

## A STUDY ON IMPACT OF E-COMMERCE ON CONSUMER BEHAVIOUR

**Manu Sharma**

Research Scholar

Department of Management,  
NIILM University, Kaithal, Haryana, India.

### Abstract

E-commerce not only means conducting business on the internet. In the era of internet technology, e-commerce completely changes our lifestyle. E-commerce continuously achieving success, and its become more important for businessman to follow the current trends because as technology changes, consumer behavior also changes. Consumer behavior has a tremendous impact on e-commerce. Inside the early years of on-line retailing, having an online presence and coffee fees have been believed to be key drivers of fulfillment. More currently, digital carrier excellent has emerged as important as an internet advertising strategy. On-line stores provide better provider quality to create online consumer loyalty, enhance client pleasure and maintain a long-lasting aggressive benefit. In step with the literature assessment, service fine is an essential device of growing a aggressive advantage in E-Service Quality. It's miles one of the most crucial elements for keeping long- time period relationships with customers, constructing customer loyalty and patronage aim. Consequently, carrier exceptional has end up a sizeable component in determining the achievement or failure of an internet business by influencing online purchaser purchasing experiences and has a substantially effects both online customer delight and patronage purpose.

**Keywords-** E-commerce, consumer behavior, relationships

### Introduction

Internet refers to a vast communication network that connects a network across the world. It allows people to share information, thoughts and reviews. The Internet not only changes our day to day lifestyle but also completely changes the business world. Internet not only changes the way the businessman conduct their business but also the way consumers make a purchase decision. Many companies started e-commerce to reduce market cost, which results in a reduction in the price of products and services. It assists a business person in understanding customers taste, choices and needs in terms of goods and services. Internet helps consumers, to know more about products and services, and it also tells the positive and negative experience of other consumers. E-commerce is one of the enormous sectors of today era. In today almost 90% of companies have a website or even companies that don't offer e-commerce services. E-commerce is one of the leading sectors. Several kinds of research have done on the impact of e-commerce on consumer behavior.

The word Retail has been originated from the French word Retailer which refers to "cut off and to break the bulk" as per Kusuma, B., Durga Prasad, N., & Srinivasa Rao, M. (2013). Retail is the last leg in the distribution channel. According to Philip Kotler, Retailing includes all those activities which help the companies in making available the assortment to customers and also in selecting and buying the products or services to the end users for personal or business use. A retailer or retail store is any person or business entity that is primarily dependent on sales volume comes from retailing. Retailers act like a link between manufacturers and customers.

Basically, retailing involves the following activities

- Understanding the consumers' needs and wants

- Developing and providing an assortment of products as per the expectation of customers
- Presenting the assortment of products in effective ways so that customers find convenience in selecting and buying the required products.

Since customer is considered as the king of market therefore the orientation of the companies has now shifted towards customer satisfaction and customer delight so retailers are considered as the first point for customer contact.

### **E-Commerce in India: Growth and Potential**

The Internet has now become simply a part of daily customer use. It has brought lots of changes in an individual's daily life. Internet has changed and added an online aspect to the life of individual's users. In today's scenario internet has become indivisible for our life by providing contribution in varied fields. Initially Internet was used as a medium for communication, education and entertainment but if we see the global scenario, it has also become a medium of purchase for the required need. This wide spread Internet has provided new opportunities for organizations as well as customers. This internet market i.e. the virtual market is considered as substitution to the traditional market. With advancement in internet technology, most of commercial activities are now taking place over the Internet. As a result, a new industry has come into existence i.e. E- Commerce industry.

As per World Trade Organization e-commerce gives companies an ease in production, distribution, marketing, sales or delivery of goods and services by means of electronic medium. The Organization for Economic Co-operation and Development (OECD) defines "ecommerce as those commercial transactions which are based upon the processing and disseminating of digitized data such as sound and visuals images and those are followed up through open networks (like, the internet) or closed networks that have gateway on to an open network to both organizations as well as individuals."

E- Commerce can be elucidated as such commercial dealings which neither requires paper work nor a requirement of physical contact. In E-Commerce the attractive features like 24\*7 shopping, anywhere shopping, wide variety of brands and product range, options to pay through credit card, debit card, electronic wallets or by cash on delivery, delivery of product at doorstep, availability of easy and convenient return policy, no intervention of any sales representative during the entire process of purchase.

Behind the development of E-Commerce, Internet is the main face. Initially internet was a medium used for communication but now people are using internet not only for sending and receiving mails but also for finding information and taking purchase decisions of products through it. Due to technological advancement, the tariff plans of different internet plans have been reduced and growth of 3G, 4G plans have taken place. These all factors result in increasing number of usage and user base. Due to increase in number of internet users, devices like PC, smart phones are being widely accepted by customers and proved to be another contributing factor towards the development of E-Commerce industry. As mobile technology advances, the usage of smart phones is growing, so the number of mobile internet users is also increasing. Customers are now having the options of various payment modes with security arrangements like OTP (One time password) and transaction passwords. These security options give customers the confidence in online transactions.

One of the most prominent elements for E-Commerce growth in country like India is increase in disposable income of individuals. This increase in disposal income is due to dual source of earning in a family. Now male and female both are earning which results in rise of the total income. E-commerce websites have become one of

the widely accepted shopping mediums in today's world and have changed the ways of customers purchase decisions. The evolution of Internet has done this miracle and makes customers' life easier.

E-retailing is a gift of E-Commerce which has made lives easier. E-commerce is expanding in the country with any leaps and bound. E-commerce has created a revolutionary change in the retail industry and this trend is continuing. E-Commerce has changed India's trading structure. It is projected that the Indian market will rise from US\$ 38.5 billion in 2017 to US\$ 200 billion by 2027.

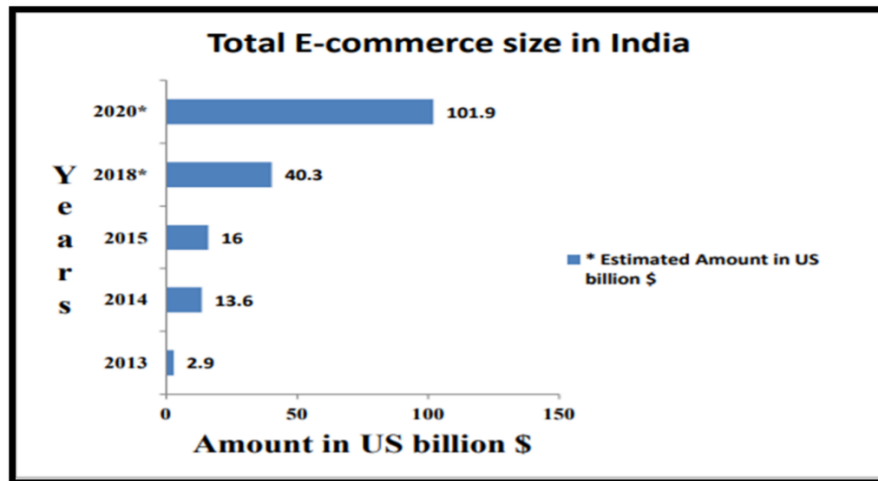


Figure 1.1 E-Commerce size in India

### Consumer Behavior and Retailing in the Modern Era

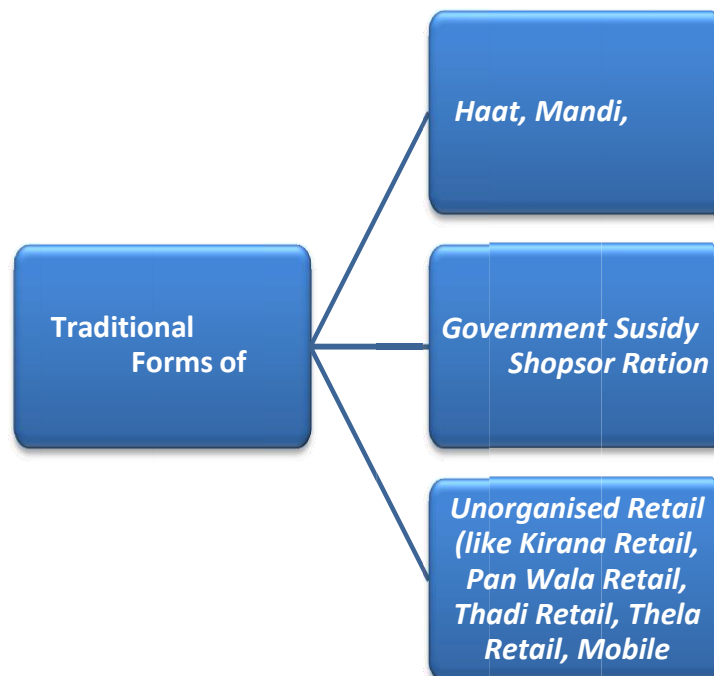


Figure 1.2: Traditional Forms of Retailing



**Figure 1.3: Retailing in Modern Era**

Organized retail and consumer behavior have significant impact on each other. Unorganized retail and organized retailing also influence each other. The consumer behavior in one case also greatly affects the other and vice-versa. As the theories of retail like 'The Retail life cycle' says that one form takes a lesson from the other and try to develop new concepts and services, grows rapidly and makes profit over time.

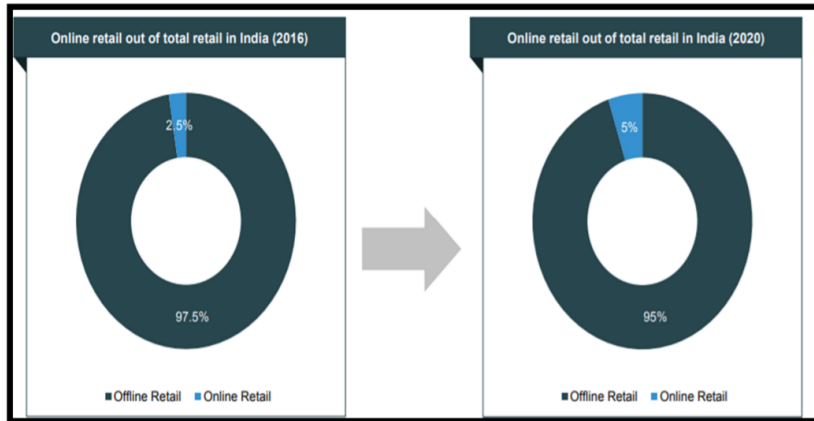
As said by Kishore Biyani, India has been a nation of *dukandars* – around 12 million retailers-consisting of more retail shops than those in the rest of the world put together. When the Organized retailers entered the Indian market it brought a stir in the unorganized sector. The nearby *kirana shops*, provisional stores, were fearful that soon their *dukandari* will stop and they will lose customers to the big organized retailers. But soon they also learnt how to survive in this environment. They revamped their shops, gave them a new look, made them a small supermarket where customers can select their own merchandise. Electronic billing was done and free home delivery of products was also provided. This was the reciprocal influence of organized retailing over the unorganized.

Even the organized sector soon learned that it will not be able to sustain in this competitive era by providing air-conditioned showrooms, good ambience, etc. They learnt that Indian consumers are price conscious and they are not buying from them, although they are coming to the retail stores for sensory pleasure. They have to be more conscious about adding more value in the shopping carts and giving personal touch to the customers.

#### **E-Retailing Growth rate in India:**

The term "e" means electronic and e-retailing means trading products and services through internet .After advancement of quality of internet access, e-retailing is increasing its customer base. Customers get options of various categories of products by using a single click on the keys and products will be delivered at the given spot. The customer does not need to wait for a long time and to walk for a long distance. ERetailing is a Business-to-consumer transaction. E-retailing includes a systematic process that starts by displaying products in the virtual space provided in web world along with its features and price details. E-Retailing has made the lives of customers' easier in terms of searching the product category as per their need, in evaluating by making available products'

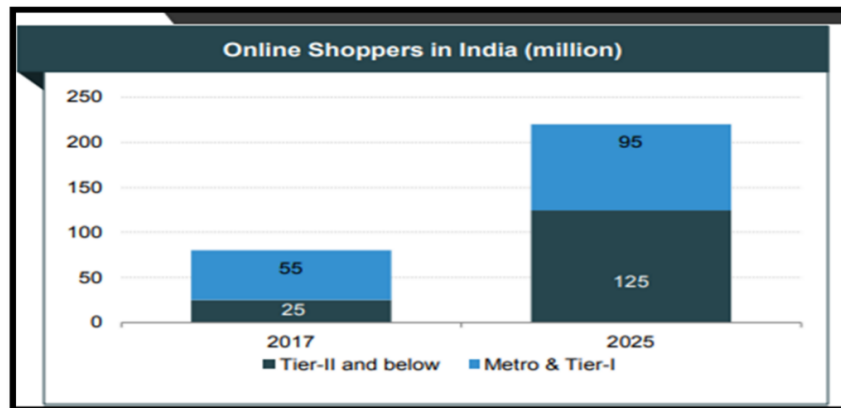
category with features and specifications and in selecting a particular one with minimum level of efforts. Customers find ease in doing transaction through e-retailing. However the entire market is still uncovered by e-retailers, but e- retail marketing shows an upward trend in terms of growth instead of not having full market coverage. Online retail penetration in India's total retail market is estimated to increase from 2.5 percent in 2016 to 5 percent by 2020.



**Figure 1.4. Percentage of Online Retail out of total retail in India.**

#### Online Shoppers in India:

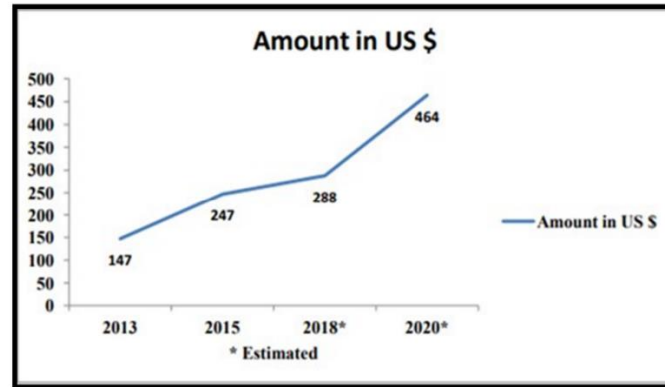
Online shoppers in India are expected to cross 220 million by 2025 which was 89 million in 2017



**Figure 1.5 No of online shoppers in India**

#### Average spending per online shopper (B2C) in India:

Online shoppers' average spending is expected to rise to \$464 by 2020, which was \$247 in 2015.



**Figure 1.6 Average spending per online shopper in India**

Due to these above said positive circumstances, the researcher has selected e-retailing industry as an area of study. So, due to this positive and favourable scenario of online retailing, it has been taken as area of study. For this purpose, the major online players Amazon, Flipkart, Myntra, Jabong, Snapdeal and Shopclues were selected for knowing how well they are performing as per the expectation of customers

### **E-Service Quality:**

A technically proficient Web site is just half the battle. Without quality service—and an enjoyable process—customer won't return. Moreover a major shift in Indian economy from manufacturing based economy to a service economy has been found. With the increase in the level of awareness and having a greater variety of options, Indian customers are demanding more quality of services therefore marketers could not afford to neglect the customize issues of customers. Because of the contribution of information technology and telecommunications developments, marketers are unable to measure the frequently change expectations and perceptions of customers effectively. For more than a decade, various explorations have been escorted on conceptualizing the role and impact of service quality. Now a days there is no doubt that businesses are gaining advantages by offering products with reasonable price with the help of the most populous medium i.e. Internet. The story behind this advantage is not only low pricing but also its service quality. Therefore, researchers have taken attention on service quality in the field of services, because measurement of service quality might be different from that in physical market place so many number of research exploration has set in motion to inspect e- service quality. According to Zeithaml (2002) "The quality of eservices is the degree to which an online store uses reliable and effective searching, buying and transporting goods and services.

From the past few years, many researchers and executives have comprehended that service quality is the predominant aspects in attracting and keeping customers back. Many research studies represented the fact that elevated service quality and prominent impact of satisfaction results in higher level of purchase intentions. Diagnosis of service quality effectiveness cannot be easily done by establishing standards like product quality standards (usage rate or outlay of defect) .Therefore, it becomes very crucial to quantify the efficacy of service quality because of the unique characteristics like intangibility, perishability, variability, and inseparability (Parasuraman, Zeithaml, & Berry, 1988; Rosen, Karwan, & Scribner, 2003; Schiffman & Kanuk, 2000; Stamatis, 1996). Services vary from one firm to another. In the context of e-retailing, E- Retailers donot provide products and services with a direct touch through that they provide services in user friendly web design, online customer care service and active return/exchange policies. Parallel to the research conducted on service quality in traditional service environment, the development and conceptualization of e service quality has also emerged



as a prime concern. Various studies have been conducted in e banking, e travel e library and even e retailing but majority of the researches are escorted in developed economies like USA, UK, Canada. As India is a developing country showing a rise in number of internet users, penetration in smart phones etc are the aspects in the growing economy like India because India has great potential to rise in e commerce era

### **Customer Satisfaction**

Customers are called the “King” of the market. They are also known the trendsetters. Hence satisfying customers is becoming a pertinent activity for the companies. Customer satisfaction has been acknowledging a key concept together with a foremost goal for the companies. There are primarily two conception of customer satisfaction. First labeled as transaction specific satisfaction and the second one entitled with cumulative. However, Transaction specific satisfaction portrays the certain information about a particular product or service encounter, but Cumulative customer satisfaction is a thorough measure of the overall purchase and use of a product or service over a period of time. In fact, customer satisfaction is interpreted as a sentiment or acumen of customers towards products or services after purchasing, using and finally disposing them (Jamal and Naser 2002). Satisfied customers are considered as the most valuable assets of any organizations that also guarantee the profitability in the future time period.

Lehmann (1994), there is a constructive association between customer satisfaction and firm’s profitability. As per (Yang & Peterson, 2004) revealed that the ones who are not satisfied affect any firms’ productivity. Zeithaml et al. (1996) concluded that pleased customers are more likely to have intention to repeat the behavior and also to spread positive word of mouth to their known one. Winer (2001) suggested that special attention should be given on customer satisfaction because of extensive framework for customer relationship management in online era. Bhattacharjee (2001) found that it is more important to focus on customer satisfaction in case of ecommerce where purchase wind up with a click. As claimed by Anderson and Srinivasan (2003), satisfaction has been proved an antecedent to patronage intention and loyalty so the pertinent role of satisfaction and intention must be analyzed from time to time by e-retailers. Hence in this study, customer satisfaction has been taken as one of the important construct.

### **Patronage Intention:**

Patronage represents a close and feasible association between a patron and his/her clients (Waite 2012). In the context of retail, patron simply means the customer who patronizes a retailer and its store. Basically, intentions are subjective judgments that tell that how a person will behave in future and are widely used construct in many service-based research. As per Butcher (2005), patronage intention is considered as one of the obvious outcomes of service experience and it is also a measurable variable. Online purchase intention has also undergone substantial attention from researchers “The purpose of the intention to buy online means that individuals are willing to make a purchase through the Internet.” (Chen et al., 2010) and It can be described as a state in which customers strive to make a purchase through the internet (Pavlou, 2003) and Intention to repurchase can be defined as 'the subjective probability of customers who typically choose to buy goods from online retailers, who are inclined to shop from the same online retailer (Chiu et al., 2012) or make a purchase from the same company (Hellier et al., 2003). In addition, the term 'patronage intentions' was advocated by Reynolds et al. (2012) refers to the likelihood that consumers will buy goods from the same online retailer in the future period of time. As a matter of fact that re-patronage intention refers to the possibility that a customer will make a purchase from a

retail store again, while loyalty of customer means an enormously clenched devotion towards a specific brand or a particular retailer (Oliver, 1999).

As claimed by Henkel, Houchaime, Locatelli, Singh and Zeithaml (2006), Customers who become delighted or gratified with the quality of delivered service, they are more likely to visit the stores in future time period. Now firms are taking many steps to maintain the level of satisfaction which results in patronage intention, Therefore, patronage intention has been taken as the dependent variable in this study and it has been considered the most ultimate outcome of overall service quality and customer satisfaction in an online settings.

### Conclusion

Over the previous decades, e-service quality has become a fundamental area of interest to practitioners, managers and researchers due to its strong influence on the performance of online business, lower costs, profitability, customer satisfaction and loyalty. More researches, experiments and validation are needed to enhance e-service quality models and measurements, which can lead to foundation for the researchers to study the user satisfaction in all domains. The purpose of this paper is to examine the impact of e-service quality dimensions on patronage intentions with mediating variable customer satisfaction in the context of e-retailing. This paper also covers growth of e-commerce as well as e-retailing in India and also presents the justification for selecting e-retailing as an area of study.

### References

- Awang, Z. (2014). Validating the Measurement Model: CFA. Structural Equation Modelling Using Amos Gnumeric, 54–73
- Blut, M., Chowdhry, N., Mittal, V., & Brock, C. (2015). E-service quality: A meta-analytic review. *Journal of Retailing*, 91(4), 679-700
- Owen-Smith, V. (2010). Using mind mapping techniques for rapid qualitative data analysis in public participation processes. *Health Expectations*, 13(4), 406-415
- Chiu, C. M., Hsu, M. H., Lai, H., & Chang, C. M. (2012). Re-examining the influence of trust on online repeat purchase intention: The moderating role of habit and its antecedents. *Decision Support Systems*, 53(4), 835-845.
- Einasto, O. (2014). Investigating e-service quality criteria for university library: a focus group study. *New Library World*.
- Elfadaly, F. G., Garthwaite, P. H., & Crawford, J. R. (2016). On point estimation of the abnormality of a Mahalanobis index. *Computational statistics & data analysis*, 99, 115-130.
- Erkan, I., & Evans, C. (2016). The influence of eWOM in social media on consumers' purchase intentions: An extended approach to information adoption. *Computers in Human Behavior*, 61, 47-55.
- Jing, G., & Yoo, I. S. (2013). An empirical study on the effect of e-service quality to satisfaction. *International Journal of Management Sciences and Business Research*, 2(10), 25-31.
- Lerrthairakul, W., & Panjakajornsak, V. (2014). The airline service quality affecting post purchase behavioral intention: empirical evidence from the low cost airline industry. *International Journal of Trade, Economics and Finance*, 5(2).
- Miranda, S., Tavares, P., & Queiró, R. (2018). Perceived service quality and customer satisfaction: A fuzzy set QCA approach in the railway sector. *Journal of Business Research*, 89, 371-377
- Roy, K., Zvonkovic, A., Goldberg, A., Sharp, E., & LaRossa, R. (2015). Sampling richness and qualitative integrity: Challenges for research with families. *Journal of Marriage and Family*, 77(1), 243-260.



- Serra-Cantalops, A., Ramon-Cardona, J., & Salvi, F. (2018). The impact of positive emotional experiences on eWOM generation and loyalty. Spanish Journal of Marketing-ESIC
- Yang, Z., & Fang, X. (2014). Online service quality dimensions and their relationships with satisfaction. International journal of service industry management.
- Jyoti Kumari & Dr. Rinki Verma (2021). Impact of E-Service Quality Dimensions on Customer Satisfaction and Patronage Intention in E-Retailing, Institute Of Management, Commerce and Economics, Shri Ramswaroop Memorial University, Barabanki, Uttar Pradesh