

Online Marketing: Measuring Indian Urban Customer Perception towards Online Shopping Sites

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Abstract

Online marketing or Internet marketing implies sale purchase of goods and services between business and customers through world-wide web. Recent developments in the field of online marketing and open access to internet in developing countries like India is opening up new avenues for global marketers along with new challenges for multinational firms. The present study is an attempt to understand the functioning of such companies and websites, the motivations, strategies devised and problems faced by them in the journey. As India has a huge untapped potential in terms of online shopping, it a matter of concern for most of the FMCG companies worldwide. The attempt is made to measure the perception of urban customers towards various prominent online shopping websites.

Keywords

Cyber, Internet, Marketing Mix, and Loyalty.

I. Introduction

Online Internet marketing also known as cyber marketing is the fastest growing and most sought after branch of marketing today. As the world is becoming a smaller place, keeping up with developments and trends is vital for marketers trying to reach new customers, who are more anxious with lesser trust and confidence in the business firms. Products and services are continuously evolving and adapting to the online marketplace. The marketers are trying to harness the power of the Internet for their own needs. The e-retailers plan, organize, implement and evaluate multifaceted strategies on internet incessantly.

Internet is defined as the global information system that is rationally linked together by a globally unique address based on the Internet Protocol (IP) or its subsequent extensions/follow-ons. It also provides, or makes accessible, high level services facilitated by the communications and related infrastructure. Marketing is the activity consisting a set of institutions and processes for creating, communicating, delivering and exchanging goods that have value for customers and society. Internet or cyber marketing is essentially any marketing activity that is conducted online through the use of Internet technologies. Thus Internet is used in all industries, as a branding and marketing tool, as a communication tool, and as the start of every business transaction.

Internet offers many options and opportunities or platforms to support marketing function for modern firms. The most important functions include the following: research and Knowledge Management, Environmental Scanning, Competitor analysis, Market analysis, Customer analysis, Strategic decision making, Supply chain management, Relationship Marketing, Advertising, Promotional activities, Public relations, Distribution logistics, Marketing research, Publishing, Customer care, and Marketing communication.

Cyber/Internet marketing can be further of the following types based on parties concerned:

1. B 2 C—Business to Consumer: business that sells products to customers.
2. B 2 B—Business to business: business that sells products or provides services to other businesses.
3. C 2 C—Consumer to consumer, directly need based, it is the oldest most traditional type of transaction. For instance, barter or exchange system prevailing before the advent of currency. It implies there is lack of middlemen or traders in the transaction.

II. Significance of Cyber Marketing

Cyber marketing is a component of electronic commerce. It includes information management, public relations, customer service, and sales. Cyber marketing is becoming more popular as more people are finding it appropriate, cheaper and useful. Internet marketing first began in the early 1990s as simple, text-based websites that offered product information. It then evolved into advertisements complete with graphics and animations. The most recent step in this evolution was the creation of complete online businesses that use the Internet to promote and sell their goods and services.

The Internet is a powerful tool for strengthening relationships. By offering customers content and time value, E-Marketing has opened new vistas for marketers. The main feature of the digital economy is that it facilitates the marketer to reduce main traditional barriers before entering new markets. These barriers include economies of scale, zero inventory and global positioning.

III. Marketing Mix for Cyber Marketing

The four P's - Product, Price, Place and Promotion have long been associated with marketing, but things have changed on the Internet. So along with a change in the nature of the four P's there are three new P's which are relevant to the internet marketing. Along with the basic four Ps: product, price, place and promotion, three more P's have been considered relevant for internet marketing. They are process, presentation and personalization.

1. **The Product** on the Internet usually changes form online, and the user experiences it electronically, in the form of text, images and multimedia. Physical goods are usually presented in the form of a detailed online catalogue that the customer can browse through. Technology allows the user to virtually touch and feel the product on the Internet - rotate it, zoom in or zoom out and even visualize the product in different configurations. The example of the above can be seen at myntra.com where the site offers the user to virtually feel every aspect of the product before selecting a product.
2. **Price** is handled differently in the Internet marketing as the cost is low as no selling costs are added. Moreover, the place is highly competitive in terms of pricing. With the click of a mouse, various products available can be compared in

terms of prices. The buyer may decide the price based upon information collected from multiple suppliers selling the same product. It leads to best possible deal for the buyers in terms of price. There are certain applications which facilitate the process of finding the cheapest option.

3. **The Place** revolves around setting up of a marketing channel to reach the customer. Internet serves as a direct distribution channel that allows the marketer to reach the customer directly. The elimination of the middlemen leads to the reduced selling and distribution cost resulting in the lower price. However, after sales service and quality of delivery as per customer satisfaction needs to be ensured by the seller. It becomes pertinent to create trust in the mind of the customer and it has led to policies like, '30 day return . no-questions asked'. India is also becoming a buyer's market now.
4. **Promotion** is essential to entice the customer to the website, as there are currently more than one billion web pages. Promoting a website includes both online and offline strategies. Online strategies include search engine optimization, banner ads, multiple points of entry, viral marketing, strategic partnership and affiliate marketing. Promotional activities are required to get more eyeballs and also to spread information about the products available at the site. The traditional mediums like print media, outdoor advertising and electronic media like television, along with e-mails, mailed brochures, tweeting and blogging has to be incorporated in the promotional activities.
5. **Processes** have become the buzzword in determining the marketing mix of a firm. In case of online stores, customer care is an important criterion for success or otherwise of the same. A prompt and courteous response to the questions of the customers is necessary. Many sites are offering the order status facility through email or text messages now.
6. **The presentation** of the products through interactive sites and comparative analysis through social media has gained special relevance in the era of internet marketing. The advent of facebook deserves a special mention regarding the same. The marketers have to ensure the look and the aesthetics of the web site as per prevailing standards. The web page should be designed in such a way as to attract customer attention and not flooded with too much information.
7. **Personalization:** The mass customization allows the company to create web pages with products and services that fit the requirements of the users. A customized web page does not only include the preferences of the specific customer but also a suggestion of goods the customer may be interested in.

IV. Recent Trends of Online Marketing in India

According to the data available with NASSCOM, about 60 per cent of Indian Internet users are chiefly found in the age group of 19-34. Almost 80 per cent of Internet users are males. It is estimated that the Internet user spends an average of 10 hours per week on the Internet More than 55 per cent of such Internet users live in towns with a population of over 40 lakhs. It implies that it has yet to make inroads into rural India.

Given that the usage of the Internet is highest amongst young male audiences belonging to the larger towns with higher income groups, for this medium to be cost-effective, products having similar target groups would benefit the most from this medium. The most likely examples that come to mind include telecom, financial products and services, products related to entertainment

like movies (promotions and tickets), plays, contests etc. FMCG products where the core target audience is younger (deodorants, soft drinks), consumer durables to some extent and high-end services like tour operators, airline services, hotels etc. According to a NASSCOM survey, only 9 per cent people in Asia have access to internet, so there is a lot of scope for penetration of Internet marketing in the region.

V. Research Design and Objectives

The present study aims at understanding and gauging the perception of Indian customers regarding various popular websites offering a wide range of products online. To name a few popular ones, i.e., myntra.com, amazon.com, snapdeals.com, fashion and you, etc. It is a descriptive and analytical study using primary and secondary sources of data for analysis. The study is an attempt to observe consumer preferences in online shopping in terms of product category and money spent along with trust generated as a result of purchase experience.

A structured questionnaire was administered to a sample of 200 consumers with a convenient random sampling method. As the study includes only computer savvy customers living in Delhi, having access to Internet, it does not include the rural customers in it. This is a limitation of the study as the scope is limited. Five product categories were used as follows: Garments, accessories, home appliances/products, hi-tech products, and entertainment devices. It was observed later that there are other product categories which are bought by customers through these websites.

The other secondary sources of data are used for comparison of these websites in terms of relative significance, profitability, credibility and popularity among respondents.

VI. Data Analysis

The respondents were from different age groups ranging from 20 to 60 years, occupation either student or working. They live in urban areas and enjoy a middle class status. Mostly, have access to smart phones and Internet.

The survey indicated several things which customers perceive about online shopping experience. The major percentage of respondents buys accessories and home appliances on line as compared to garments or high-tech products. The reasons seem to be after sales services in case of high tech products and choice from physical appearance in garments. The trial and looks seem to dominate the purchase behavior of customers. However, it was found that the return rate is also higher in case of garments purchased online due to many reasons.

Amongst the website preferred, amazon was found first preference, as shown in Fig. 1. Followed by snapdeal.com, Flipkart, myntra.com, and jabong. The trust factor, service quality delivery, promptness, and reliability were found to be the most significant factors in selection of web portal. One more factor was price and variety of products available on the web site in question. Amazon has taken over the Indian retail scene to a new height in terms of turnover and number of products offered. Amazon Prime facility promises to deliver with in 24 hours of placing the order. The customer preference was found to be highest for Amazon in the present sample.

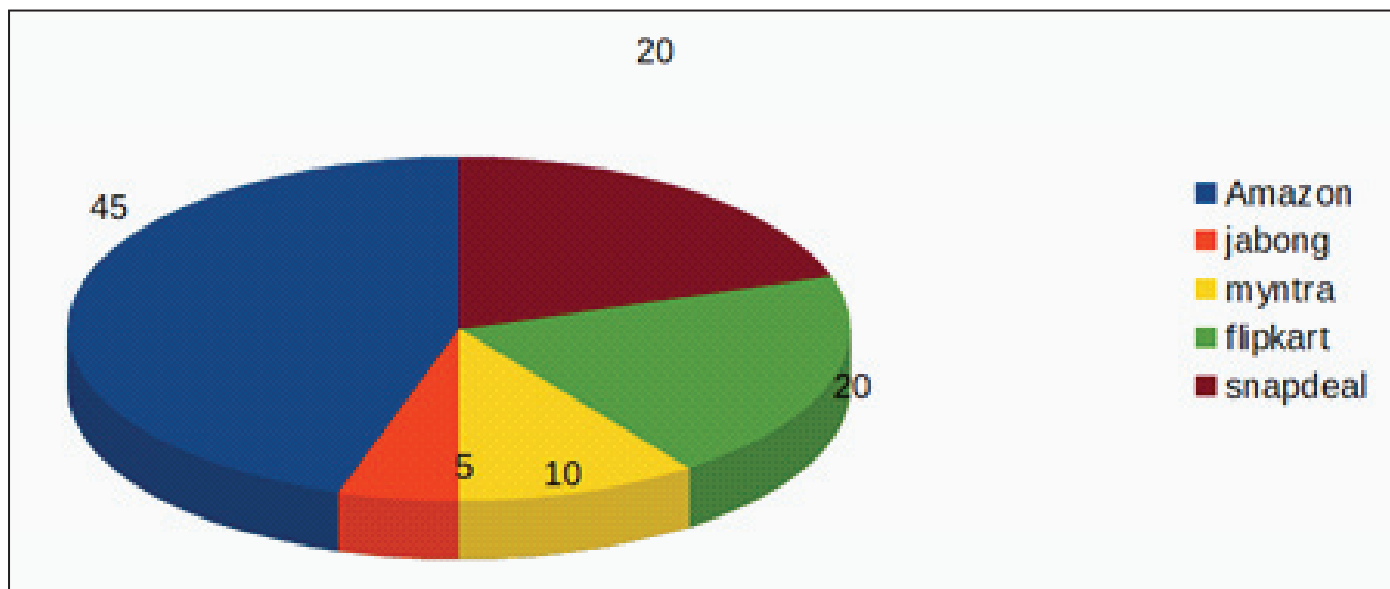


Fig. 1: Website Preference of Respondents

In an open-ended question, respondents noted that the travel sites offer great advantages in terms of ticketing and hotel accommodation schemes. Some respondents (20 %) claimed that they were using medical apps for buying medicines online as higher discounts were made available on such sites. Some (40%) preferred sites used for buying garments are she-in, amyudus and ajo.

Table 1: Comparative Analysis of Attributes of Online Shopping Sites (Preference of Respondents in Percent)

S.No.	Attributes	Amazon	Flipkart	Myntra	Jabong	Snapdeal
1.	Range of products	55	20	12	8	5
2.	User-friendly	60	15	10	10	5
3.	Customer care	60	10	10	10	10
4.	Reputation	50	20	10	5	15
5.	Return policy	60	15	10	10	5
6.	Delivery service	65	10	10	5	10

Table 1 shows the customer preferences over many attributes of different websites. The attributes covered are: Variety/range of products offered, user-friendliness, good customer care and after sales, reputation and brands, exchange policy and refund, and promptness of delivery. It was found that Amazon topped in almost all the aspects, however, flipkart was found to be preferred by customers in range of products. Flipkart was found to be more user friendly after Amazon. In customer care Amazon was found to be number one yet again. Flipkart has a good reputation in the market. The no question return policy is mostly followed by these websites on almost all product categories.

VII. Top Motivators for Shopping Online

It was found that top motivating factors for shopping online include cash back guarantee, cash on delivery, faster delivery, substantial discounts compared to retail, and access to branded products. Some of the problems faced were inability to touch and try products before buying, fear of faulty products, apprehension of posting personal and financial details online and inability to bargain on the website. 80 % of respondents feel that the inability

to touch and feel and chances of return are major hurdles in the process of online purchase. The occurrence of data leakage and fear of misuse is another problem area. But this has been taken care of by various payment gateways like paytm, mpaisa, payumoney and googlepay etc.

In another dimension, respondents were asked about the reasons of buying online from a specific shopping site, whether social norms play a significant role or intrinsic personal factors are important. It was tabulated that 60 percent of people were influenced by external factors, like peer pressure, advertisements, media publicity, and online reviews. Where as, 40 percent respondents purchased due to internal personal factors, like friends and family decision.

VIII. Strategies to make Online Marketing Effective

As the current market is continuously evolving and dynamic, there can be no single formula that works for every market. There are bound to be different experiences in diverse product areas as there are a number of factors that determine the efficacy of e-marketing. Amongst them, penetration of on-line marketing,

competition, customer preferences, attitudes, unit price of product, features, technicality of product, literacy levels of target consumer, cyber laws of the particular country, banking services and many more factors are responsible for the same. Creating trust in the minds of probable customers is a challenge which most sellers are facing. The prompt delivery and appropriate quality are major issues along with payment gateways. Various websites have started cash-on-delivery method to improve trust and confidence amongst customers.

Some of the popular websites offering huge variety of consumer goods are evolving strategies to woo buyers, ranging from heavy discounts on festivals, free shipment, cash-on-delivery, money back guarantee, and distribution of free ad-on's i.e. additional products free. If we take a look at Fig. 1, it becomes clear that online shopping is here to stay due to its obvious advantages.

Fig. 2 presents an overview of comparison between retail stores in U.S. and web-only stores selling online only in terms of sales turnover. The chart shows that the CAGR is more for web stores (25.29 %) as compared to retail stores (15.56%), the reasons are obvious, i.e., more running and establishment costs, selling overheads, and complex distribution logistics.

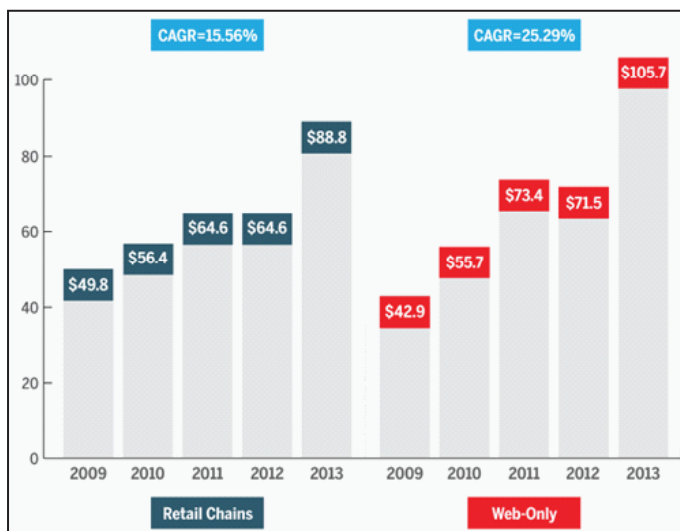


Fig. 2: Comparative View of retail chains and web only stores in U.S. in terms of sales

Source: [Online] Available: <http://www.walmart.com>

Following are some of the strategies to improve efficiency of Internet marketing:

- 1. Attracting the Right Customer** is the first crucial step. Rising digital penetration would mean that the number of customers visiting particular sites would invariably go up in near future. While the number of eyeballs or page views has so far been conveniently used as a satisfactory measure by most web sites, it would be unwise to cater to the whole gamut of visitors rather selecting right kind of customer would be more advisable.
- 2. Delivering Content Value** to engage the user's interest is the utmost importance in retaining customer participation. This is because content serves as a powerful differentiator. Delivering proper content to make existing customers in the traditional "brick" business switch to "Web-enabled" transactions makes a lot of sense because the cost of Web-Based transactions is much less than physical ones.
- 3. E-Learning to facilitate personalized interactions** with

customers has been the biggest contribution of the Web to the marketing strategists. Customers in traditional stores leave no record of their behavior unless they buy something and the follow up is also scarce. In the digital marketplace, however technology has made the entire shopping experience a transparent process. For example, if the customer exits the web-site when the price screen appears, he is a price sensitive consumer.

- 4. Ensuring E-Loyalty** is vital to the success of any online activity. This is because acquiring customers on the Internet is a great deal expensive and unless those customers are loyal and make repeat orders, firm cannot survive. Web customers stick to sites that they trust and with time consolidate their purchases with one primary supplier to the extent that purchasing from the supplier's site becomes part of their daily routine. The issue of trust is integral to the issues of privacy, security and prompt delivery.

IX. Conclusion

Cyber/Internet marketing has been widely accepted as a marketing tool. With changing technologies and advent of I.T. in every field, Internet is also playing an important role in B2B, B2C transactions. All the transactions are initiated by or as a result of communication through Internet. Modern firms are required to keep communication lines open 24 by 7 with its vendors, suppliers, customers and other stake holders. It also provides a platform for more informed buying and negotiations in the buying process along with effective advertising and interaction with the buyer.

However, it is very difficult to create trust and confidence in the mind of buyer as it is common to find online frauds. There is delay and lack of consistency in quality of products delivered by online Indian websites which has increased uncertainty in the minds of customers. Maklan et al. (2001) in their study accepted that online communication channels suffer from lack of human touch and instant gratifications. Google India (2013) highlighted barriers to online shopping which included fraudulent practices, sub-standard products, inability to bargain, touch and try the product before purchase, and sharing of personal and financial details. Thus, creating confidence and trust in the minds of consumers is very important. Chart 2 gives an overview of USA web based stores in comparison to physical retail stores, the chart facilitates the understanding that online sites are here to stay due to the obvious advantages to the customers.

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