

Report on : Analysis of Online vs Offline Shopping

Abstract

Indian consumers are very particular about their products. The consumer choices vary based upon their preference towards online shopping versus offline shopping. The internet and traditional shopping both have their own features. Online shopping doesn't require travelling long distances, offers more variety, remains functional 24*7, offers huge discounts and extends the facility of customer reviews.

On the other hand, traditional shopping allows customers to physically examine products and bargain. Consumers may use both the online and traditional mode of shopping depending on their preferences at a particular moment, which results in fundamentally different behaviors across the two modes of shopping. Main objective of the survey is to analyze the significant difference between the offline and online customers group in terms of technology use, availability, and attitude of the customers. This document shows the customer awareness towards online and offline shopping and also finds out those factors which power the shopping medium of the consumer.

Keywords : Shopping preference, customer attitude, Online buying behavior, Brick and Mortar stores.

Introduction

The increase in technology provides good opportunities to the seller to reach the customer much faster, easier and in an economic way. Online shopping is emerging very fast in recent years. Now a day the internet holds the attention of the retail market. Millions and millions of people shop online. Online shopping is available 24 hours and 7 days a week which is very convenient for working people, but the shipment could take a couple of days to be delivered to your house, which is not helpful for items required immediately. Although online shopping has brought great ease, and price selection on sale items is located easily, many times free shipment is also made; the customer may know the retail price and not the total cost with additional charges and taxes.

On the other hand, the purchasing of products from the traditional market has been continuing for years. Many customers go for purchasing offline so as to examine the product and hold the possession of the product just after the payment for the product. In this contemporary world customer's loyalty depends upon the consistent ability to deliver quality, value and satisfaction. Some go for offline shopping, some for online and many go for both kinds of shopping. Seeing and touching is a desire of the customer especially while buying certain things such as jeweler, clothes, baby stuff, cars etc. Just by merely seeing these on the website does not satisfy the customers, as they have to feel the quality of the materials used and the drive of the car and so on. This can only be done during conventional shopping and not online. In developed countries like the United States, it has become almost a norm to make purchases on the online platform especially for apparel products. However, in a developing country like India, the majority of people still depend on the brick and mortar stores to make purchases in different categories. Although in the last few years, online shopping has become quite a craze among the masses, especially among teenagers and youngsters, in absolute numbers; offline shopping is still way ahead of its online counterpart.

The focus of the study is on the consumer's choice to shop on the internet and at the traditional stores at the information gaining period. In the present day context, learning and analyzing consumer behavior is extremely vital for the success of a business, whether it is online or offline. Consumers drive the market. All the business activities are carried out keeping in mind the interests of consumers.

BACKGROUND

The retail sector is one of the fastest growing sectors in India. It is one of the backbones of the economy and accounts for about 10 percent of a country's GDP. The Indian retail market is estimated to be valued at US\$ 600 billion and one of the top five retail markets in the world by economic value. The growth of the retail sector in India is one of the fastest globally. Indian consumers are very particular with their products. The consumer's choices vary based upon their preference towards online shopping versus offline shopping.

This study tries to recognize how consumers measure channels for their purchasing. Specifically, it progresses a conceptual model that addresses consumer value perception for using the internet versus traditional shopping. Earlier studies showed that perceptions of price, product quality, service quality and threat strongly impact perceived value and purchase intentions in the offline and online network. Observations of online and offline buyers can be evaluated to see how value is constructed in both channels. It is hitherto to recognize what factors influence online and offline shopping choice progression. The objective of this study is to provide an impression of the online shopping decision process by comparing the offline and online decision making and identifying the factors that motivate customers to decide whether to do online shopping or go for the offline shopping.

The Internet and conventional marketing each have distinct features. Online shopping involves no travel, product carrying or restrictions on shopping hours, offering easy accessibility, convenience and time saving. In contrast, offline shopping permits and allows physical examination of the products, interpersonal communication but involves high travel and search costs, and also has restrictions on shopping hours. Consumers may use the two channels differently resulting in the same consumers may exhibit different behaviours when shopping across online and offline channels. Therefore, it is important to understand how the same consumers behave at the two channels. (Jonahing Chu et.al 2010). This study attempts to provide an exhaustive review of online vs. offline consumer behaviour.

AIM

To know the preferred mode by consumers for shopping.

OBJECTIVES:-

1. To know the perceived benefits and drawbacks of online shopping and traditional shopping.
2. To study the social economical, geographical and technological barriers affecting the two modes of shopping.
3. To know about the consumers' motivation to prefer online shopping or offline shopping.
4. To study people's attitude and their approach towards both the modes of shopping.
5. To know consumer behavior about different modes of shopping during the COVID-19 pandemic.

Review Literature

The extensive literature review has been conducted to gain a deeper understanding of research about online and offline customers and their experience. Consumer's behaviour has changed greatly over the past decades, but it has been evolutionary and the seeds of change have been apparent for generations (**Kar, 2010**). **Piyush K. Sinha, Arindam Banerjee, Dwarika Prasad Uniyal, (2002)**, identified major drivers behind choice of stores for various shopping needs as exhibited by a typical Indian consumer, by conducting study on 293 participants recruited by email **Aron M. Levin, Irwin P. Levin and Joshua A.Weller ,(2005)**

For the study, two samples of size 199 were used from a large mid-western American university and an online survey panel. The study found that the preference for shopping online or offline were shown to vary across products, consumers, and stages of the shopping experience.

When attributes such as large selection and shopping quickly were predominant, online shopping was preferred. When attributes such as personal service and ability to see-touch-handle the product were predominant, offline shopping was preferred.

Chaing and Dholakia (2014) carried out a study in which they examined the purpose of the customer to purchase goods online during their shopping. Mainly there are three variables in their study that affect the consumer to purchase online or to go offline. Those are the accessibility features of the shopping sites, the type of the products and their characteristics, and the actual price of the product. The study revealed that the accessibility and the convenience of the shopping sites create the intention in the customer to purchase or not. When there are difficulties faced by a consumer to purchase online then the customer switches to the offline shopping for the

purchase behaviour and the consumer faces difficulty in offline purchasing then they go to the online purchasing. After relating both the mediums of shopping the consumer said that online shopping is more convenient for them and gives more satisfaction which inspires the consumer to purchase online on the internet.

Selvakumar (2014) concentrated on consumer's perception of the product sold online and the issues considered important to online shopping. This study was conducted among the online shoppers at Coimbatore which is in Tamil Nadu state. It is to analyse the impact of consumer opinion and the attitude. The finding of this study shows that improvement and accessibility influence the customer's intention to shop online

Chaing and Roy (2003) focused on the consumer choice to shop on the internet and at the physical stores during the information acquisition period. A convenience sample of 34 students enrolled in undergraduate marketing class to select the product for testing, 56 products were developed based on the popularity of online shopping. The result shows that the consumer perceives shopping offline as inconvenient, online shopping intention was expected to be greater for search products than experience products.

Suki and Suki (2007) conducted their study in Malaysia. This study is an empirical study. They create a model in which they are identifying the influence of the real value, the real risk and the actual enjoyment of the consumer of online shopping.

The consumers who are adopting online shopping are in the prominent risk and the prominent indicators. The consumers of Malaysia of online shopping had a perception about the involvement of risk in shopping and their risk was mostly related to the security and the privacy. It included the security and privacy of the personal information of customer transactions of online shopping, the quality of the product and the uncertainty about the product whether the product will reach the consumer or not.

Koo et.al (2008) have conducted an empirical study, they examined the motivational effects of personal values on benefits, attributes and

re-patronage intention in the perspective of shopping online. The study concluded that personal values of social affiliation and self-actualization serve as underlying beliefs in shaping consumer's online shopping motives. In addition, online store attributes are positively related to pre-patronage intention.

Selvakumar (2014) concentrated on consumer's perception of the product sold online and the issues considered important to online shopping. This study was conducted among the online shoppers at Coimbatore which is in Tamil Nadu state. It was to analyse the impact of consumer opinion and the attitude. Questionnaire was made to collect the data from the population; these questionnaires were given to college going students. The total sample size is 150 respondents. The findings of this study shows that improvement and accessibility influence the customer's intention to shop online

Andrew and Currim (2000) focused on expected differences in choice, behaviour of consumers for two product categories, statistically significant differences are found between consumers attracted to shopping online versus traditional supermarkets with regards to parameters describing the choice process. The study found that correlated to traditional supermarket consumers, online shopping are less price sensitive, prefer larger size to smaller sizes, have stronger size faithfulness. The consumer does more broadcasting choice set effects

Isabel P. Riquelme and Sergio Román, (2014), examined the role of several consumers' cognitive and psychographic traits in their perceptions of retailers' deceptive practices (perceived deception) and the different effects on perceived deception associated with online vis-à-vis in-store shopping.

Yaobin Lu (2011), focused on factors that influence users' intention to transfer their usage from the offline to the online channel that offer similar services. The study revealed that innovativeness in new technology and relative benefits had positive effects on users' intention to transfer usage. Moreover, the findings of the study also indicated that internet experience moderates the relationship between relative benefit and consumers' intention to transfer usage from offline to online services.

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METHODOLOGY

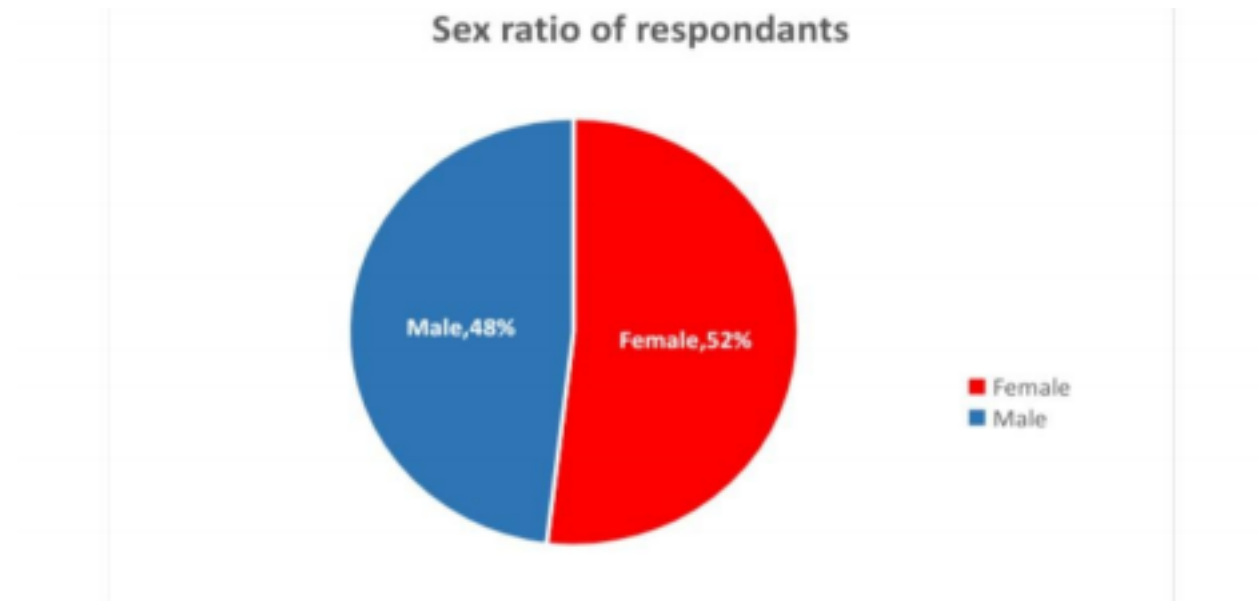
This part of study defines the process of data collection. When it comes to data collection, there are several methods in general used by researchers to collect data.

Primary method includes observation method, interview/questionnaire and case study method. Random consumers are selected for the sampling purpose. The sample individual is selected from different age group, different sex and from different location of Maharashtra. The different groups of people including student, employee and unemployed, housewives, etc are considered as samples for the study.

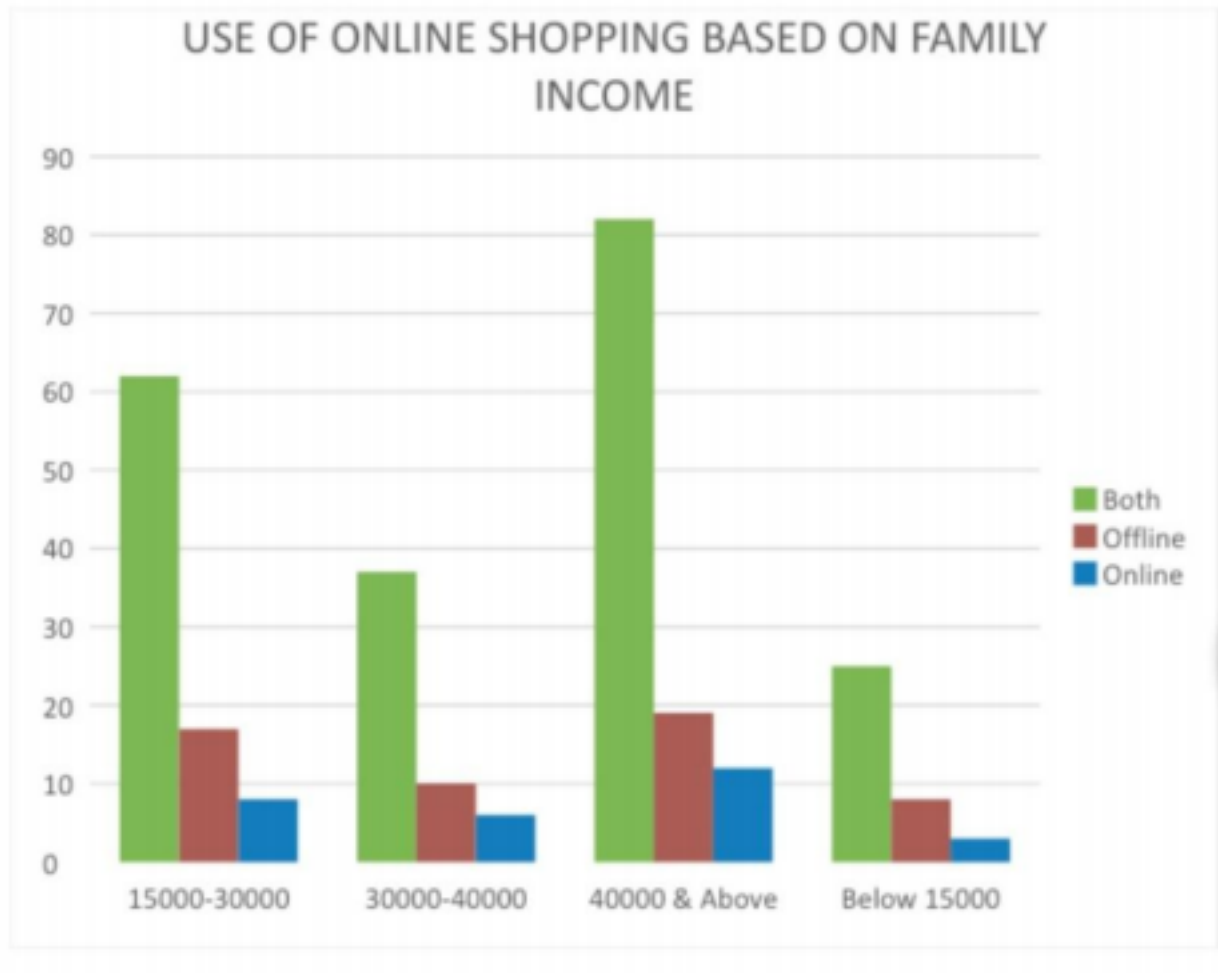
Sampling: The target group is of a different ages, different age groups are considered to know which group of people are more involved in online shopping and which group of people is not confined to shop online. There are five divisions of age groups in the questionnaire to examine which group is going for more online shopping and which group is going for more offline shopping.

Sample size: Determining the size of sample that is needed for a particular piece of research size. For this research 289 sample sizes were taken for the interviews. From this sample size the calculation of simple percentages for each variable is done.

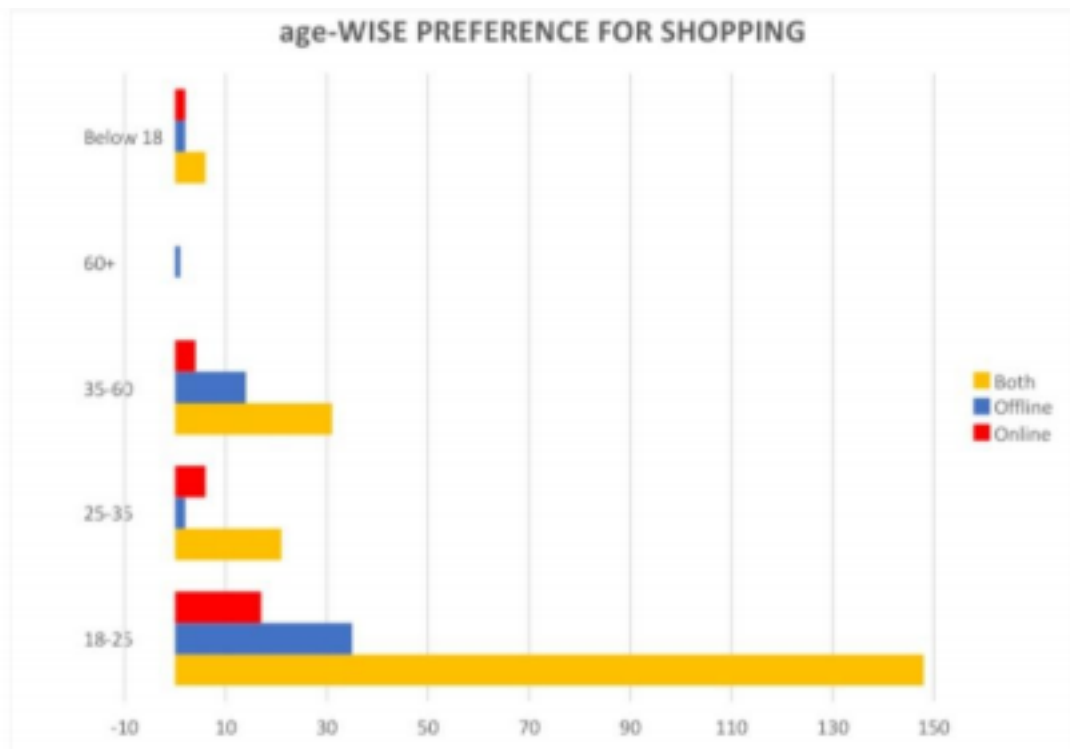
ANALYSIS



289 Respondents were taken into consideration for the study. The graph shows the percentage of male and females who are doing online and offline shopping. The survey sample shows 48% of male respondents and 52% of female respondents. This gives a general idea of the sex ratio who is more involved in shopping.



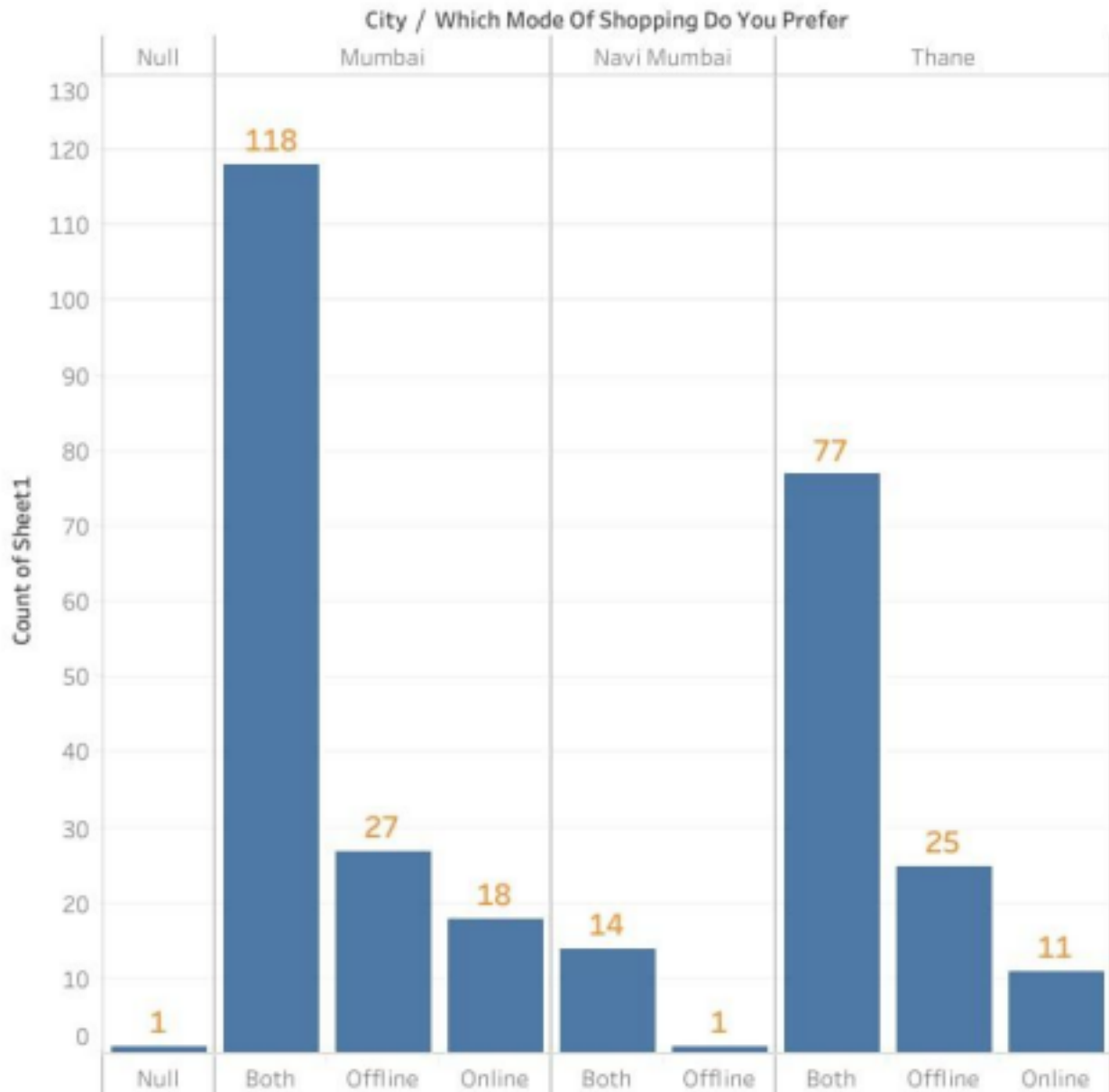
The above graph shows that consumers with different income groups prefer mostly both modes of shopping.



The above graphical representation shows the age category of the population choosing either online or offline or both the modes.

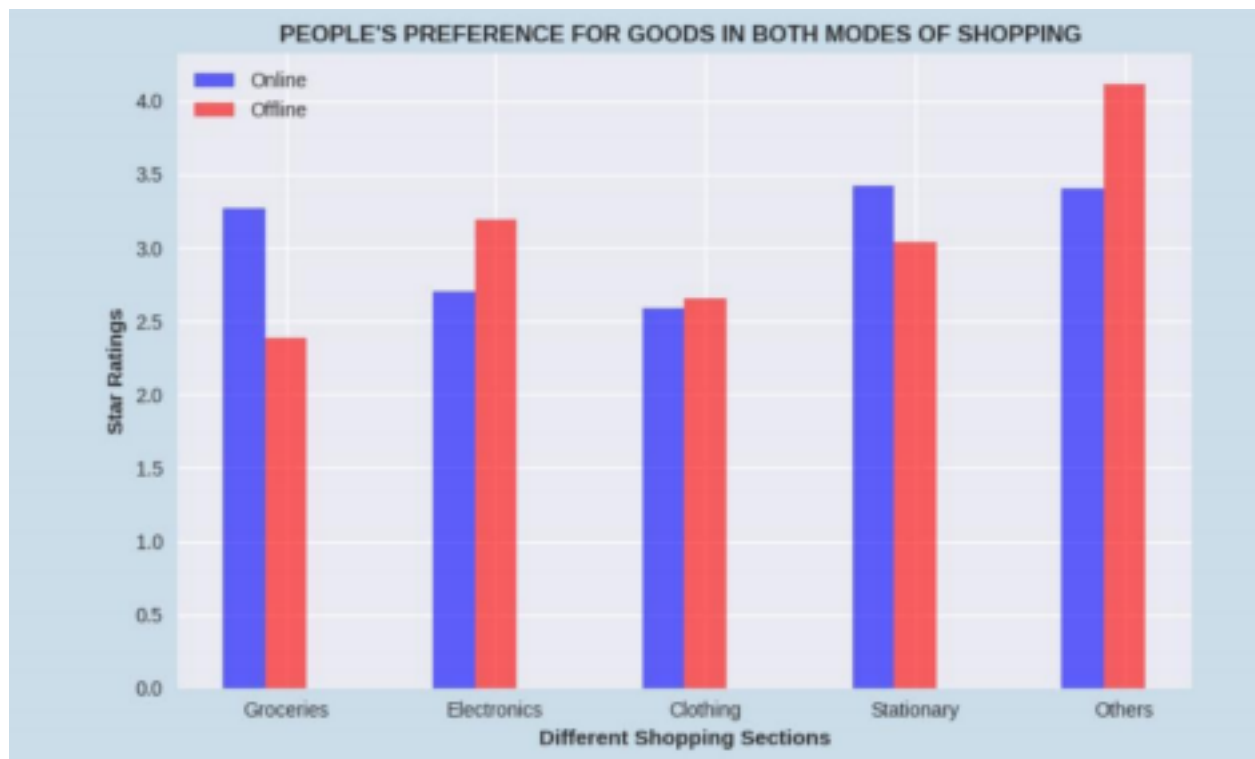
The major number of consumers who use both the modes of shopping to fulfil their need ranges mostly between 18 to 25 age categories more than other age group categories.

Sheet 1



According to the survey, most consumer's (118) of Mumbai city prefer both modes of shopping. For Navi Mumbai we have 14 consumers opting for both modes of shopping and from Thane city we have 77 consumers opting for both and 25 and 11 consumers for online mode and offline mode each

- **To study people's behaviour and their approach towards different sectors for both modes of shopping.**



There is an increasing demand of stationery and groceries in online shopping. Next comes the electronic items which is the mostly purchased from offline shopping.

□ To examine the factors influencing the consumers to switch from online shopping to offline shopping and vice versa

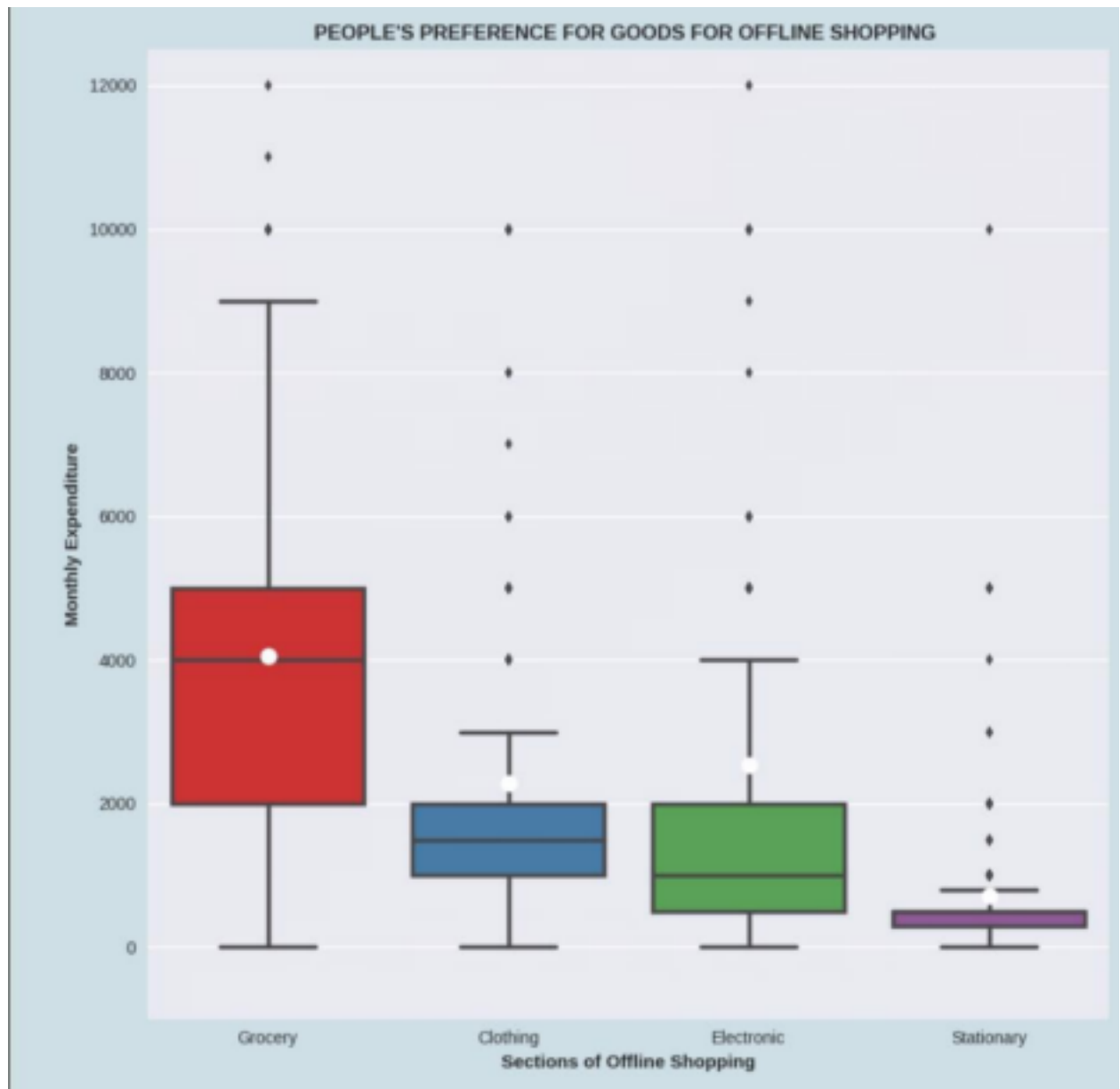


“From this graph we see that due to return policies followed by special offers and discounts people are more likely to go for online shopping.

On the other hand, people go for offline shopping due to the advantage of window shopping and they get to suspect goods before buying.

Still online, people are concerned due to their deceptive appearance. Due to compulsive shopkeepers, consumers hesitate going for offline shopping.

- **Average money spent on different types of products on different modes of shopping.**



In the above Box plot the white dot represents the mean amount spent on different types of product.

The black line in the middle of the graph shows the median amount spent on the product.

And the black dots are random outliers showing max to max value. And by looking at the graph we can see that consumers spend most of their money on groceries and least stationary on both modes of shopping.

□ **To study how COVID-19 Pandemic has an impact on preference on both modes of shopping**



By looking at the above graph we can see that during this pandemic consumers are either shopping more online or not shopping at all”.

MODEL

Everyone seems to know their expenses and want to manipulate and balance it according to their requirements. Keeping this in mind we have decided to build a model which would help us to predict the expenditure a person can expect based on his/her age and by their income.

We used a SVM non-linear model for our classification problem as we saw non-linear relationships in our data. We acquired an accuracy of 41%. The model has many limitations and can be modified later for larger data. It is believed that it may acquire a higher range of accuracy by increasing the sample size.

CONCLUSION

From the Analysis we come to know that the male are doing more online shopping than females. The females are more into offline shopping because they want to make sure that the product is not defective. The young generation are more often purchasing from both the modes of shopping more than other age group categories. This paper extends the studies while asking the questions from the consumers who are into online shopping as well as traditional shopping to rate both the channels in the terms of performance, products, time of delivery, quality and other related aspects of online and offline shopping. By accepting this approach, investigators and experts can gain valuable insights into the motivations to adopt a definite channel for shopping.

SCOPE FOR FURTHER RESEARCH

Despite attempts to confirm that the findings of this research are both trustworthy and effective, a number of limitations lie. Originally this survey had a very low number of respondents. The findings of this research cannot be generalized for the entire cities of India. The view of 289 respondents cannot replicate the responses of the entire country. The economic well-being of the people describes their improvement in technology so the area which is more advanced is more likely to be involved in the internet than the less or underdeveloped areas.

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