



A STUDY ON THE INFLUENCE OF ONLINE SHOPPING ON XYZ CONSUMERS IN THE CITY OF COIMBATORE

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Abstract:

Online shopping is the process whereby customers directly buy goods or services from a seller in real-time, without an intermediary. It is also called as online retailing. In other words, it is a form of electronic commerce which allows customers to directly buy goods or services from a seller over the Internet using a web browser. Alternative names for online stores include: e-web-store, e-shop, e-store, Internet shop, web-shop, web-store, online store, and virtual store. Online shops have evolved, as a challenging retail environment that has grown in different avenues of business. It has revolutionized the retail market in India and is showing alarming potential in the given industry. Everything in this world has evolved over a period of time and so has human nature when we speak of buying behavior. The markets provided to humans have as well evolved with the success rates of scientists inventing their processes and technologies.

Introduction:

Amazon.com launched its online shopping site in 1995, and eBay was also introduced in 1995. Max Levchin, Peter Thiel, and Luke Nosek founded Confinity Inc. in 1998. PayPal was developed and launched as a money transfer service at Confinity in 1999, funded by John Malloy from Blue Run Ventures. In March 2000, it merged with X.com, an online banking company founded by Elon Musk. Elon Musk was strongly in favour of Confinity developing the money transfer business, but the CEO of X.com, Bill Harris, was unsure about this business function and left the organization. Later that year, Elon Musk decided to cease the Internet banking business and focus on PayPal money services. The X.com company was renamed PayPal in 2001. In 2002, PayPal was acquired by eBay.com for \$1.5 billion.

Alibaba.com, a Chinese based B2B firm was launched in China by Jack Ma and his 17 friends. After three years of domestic success, they decided Alibaba's sites Taobao and Tmall to be launched in 2003 and 2008, respectively, to have a global presence. The gradual development of Online Shopping picked up pace in the early 21st century with the online users from the developing countries participating in e-purchases via smart phones.

The new e-marketers who have come up with various innovative marketing moves have built opportunities for other entrants into the online business. Many firms who have ventured in this line of business include Flipkart, eBay, Jabong, Myntra, Homeshop18, Snapdeal, Pepperfry and so on in the Indian markets.

These sites promote their websites through sales promotion techniques such as coupons, sale days, emails, advertising via social networking sites, etc. Also, it has resulted in easy entry assistance to many e-opportunists. Competition in the online industry has benefited the online shoppers in terms of quality, price and variety.

The evolution of online business with various business entrants further transformed in the late 20th century. Back in 1994, Jeff Bezos, started his company at the age of 30 from a garage. Amazon was developed and incorporated as 'Cadabra'. After a year's span it was changed to the name 'Amazon' and it began its service. The founder gave a lot of importance to its brand name. For Bezos, a name beginning with 'A' was preferred as it stands on top position of any list that was alphabetized.

Since 2000, Amazon's logo hasn't changed with the arrow pointing from 'A' to 'Z' which denotes the wide range of products that Amazon sells online. Initially, it only sold books because the founder researched that books were cheaper and had demand in the market. Later, it diversified into other products like music, video games, electronics, toys, jewellery, etc.

In 1997, Amazon issued its first public offering on NASDAQ stock exchange at US\$18 per share. Amazon had a huge break-even period of almost six years. But still the investors did not lose hope in the company's credentials as it was among the few American firms that could survive the dot-com bubble burst in the 21st century. The company finally showed profits in the year 2001 with increase in online sales. Over the years, Amazon had many acquisitions and investments.

Objectives:

- Consumer Behavior Towards Online Shopping
- Marketing Factors Influencing Consumer Behavior

Demographic Distribution of Respondents:

Age Group (in years)	Number of Respondents		Percentage
	Up to 18	34	
	19 to 39	343	
	40 to 59	129	

	60 and above	63	11.07
	Total	569	100
Gender	Male	250	43.94
	Female	319	56.06
	Total	569	100
Occupation Status	Working	233	40.95
	Non-Working	336	59.05
	Total	569	100
Monthly Family Income (in INR)	Up to 20000	127	22.32
	20001-80000	235	41.30
	80001 & above	207	36.38
	Total	569	100
Location	Coimbatore Madurakari District	327	57.47
	Coimbatore City District	140	24.60
	Other Locations	102	17.93
	Total	569	100

Out of the total respondents being 569, of which 34 respondents belong to the age group of up to 18 years, 343 respondents belong to the age group of 19 years to 39 years, 129 respondents belong to the age group of 40 years to 59 years, and 63 respondents belong to the age group of 60 years and above. The percentage distribution is 5.98% for the age group of up to 18 years, 60.28% for the age group of 19 years to 39 years, 129% for the age group of 40 years to 59 years, and 63% for the age group of 60 years and above.

The highest respondents belonged to the age group of 19 years to 39 years followed by 40 years to 59 years. The lowest being from the age group from up to 18 years followed by 60 years and above.

The total respondents were 569 of which 250 were males and 319 were females. The percentage distribution of gender wise data collected is 43.94% for males and 56.06% for females. The data was collected on the basis of a non-probability convenience method where females responded to the exhaustive questionnaire more as compared to males.

The total respondents being 569, of which 233 are working men and women, and 336 are non-working men and women. The percentage distribution is 40.95% for working men and women and 59.05% for non-working men and women. More non-working men and women responded to the closed ended questionnaire as compared to working men and women.

Of the total 569 respondents, 127 respondents belonged to the monthly family income group of up to 20000 INR, 235 respondents were from the monthly family income group of 20001 INR to 80000 INR and 207 respondents were from the monthly family income group of 80001 INR and above. The percentage distribution being 22.32% from the monthly family income group of up to 20000 INR, 41.30% from the monthly family income group of 20001 INR to 80000 INR and 36.38% from the monthly family income group of 80001 INR and above. The highest respondents belong to the monthly family income group of 20001 INR to 80000 INR, followed by monthly family income group of 80001 and above group. The lowest percentage comes from the monthly family income group of up to 20001 INR.

The total respondents 569 had 327 respondents from the Coimbatore Madurakari District, 140 belonged to Coimbatore City District and 102 belonged to other locations like Palghar and Thane (Coimbatore outskirts). The percentage distribution being 57.47% for Coimbatore Madurakari District, 24.60% for Coimbatore City District and 17.93% for other locations.

Overview of E-Commerce in India:

In 2007, Sachin Bansal and Binny Bansal, former Amazon employees, started an e-commerce company, Flipkart, in India. At that time, Indian e-commerce industry was at its beginning stage. The company was registered in Singapore but their headquarters are in Bangalore, India. Similar to Amazon, Flipkart too started selling books and later diversified into other goods. The first product sold by them was the book 'Leaving Microsoft To Change The World', bought by V.V.K Chandra from Andhra Pradesh.

Initially Flipkart raised funds through venture capital and soon showed plunging growth over the years. According to Morgan Stanley, its estimated value stands at \$11 billion as of February 2016. Flipkart also acquired few companies like We Read (an online community of book enthusiasts and allows readers to recommend books to their friends), Mime360 (a Coimbatore based startup that offers exchange platform connecting content owners with content publishers), Chakpak.com (which was a digital catalogue which includes 40,000 filmographies, 10,000 movies and close to 50,000 ratings), Appiterate (which was a mobile marketing start-up), Myntra.com and LetsBuy.com (which retails consumer electronics, communications and computer goods) to enhance their brand image in the market.

Forms of E-Commerce (Also Known as Models of E-Commerce):

Electronic Commerce includes electronic trading of goods, services and electronic material. It is a general term which includes any form of commercial transactions or exchange of information through electronic mode. E-commerce takes place between:

- Business Firms - Business to Business (B2B)
- Business Firms and Employees (B2E)
- Business Firms and Customers (B2C)
- Business Firms and Government Agencies (B2G)
- Consumer to Business (C2B)
- Customer to Customer (C2C)
- Customer and Government Agencies (C2G)
- Government Agencies and Business Firms (G2B)

- Government Agencies and Employees (G2E)
- Government Agencies and Customers (G2C)
- Government Agencies and Government Agencies (G2G)
- Peer-to-Peer (P2P)

Investment for the Above Online Business Models:

Most online sellers raise capital for their businesses through venture capital, private equity investors, and loans from financial and non-financial institutions. While companies remain tight-lipped, it is widely believed that Flipkart, Snapdeal, and Amazon burn more than \$100 million in cash every month.

Flipkart has the highest cash burn rate. (Cash burn rate refers to the rate at which a company spends its available cash to finance expenses and cover losses before generating positive cash flow from operations. It is a measure of negative cash flow.) Flipkart has also raised the largest amount of funding in India, approximately \$2.3 billion until May 2015.

Snapdeal raised close to \$1 billion in 2014, while Amazon India is backed by its parent company, which pledged a \$2 billion investment in the Indian marketplace, as reported in May 2015. Amazon has competed globally with retail giants such as Walmart and Alibaba and has maintained a top position in world rankings. It surpassed Walmart as the world's largest retailer in August 2019. Amazon has also strategically acquired minority stakes in Indian businesses, including Future Retail Limited, part of the Future Group led by Kishore Biyani.

Flipkart's acquisitions over the years include Myntra, Jabong, PhonePe, and eKart. Its investments have increased significantly, particularly in wholesale business segments. Following its acquisition by Walmart, Flipkart's expansion into furniture and grocery markets, supported by logistics arms such as eKart and digital payments platform PhonePe, is expected to help it compete with rivals like Amazon.com and Alibaba.com.

Investments are therefore a core part of business sustainability, and in the future, these online retailers will likely require even more capital to survive and succeed.

Marketing Mix:

“Marketing mix is the set of marketing tools that the firm uses to pursue its marketing objectives in the target market.”

- Philip Kotler

While planning the marketing process, marketers must analyze the various elements of marketing, collectively known as the marketing mix. The marketing mix refers to the set of controllable marketing variables that a firm combines to sell a product in the target market. In 1960, E. Jerome McCarthy, in his book Basic Marketing, popularized the Four Ps:

- Product
- Price
- Place (Distribution)
- Promotion

In recent years, additional Ps have been introduced, such as:

- Pace
- Positioning
- Packaging
- Processes of Delivery
- People
- Physical Evidence

The marketing mix helps firms make strategic decisions essential for smooth operations. The internet has transformed how goods and services are sold. Customers now search for product information and make purchases online, making e-marketing strategies crucial for attracting and retaining customers. The e-marketing mix strengthens the online marketplace, and e-commerce firms must consider traditional marketing mix variables while making decisions.

Product:

The e-commerce industry offers a wide variety of products through online portals. A few decades ago, there was a belief that only limited products could be sold online. Today, this myth has been shattered, with platforms offering services ranging from matrimonial matchmaking to pharmaceutical products. There are subtle differences in the business philosophies of online sellers. According to Mahesh Murthy, Managing Partner at Seedfund,

“People don't go to Amazon for crazy sales, but they do to Flipkart and Snapdeal. Amazon's philosophy is to offer better products at everyday low prices, while Flipkart and Snapdeal are perceived as deep discounting platforms.”

However, based on personal experience, eBay products are often found to be cheaper. E-retailers are aggressively expanding their product listings. According to Business Today (March 24, 2015), Snapdeal added one new product every 10 seconds.

In online business, the product includes both tangible goods and intangible services. Online marketers aim to minimize the gap between customer expectations and actual product performance. Customers seek not only quality but also durability, relying heavily on online reviews and word-of-mouth promotion. Strong branding can generate sales without additional marketing efforts due to established trust and perceived quality. Nevertheless, continuous Customer Relationship Management (CRM) is essential for maintaining brand loyalty. Website layout and design form the first impression for potential customers. The homepage, often referred to as the “theme page,” plays a critical role in helping customers quickly locate desired products. Thus, presentation and physical evidence are vital components of the online product mix. Effective product-mix planning requires market research to understand customer needs.

Price:

Price is the value a customer pays in exchange for goods and services and is the only element of the marketing mix that generates revenue. Therefore, setting the right and attractive price is crucial.

Modern consumers emphasize “value for money” and utility. Customers are generally price-sensitive, making pricing strategies as important as product quality.

Competitive pricing wars pose significant risks. According to industry sources, Amazon India employs data scientists to implement strategic pricing models. For example, out of 1,870 smart phones listed, Amazon may offer deep discounts on only 189 models, prompting competitors like Flipkart to discount further and incur losses.

Place (Distribution):

A strong distribution strategy is essential for online retailers. Amazon stocks approximately 700,000 items eligible for next-day delivery and offers over 22 million products in its overall catalogue.

In India, Amazon utilizes India Post to reach even the most remote areas. Sellers with their own warehouses can use Amazon’s logistics service called “Easy Ship.” Private courier services have limited reach, making India Post crucial for mass market access.

Amazon has also introduced “Kirana Now,” connecting local kirana stores with Amazon’s logistics network to deliver essentials within two to four hours. These stores act as local delivery and pickup points.

Snapdeal fulfills deliveries through its own fulfillment centers and a supply chain partner, GoJavas, operating in over 100 Indian cities, ensuring faster delivery and improved packaging consistency.

eKart, Flipkart’s in-house logistics arm launched in 2009, introduced innovations such as Cash on Delivery, In-a-Day Guarantee, and Same-Day Delivery. eKart now extends its services beyond Flipkart to other brands and platforms.

eBay uses Power Ship, partnering with logistics providers such as Blue Dart, FedEx, Aramex, and DTDC (DotZot). Sellers package items using eBay materials and hand them over to assigned logistics providers.

Myntra uses multiple courier partners based on preference, while Jabong relies on Javas and local courier tie-ups depending on the market and location.

Gender-wise Data Distribution for Brand Awareness of E-Payment Gateway Apps in Coimbatore:

Which of the following e-payment gateway apps are you aware of?	Gender					
	Male		Female		Total	
	Count	Column N %	Count	Column N %	Count	Column N %
Paytm	214	85.6%	295	92.5%	509	89.5%
Mobikwik	142	56.8%	151	47.3%	293	51.5%
Free charge	135	54.0%	145	45.5%	280	49.2%
Paypal	145	58.0%	173	54.2%	318	55.9%
Google pay	207	82.8%	273	85.6%	480	84.4%
Noneofthe above	22	8.8%	16	5.0%	38	6.7%
Total	250	100.0%	319	100.0%	569	100.0%

1. Male Respondents:

Out of the total 250 male respondents, 214 respondents were aware of the Paytm brand, 142 respondents were aware of Mobikwik, 135 respondents were aware of Free charge, 145 respondents were aware of PayPal, and 207 respondents were aware of Google Pay. Twenty-two respondents were not aware of any online e-payment gateway apps in Coimbatore.

The percentage distribution of brand awareness among male respondents was 85.6% for Paytm, 56.8% for Mobikwik, 54.0% for Free charge, 58.0% for PayPal, 82.8% for Google Pay, and 8.8% for respondents who were not aware of any online e-payment gateway apps in Coimbatore.

The above data distribution indicates that male respondents were more aware of Paytm and Google Pay compared to other online e-payment gateway apps in Coimbatore.

2. Female Respondents:

Out of the total 319 female respondents, 295 respondents were aware of the Paytm brand, 151 respondents were aware of Mobikwik, 145 respondents were aware of Free charge, 173 respondents were aware of PayPal, and 273 respondents were aware of Google Pay. Sixteen respondents were not aware of any online e-payment gateway apps in Coimbatore.

The percentage distribution of brand awareness among female respondents was 92.5% for Paytm, 47.3% for Mobikwik, 45.5% for Free charge, 54.2% for PayPal, 85.6% for Google Pay, and 5.0% for respondents who were not aware of any online e-payment gateway apps in Coimbatore.

The above data distribution reveals that female respondents were also more aware of Paytm and Google Pay compared to other online e-payment gateway apps in Coimbatore.

Chi-Square Test Interpretation:

A chi-square test was conducted to examine the association between gender and brand awareness of e-payment gateway apps. Gender (male and female) represents the two independent categorical variables, while awareness of e-payment gateway apps represents the dependent variable. The test was used to understand whether there is a significant difference in brand awareness between male and female online shoppers.

Pearson Chi-Square Test	
Which among the following e-payment gateway apps are you aware of?	Gender
Chi-square	20.996
df	6
Sig.	.002*
Results are based on non-empty rows and columns in each innermost sub-table	
*.The Chi-square statistic is significant at the .05 level	

The test results show the chi square value as 20.996 with a degree of freedom (df) 6 and a significance value of 0.002. There is a significant difference between male and female online shoppers with respect to awareness for e-payment apps. Paytm has more brand awareness as compared to other e-payment apps among female (92.5%) respondents as compared to male (85.6%) in the city of Coimbatore.

Comparisons of Column Proportions		
Which among the following e-payment gateway apps are you aware of?	Gender	
	Male (A)	Female(B)
Paytm		A
Mobikwik	B	
Free charge	B	
Paypal		
Google pay		
None of the above		
Results are based on two-sided tests with a significance level of 0.05. For each significant pair, the key of the category with the smaller column proportion appears under the category with the larger column proportion.		
a. Tests are adjusted for all pair wise comparisons within a row of each innermost subtable using the Bonferroni correction.		

Interpretation of Chi-Square Test Results:

The chi-square value obtained ($\chi^2 = 32$) suggests that the collected data fall within the acceptable range. The measured significance level ($p = 0.002$, $\alpha < 0.05$) indicates a statistically significant difference in online brand awareness between male and female respondents.

Female respondents (92.5%) were more aware of the Paytm brand compared to male respondents (85.6%).

Further, a significant difference was observed in brand awareness for Mobikwik and Free charge, where male respondents (56.8% and 54.0%, respectively) showed higher awareness compared to female respondents (47.3% and 45.5%, respectively).

Conclusions:

The effectiveness of the research methodology cannot be measured in real time due to the dynamic nature of the research topic. With changing consumer preferences and the increasing availability of online offers and services, online shoppers frequently shift their needs and purchase motivations. The reasons for shopping also vary over time, making it difficult to trace consistent behavioral patterns. This research summarizes general purchase intentions, with convenience particularly home delivery emerging as the dominant factor.

During the period of this research, several major developments occurred in the Indian online services market. Uber Eats was introduced in Mumbai in 2017 and was later acquired by Zomato in January 2020. In August 2020, Reliance Retail Ventures acquired a significant equity stake in Netmeds' parent company, Vitalic, marking Reliance's entry into the online pharmacy sector. On May 25, 2021, Medlife, an online pharmacy app, was acquired by PharmEasy. Subsequently, 1mg Technologies Private Limited was acquired by Tata Digital on June 10, 2021, enabling the Tata Group to enter the online pharmacy market. Additionally, the Tata Group acquired BigBasket on May 28, 2021, to strengthen its presence in online grocery delivery through its app StarQuik.

Niche marketers are increasingly selling or merging their businesses with large retailers to complement offline operations. Due to frequent acquisitions, exits, and market restructuring, it is difficult to arrive at a constant solution to marketing challenges. Competitors are required to continuously redesign and update their marketing strategies to meet evolving customer expectations and sustain competitiveness in the online marketplace.

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