

## **Online Retailing: Its impact on Consumers**

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### **Abstract**

The main goal of the paper is to obtain quantitative describing the actuality of online retailing in the case of the India in order to explain the development of internet shopping and its impact on consumer behavior. This study endeavors to understand customer satisfaction in online shopping while investigating the major reasons that motivated customers' decision-making processes as well as inhibitions of online shopping. The result of the study shows that internet consumer trust and perceived risk have strong impacts on their purchasing decisions. Consumer's trust, privacy concerns, security concerns are the major factors for using internet for shopping, the trust on websites influence to the purchasing decision of any consumer.

**Keywords:** customer satisfaction, on-line shopping, e-commerce, internet shopping, world wide web. consumer behavior, consumer trust

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### **Introduction**

The Online-retailing is the concept of selling of retail goods using electronic media, in Particular, the internet. Internet penetration rate in India is 7.1% which is one of the highest in the world. Moreover a very high percentage of the population. Accessing internet in India is in the age group of 20-45 years. The existing literature was reviewed to discover reasons that would influence customers positively or negatively towards shopping online. However Internet shopping has potential risks for the customers, such as payment safety, and after service. Due to the internet technology developed, internet payment recently becomes prevalent way for purchasing goods from the internet. Internet payment increase consumptive efficiency, at the same time, as its virtual property reduced internet security. The research focus on the Internet shopping and online consumer Behaviors. Those factors were looked at, and examined to reveal the influence at online consumer behaviors. In addition, the previous researches were used to help researchers understanding more comprehensively. Moreover, the customer's purchase decision making process was also examined to identify the potential factors. The information search is the most important factor that helps the customers find the suitable products or services for their needs. Therefore, the online retailers have to enhance and improve the information supporting such as provide much detailed product information and use internal search engine in order to increase the efficient of information search. For the evaluation stage, customers more think a lot of the reputation from the E-commerce website, and the payment security for the purchase stage. At the post-purchase stage, the factor of after services which is the most concerned about.

### **History of Online Retailing**

English entrepreneur Michael Aldrich invented online shopping in 1979. His system connected a modified domestic TV to a real-time transaction processing computer via a domestic telephone line.

In March 1980 he went on to launch Radeon's Office Revolution, which allowed consumers, customers, agents, distributors, suppliers and service companies to be connected

on-line to the corporate systems and allow business transactions to be completed electronically in real-time. The first World Wide Web server and browser, created by Tim Berners-Lee in 1990, opened for Commercial use in 1991. china occupies the top spot, and the G8 countries (Japan, United States, United Kingdom, Germany, France, Canada Russia and Italy) all fall within the Top 15. Developed countries feature prominently in the Index, holding 10 of the 30 spots, including first-place China. These markets have been able to shortcut the traditional online retail maturity curve as online retail grows at the same time that physical retail becomes more organized. Consumers in these markets are fast adopting behaviors similar to those in more developed countries. Rankings include 10 "small gems"-countries with populations of less than 10 million, including Singapore, Hong Kong, Slovakia, New Zealand, Finland, and The United Arab Emirates, Norway, Ireland, Denmark, and Switzerland-that have active online consumers and sufficient infrastructure to support online retail. On the other hand, India the world's second most populous country at 1.2 billion, does not make the Top 30 infrastructure compared to other categories.

In 1990, Tim Berners-Lee invented the World Wide Web browser and transformed an academic telecommunication network into a worldwide everyman everyday communication system called internet/www. Commercial enterprise on the Internet was strictly prohibited by NSF until 1995.2 Although the Internet became popular worldwide around 1994 with the adoption of Mosaic web 4 browser, it took about five years to introduce security protocols and DSL allowing continual connection to the Internet. By the end of 2000, many European and American business companies offered their services through the World Wide Web. Since then people began to associate a word "ecommerce" with the ability of purchasing various goods through the Internet using secure protocols and electronic payment services.

### **Essentials of Online Retailing**

The following are the criteria that are essential for a shopper to make online shopping. Pricing can get amazing prices if we

invest some time for looking out different websites for the same products.

**Ease of shopping:** The website should be very much user friendly. Security of transaction A customer should be taken in confidence that whatever information he is going to disclose for the shopping, will be kept confidential and will not be disclosed. The ease and selection that the Internet provides to shoppers has changed the face of retailing. More and more, consumers visit a store's Web site to make their choices before traveling to the store itself; and in a rapidly swelling tide, many shoppers are bypassing the store altogether and ordering online directly from the Web sites of their favorite brands and outlets. Companies like Sephora, Sears and Crate & Barrel have increased the range and quantity of products available at their online stores and are sending online coupons and sale announcements via e-mail directly to their customers.

**Guarantee of the product:** The consumer should know the product which he is going to purchase should be worth of the price paying, should meet the prevailing quality standards and should carry a valid guarantee or warranty.

**Return policy:** Customers like the websites with precisely defined return policies. **Customer Care services:** Customers like the website with chat support and very less turnaround time for the query posted.

Few developments have altered India's lifestyle more quickly and more completely than the Internet. Online access has enabled people from all walks of life to bring entire libraries, entertainment venues, post offices and financial centers to a workplace, to a desktop or to a shirt pocket. The Internet's largest and most meaningful impact may very well be on the way consumers shop for everything from gifts, gadgets and groceries to clothing, cars, and cruises.

### **Impact on consumer**

#### **Strengths of Online Retailing:**

**Easy access to market** -Online marketplaces such as eBay and Amazon allow anyone to set up a simple online shop and sell products within minutes.

**Reduced overheads** - remove the need for expensive retail premises and customer-facing staff, allowing you to invest in better marketing and customer experience on your e-commerce site.

**Potential for rapid growth** -With a good e-marketing strategy and a plan a scale up order fulfillment systems, we can respond and boost growing sales.

**Widen the market / export** – ability to expand market beyond local customers very quickly.

**Customer intelligence:** Ability to use online marketing tools to target new customers and website analysis tools to gain insight into your customers' needs.

**Communication with Indirect Sales Channels**-Through technologies such as email and customer chat applications, online retail operations are able to quickly relay information to customers and suppliers.

### **Convenience**

Due to the feature of Internet, it allows customer to shopping online anytime and anywhere, which means customer can browse and shopping online 24-hours a day, 7 days a week from home or office, which attracts some time-starved shoppers come to Internet for save time to searching products in physical store.

### **Technology**

Organizations have realized that the new technology could impact on Internet shopping deeply, and thus there are many important technologies like virtual reality and 3D techniques have adopted to gain big competitive advantages. Information technology has used in the form of the Internet improved better quality of product information, which help shopper's decision making (White, 1997). Through the wide range of surveys about the Internet use, the growth of Internet and the rate of growth of Internet usage have been rapid increased in the last decade

### **Consumer Trust in Internet Shopping**

People purchase products and services are the most based on their level of trust in this product or services, and sellers either in the physical store or online shops. Online trust is the basic and essential element for building a relationship with customers. A present research shows that online trust is lower level than the face-to-face interactions

### **Ails the Indian Online Retail**

**Touch and Feel Factor:** A majority of buyers prefer to touch and feel the goods before they buy them.

**Cybercrime:** A larger part of our population dreads the prospect of having to pay online. While they are comfortable with NEFT and RTGS transfers, they are reluctant using their debit or credit cards for purchasing online, the reason being cybercrime.

**Logistics:** No matter how much we hate to admit it, we haven't third world logistics. The huge success of online retail in developed countries is largely because of their rock-solid logistics

**Frauds:** From the consumer's point of view, the quality of goods and services delivered to the consumers has been a cause of concern. There have been cases of fraud, late delivery and damaged goods which only erode away buyers' faith.

Apart from that, the tax rates in India vary from sector to sector which is not the case in countries like UK and USA- they have uniform tax rates.

### **Challenges of Online Retailing**

Lack of Internet Access, Unproven Business Models, Requirement to Change Business Process, Channel Conflicts, Legal Issue, Security and Privacy, High website costs, Needs of Infrastructure costs Challenges of Online Retailing, High Website advertising costs in crowded market, Lack of customer trust due to non-personal communication, Lack of Touch and feel factor, Diminished Instant Satisfaction, Lack of full cost disclosure, Hard recovery of Bad Customer Experience, Need to move constantly with the technological advancement, Availability of a required Data instead of Huge Data.

### **Opportunities in Online Retailing**

Development in Smartphones or Mobile Shopping. Creating a high performance website on basis of SEO (Search Engine Optimization). Creation of an appealing web design. Focus on timely delivery of products. Invest in quality product packaging. Enhancement of Delivery Opportunities in Online Retailing Better Customer Relationship Management (CRM). Managing Exchanges and Returns. Better Customer Service.

## The Conclusion

Increased Internet penetration, improved security measures, convenience of shopping in lives pressed for time, and, of course, dozens of retailers to choose from these are a few factors that are attracting more and more consumers to shop online. While online shopping is an easy way for comparison of different products on the basis of their features and specifications—without going from shop to shop, many consumers do find it difficult to choose the best and safest sites for making purchases. This report focuses on the consumer-side story so far, specifically the distance between expectation and experience in the online shopping space, and thereby attempts to identify problems that consumers face when purchasing online. From the findings, it was discovered that respondents use internet to purchase products through online because they believe it is convenience to them and the term convenient includes elements such as time saving, information availability, opening time, and ease of use, websites navigation, less shopping stress, less expensive and shopping fun. In contrast, along with respondents' mind-sets, online payment security, personal privacy and trust, unclear warranties and returns policies and lack of personal customer service are the foremost barriers of online Need for becoming more of customer centric organization rather than a product centric organization. In this intricate business world, the e-retailing will become tremendous business strategic concept, and it may be very helpful and most profitable method of business process in coming decade. The research focus on the Internet shopping and online consumer. Those factors were looked at, and examined to reveal the influence at online consumer. Moreover, the customer's purchase decision making process was also examined to identify the potential factors. The information search is the most important factor that helps the customers find the suitable products or services for their needs. Therefore, the online retailers have to enhance and improve the information supporting such as provide much detailed product information and use internal search engine in order to increase the efficient of information search.

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