer literate people are still hesitant to consume online shopping facilities that are available out there in India for the following reasons.

1. **Fear factor**: A lot of people still do not believe things that are not tangible. It’s perhaps more of a cultural issue.
2. **Unreliable delivery mechanisms**: In India, even the postal service or the most expensive (and so-called safest) courier companies may not be able to guarantee prompt delivery due to multiple factors including theft, tracking issues and corruption.

Internet penetration is low. Internet penetration in India is still a small fraction of what is there in a number of western countries. On top of that, the quality of connectivity is poor in several regions. But both these problems are on their last legs. The day is not far when connectivity issues would not feature in a list of challenges to e-business in India.

E-MARKETING AND CONSUMER BEHAVIOUR

Based on Chaffey et al., (2006), we can say that “Marketing is the management process responsible for identifying, anticipating and satisfying customer requirements profitably”. With a customer-centered perception, as proposed by Smith and Chaffey (2005) Internet Marketing can be used as follows:

1. **Identifying** – by using the Internet for marketing functions the customers’ needs and wants can be addressed.
2. **Satisfying** – an important factor in Internet marketing is to achieve customer satisfaction.
3. **Anticipating** – customers can access the Internet to gather information and make purchases.
4. **The key element of the online marketing is the level in which the organization is related with its customers.**

The next figure shows the different marketing activities of customer relationship management (CRM)

Firstly, businesses should select the kind of customers that will use the website and the kind of activities that will be able to perform. Every business should underscore to the acquisition of new customers by providing marketing activities enhancing the relationship between the business and the
customers. When the customer chooses to interact with the organization it is more likely to interact again if the business uses marketing activities that satisfy his/her needs and preferences. Additionally, businesses should extend their activities to satisfy different kinds of users. These steps are related to each other in a way of enhancing the relationship between the business and the customer and enabling the commitment to the organization.

There are two ways in which consumers use the Internet to interact with organizations. A consumer may only search for information in a website or may search for products to buy. Businesses should make effort to understand the theory of consumer behaviour if they longing in gaining a high place in today’s competitive market. Even though, many studies have not yet come to an ending point on how customers interact with the websites. Very little has been revealed from studying the online consumer behaviour. It is pointed out by Dan Hill (2003), that marketers don’t really understand the way consumers make decisions. characterized this by saying that “…it is more like Copernicus’ revelation that the earth goes around the sun rather than vice versa because the new insights fundamentally challenge our sense of who we are and how we operate”. Today, it is a challenge for organizations to know their customers while when consumers are introduced to new technologies their behaviour changes (Zinkhan and Watson 1998). A great amount of studies have examined online consumer behaviour. A recent research supports that it is very difficult to understand the online consumer behaviour as each day businesses and the marketing place is being transformed (Koufaris 2002). Koufaris (2002) has also examined if the emotional responses to a website may affect customers to visit the website again. The results revealed that the factors affecting the intention to return to a website are the enjoyment of the shopping experience and the usefulness of the web site (Koufaris 2002). It is a very important issue for the marketer to review the factors influencing consumer behaviour since different types of websites may need to accommodate different types of consumers with unique attributes.

Models of Online buyer behaviour

Lewis and Lewis (1997) have spotted five different kinds of web users:

1. Directed information-seekers. These users look for information about specific products. Their intention is not to buy but to search for information.

2. Undirected information-seekers. These users regularly browse and change websites by following hyperlinks. They referred to as ‘surfers’ because they look around the websites to find something interesting.

3. Directed buyers. These users visit a website with the intention to buy products online.

4. They search specific products and make the transaction.

5. Entertainment seekers. These users visit websites that offer entertainment features, such as quizzes, puzzles and multi-player games.

6. Bargain hunters. This type of users search to find special offers such as free samples or competitions.

RECOMMENDATIONS

1. Attention People have a tendency to give attention to things related to their expectations and needs.

2. Attention is influenced by the visual appeal of the information presented on a website. Users notice things that move or are bright and loud.

3. Comprehension and Perception the terms ‘comprehension’ and ‘perception’ are related to the process of understanding and observation of an element and the connection of the information stored in our memories. When users look at a picture or a word they automatically relate this information with the information stored in their minds.
4. Yielding and Acceptance The information must be up to date and truthful in order to be accepted by the users. Users may not accept the content of the website if it does not seem professional and support the services provided by arguments.

5. Retention The term of ‘retention’ refers to the extent in which the information of the website will be remembered by the user. It is accepted that information from a website that is well organized will be easier to remember.

CONCLUSION

In the entire review it has been noticed that the current era is online shopping era. From last few years, the popularity of internet shopping has been increased tremendously and remarkably. Marketers are able to curtain costs at the great extent and are able to sale the branded products with heavy discounts. But the core factor i.e. Customer have various sets of requirements. If one set is getting satisfied, the another one emerges. Hence, for the time being customers are able to buy online, because they are getting branded products easily and at reasonable prices. But we never know when the another set of desires will emerge. Hence, all these online marketers have to get prepare for the more challenges which may occur in the near future.

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