

# Conceptualizing a Model for Online Shopping Intension: A Literature Review

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**Abstract:** - Internet marketing and online shopping have opened the gates not only for big, small and medium enterprises (SMEs), it has created immense opportunities for startups of India, to market their products (both goods and services) globally. But though there is significant development of the internet technologies, internet facilities and services, still the online sale is not significant compared to the sale through retail. Hence, this study is undertaken to find the factors that will improve online sales. The literature available in the internet is reviewed to understand and find the influencing factors for online shopping. The findings are that there are two major categories of influencing factors, namely motivating and restricting factors, which affects the customers' intension to use online shopping for purchase. Based on these findings a model has been conceptualized. In the proposed model, the construct variables are *motivating factors* and *restricting factors* and the dependent variable is *intension to buy online*.

**Key words:** Internet marketing, online shopping, e-tailing, web stores, influencing factors for online shopping, restricting factors for online shopping, online buying attitude, and intension to buy online.

## I. INTRODUCTION

### Background

The IT revolution and continuous development of network technology is facilitating high growth rate of e-commerce. Internet has provided e-tailing as an alternative distribution channel for sales and distribution, which is growing at a very fast pace all over the world. In the fast changing world, web stores or e-tailing is becoming new sales model unfurling immense business opportunities not only for large enterprises, but also for small and medium enterprises (SMEs) throughout the world. This has great impact on the development of the economy of any country in the world. India having one of the largest technical manpower and the highest percentage of young generation in the world, has the immense potential for the growth of the industry and the economy.

Online shopping is a better alternative as it is more comfortable than buying from retail, which is usually associated with anxiety, traffic jam, time limitation, parking problem etc. (Yuliharsi et al., 2011). Today, online shopping is convenient for customers like working women with children, employees with hectic schedules, disable persons

and others who may not have the time to spare for buying from retail outlets. (Khalil et al., 2014). But the growth of online shopping is relatively lagging, compared to the pace of development of internet technology, because most of the internet users were not switching to online shopping and still remaining as web browser (Wang et al., 2008). The proportion of online sales to total retail business is still small (Sinha et al., 2012). Though internet facilities and services in India are developing rapidly even in tier-II cities, but to make customers accept and use online stores for purchasing, it is essential for the web portals to understand the customers' attitude and concerns towards online shopping, assess the various factors which influence the customers' attitude and resolve them through innovative strategies (Murali et al. (2014). As customers' tastes, attitudes and behaviors change over time, continuous study about the customers' behavior and perception is needed to help companies to frame appropriate marketing strategies for the development of the e-tailing business (Shabeer, 2014). Moreover, the beliefs and the value system, cultural values, social outlook, attitudes, needs for satisfaction change over time specially in developing countries like India, due to technological and all round development of the society at large.

## II. PURPOSE OF THE STUDY

This paper attempts to do the literature survey and analyze the previous research studies to identify the factors that influence the decision of customers to use online shopping for purchasing. The results of this study will help the e-tailing organizations to develop internet marketing strategies and design marketing programs to make more and more customers switch to online shopping, which will contribute to the growth of the Indian economy.

The paper has been divided into 7 sections, named as: *Introduction* (giving details of the background of the study and purpose of the study), *Literature Review* (providing information of what other researchers have found from their studies about the factors affecting the decision of customers to purchase online), *Research Objectives* (which will provide the direction of the study), *Research Methodology* (in which the method of conducting the research is explained). *Findings* (where the results of various studies will be discussed and

interpreted), *Conclusion* (where results will be concluded and limitations of the research will explained) and *Directions of Future Research* (which will guide further research).

### III. LITERATURE REVIEW

Wang et al., (2008) did an exploratory research by reviewing the works of domestic and foreign scholars and summarized that in retail the purchase decision of customers are comprehensive actions of cultural factors (culture, subculture, social stratum), social factors (reference group, family, role and status), personal factors (age, career, economic status, life style, self-concept), and psychological factors (motivation, sensory, learning, belief, attitude). But the factors that influence for buying online in China are payment security, web site visibility, online shops credibility, information comparison, privacy, web site interface, convenient time, education level (comprehensive quality), experience of using network. The distrust of the website restricts inexperienced people from attempting to buy online as they are afraid of being deceived.

In an empirical study with Indian youth Rishi, B. (2010) found that the main factors that motivate the Indian youth to buy online are reliability, accessibility and convenience. Reluctance and preference are the two decisional factors for buying online or offline. In a research study in an institution of higher learning in Malaysia, Yuliharsi et al. (2011), concluded that compatibility, usefulness, ease of use and security, normative beliefs and self-efficacy are important predictors for doing on-line shopping. Hsu et al. (2012) conducted a research with Mongolian consumers in Taiwan and found that innovativeness, perceived benefits and perceived risk are important determining factors for online shopping. Sinha et al. (2012) in their research study with 143 experienced internet users, in India found that the important stimuli towards using Internet for shopping are convenience, perceived product risk, perceived financial risk, perceived non-delivery risk and technology specific innovativeness for males and convenience and attitude for females. They suggested for money back guarantee, insured and assured delivery to reduce the risk factors. According to Yousaf et al. (2012), though the most important factors that can persuade the customer's online buying decision, is delivery cost for purchased items, but perceived risk, perceived convenience and perceived enjoyment also influence to shop online. Drawing a sample of 200 higher-education students from Indore, Sharma et al., (2013) studied the various factors that may influence the decision to shop online. They observed that convenience, internet traits, and attitudinal traits have influence on online shopping decision of young students, while perceived risk (financial risk, privacy, security) and product guarantee/warranty restricts them to shop online. Uzun et al. (2014) conducted a study for consumer electronics products with 104 Bosnian respondents, consisting both online and offline shoppers. They noticed that the most

essential parameter, which affects the decision to shop online were convenience, and trust followed by prices and quality of products. The respondents were very suspicious because of cheating and fraud on the Internet. Khalil et al. (2014) observed in their research study in Soudi Arabia that the factors affecting the decision to purchase online are the price, trust, convenience and recommendations. Khanh et al. (2014) conducted research in Vietnam focusing on university students, consisting mainly male respondents. This study revealed that perceived economic benefits, perceived merchandise, and perceived payment benefits have significant impact on adopting online shopping. The growth of e-commerce in Vietnam was very difficult, because of the fear of risk taking while buying through online. Laxmi (2014) concluded that youths of India, while buying apparels and electronic goods through internet prefers cash on delivery. Security and network reliability are the major concerns which refrains customers from online shopping. Murali et al. (2014) collected data from 250 internet users from tier II cities of Andhra Pradesh, India. This research analysis revealed that security, shipping charges, convenience, pleasant experience, trust, need, accessibility, service, product delivery, reliability and quality were the important factors that influence to purchase from online stores. Based on the research study with students of a B-school in India, Patil et al. (2014) identified that delivery mode, post purchase experience, safety and security, information quality, and website design were the major factors that affects the decision of young generation while selecting a website for purchasing. Sen (2014) selected 150 respondents in Kolkata, India to identify the factors that influence the online purchase of products in Kolkata. The study revealed that the cost factor (lower price, discounts and other sales promotional offers), convenience (shop at home and saving time), product information, and seller related factor (unavailability and unawareness of the seller) were the four important factors in the order of importance that influence to purchase the products online. According to Shabeer (2014) in rural areas of Kerala in India, the encouraging factors for shopping online are low price, greater selection of products, saves time, rare products availability, convenient store hours, variety of stores, novel experience of shopping in the order of importance. The discouraging factors are product cannot be examined, delivery system, lack of confidence in the security, product may be of inferior quality, web page is not user friendly, slow speed internet connection, lack of customer support representatives in the order of importance. Ganapathi, R. (2015) found in the research study in Chennai, India that convenience, security, website features and time saving affected the purchasing decision of online shoppers. Nittala, R. (2015) in the study in Andhra Pradesh in India, identified that perceived risk and price have impact on purchasing online. Prashar et al. (2015) reduced the comprehensive set of twenty-four variables into six important factors, namely, transaction security, augmented benefits, user experience, cognitive stimuli, personalized assurance and web

atmospherics that affects the selection of web store. As presented by Akbar et al. (2015), the important influencers from highest to lowest were price, refund, convenience, auction websites, security, brand, search engines, promotion and online shopping malls to accept online shopping.

**IV. RESEARCH OBJECTIVES**

- 1) To identify the motivating factors for online shopping.
- 2) To identify the restricting factors for online shopping.
- 3) To conceptualize an online shopping intension model.

**V. RESEARCH METHODOLOGY**

The present study is a literature review. Hence the related past research studies, which are available in the internet in published form have been consulted. The literature both international and national have been reviewed in chronological order. The literature, which are available and relevant to the objectives of the study, have been referred.

**VI. FINDINGS**

Most of the researchers have identified the influencing factors for online shopping. Few of them noticed that out of these influencing factors, some factors restrict or discourage the customer to shop online. But if one analyses these factors together, one will be able to see the emergence of two

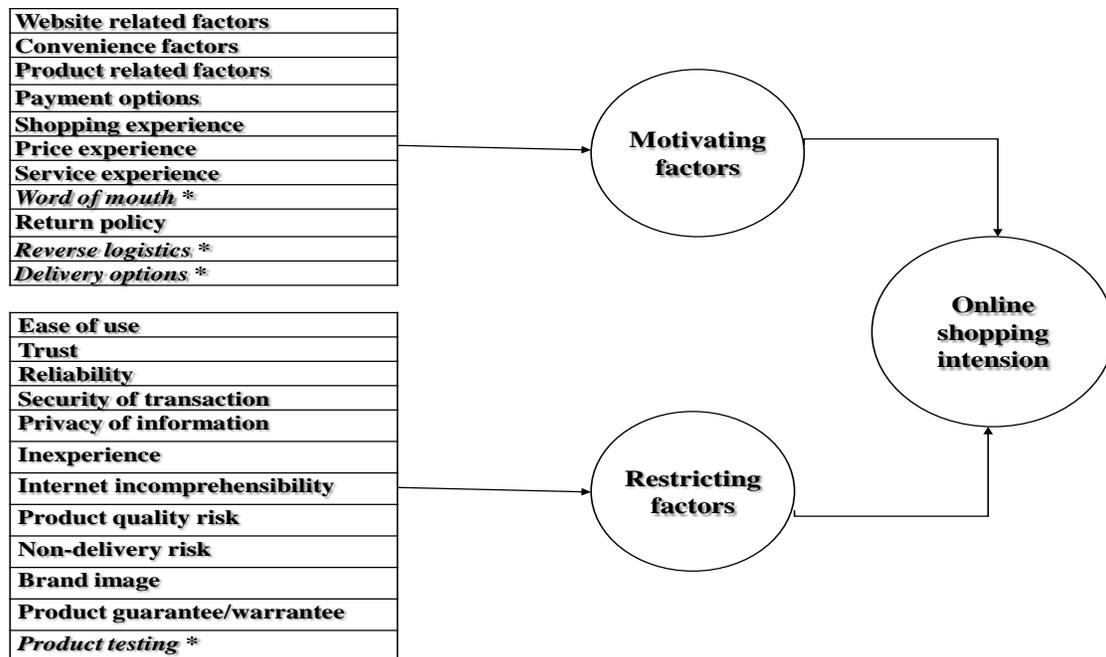
important specific categories of factors, namely *motivating* and *restricting* factors, which need different treatments by the e-tailers for the growth of the online sales.

After analysis it can be summarized that the *motivating factors* for online shopping are convenience, convenient store hours, time saving, variety of stores, website design, usefulness, innovativeness, accessibility, promotion, low price, shipping cost, recommendations, payment options (cash on delivery), web site visibility, product information quality, information comparison, pleasant experience, delivery mode, post purchase service experience, greater selection of products, rare products availability, and augmented benefits.

The *restrictive factors* for online shopping are ease of use, trust, reliability, transaction security risk, perceived product quality risk, perceived financial risk, perceived non-delivery risk, privacy of personal information, inexperience, internet comprehensibility, refund option, brand image, product cannot be examined, slow internet connection, insufficient customer support, product guarantee/warrantee.

Based on these findings an online shopping intention model has been conceptualized. The *motivating factors* and *restrictive factors* are the *construct variables*, which can be examined to find the effect on *the intention to purchase online*. Most of the scales for measuring these construct variables have been developed from the findings of this literature review and some new factors have been added by us to meet the objectives of the study.

Figure 1 : Conceptual model for online shopping buying intension



The proposed conceptual model will help to understand the effects of construct variables and scale variables on intention to buy online.

## VII. CONCLUSION

Many researchers have identified and verified the relationship of the influencing factors on online shopping intension, but considered few factors in isolation. Moreover, these have been done in different countries having diverse cultural, social, personal and psychological factors, which affects the attitude and behavior of customers. Hence, for examining the applicability of these factors in India, it is necessary to assimilate all these factors and to study the impact of these factors on purchase intension of customers using descriptive research. The results have been summarized, based on the availability of information in the internet. Hence, there might be more studies, which are not consulted, which limits its generalizability.

## VIII. DIRECTIONS FOR FUTURE RESEARCH

Though many researchers have found the influencing factors towards online shopping attitude, but there is limited study in differentiating between motivating and restricting factors. But these two factors require different approaches and strategies. Hence, the present researchers propose to conduct an empirical research to test this proposed conceptual model to find the effect of the construct variables selected from the results of this study, on intension to shop online, the dependent variable. The model will be tested using Structural Equation Modeling (SEM). The result of this research will help the e-tailing organizations of India to frame business strategies in internet marketing to increase the online sales, which will contribute to the economic growth of India.

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