



ONLINE MARKETING: THE EVOLVING MARKETING PARADIGM

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Abstract

Online Marketing is the new buzz model of doing business. It is the art of business which blends convenience and price flexibility, to suit the consumer needs. The fervour of shopping online has attracted the attention of many. However, its limitations may outweigh the benefits and cause hurdles to its growth. Telecommunication needs to primarily penetrate into the remotest parts of the country and the ease of handling technology gadgets has to gain popularity among all age groups.

Key Words: *Online Marketing, Consumer Behaviour.*

Introduction

The entry of MNCs changed the employment scenario in India. Job opportunities and income levels rose, thus giving rise to a new class of Indians, namely the Upper Middle Class. India's growth did not stop at that – the Liberalization policies further upshot into the process of Privatization and further into Globalization, today making us a country in contention to be among the super powers by 2020.

The change that has effected so far has made India move into a scale where change is the rule. Adaptability towards change has become the order of the day. Today, India is at an advantage because it has the largest population in the category of workable individuals. Which means that the ability of the population to contribute towards GDP and productivity is higher compared to other countries. Today India has a population of literate and tech savvy youngsters who have immense potential to change the face of the nation.

Due credit ought to be given to our Late Prime Minister, Rajiv Gandhi, for the development that is achieved today in the field of ICT. He introduced computers to India during the 1985 Asian Games, which India hosted then. This bold step then faced a lot of criticisms, but gradually as its benefits were demonstrated, the change was welcomed. Since then, the evolution has been revolutionary. The software export industry developed, reaping dollars for India, the BPO sector developed, networking through the internet became a necessity and gradually its effects spread to the mobile technology. Internet today has become a tool that resurrects the bored from boredom, makes people wiser and makes the world closer.

Today there are around 120 million internet users. This represents a penetration of 7% of the population thus having huge opportunity for further growth. This also according to a recent McKinsey & Company Report, makes it the second largest national group, only behind China. Although in relative terms the figure seems small, but in absolute terms it is huge and hence Corporate India is taking advantage of this huge base of internet users, and uses this media to promote their products, by providing the customers ease and convenience of shopping. It has been observed that the young and dynamic user population in India is driving the growth of online consumption and is using the internet in sophisticated ways that are in line with developed countries. With almost 900 million mobile phone users in the country, broadband and internet services are expected to grow through wireless mode and it is expected that it will drive the growth of e-commerce.

Review of Literature

Shelly & Ann, 2003 The authors consider the role of gender as it relates to e-commerce and offer a conceptual framework that attempts to explain why women are less satisfied than men with the online shopping experience. Perceived emotional benefits are discussed as a primary reason women lack support for e-commerce activity. Additional concepts in their model include trust (i.e., skepticism) and practically (i.e., convenience). Their survey findings revealed that the three concepts - emotion, trust and convenience - predicted women's dissatisfaction (and men's satisfaction) with online shopping, as well as men and women's actual shopping behavior. The authors offer ideas to help e-marketers from stronger emotional bonds with female shoppers.

Kaur & Singh, 1999 The retail boom in India brings tremendous opportunities for foreign as well as domestic players. The changing lifestyle of the Indian consumer makes it imperative for the retailers to understand the patterns of consumption. The changing consumption patterns trigger changes in shopping styles of consumers and also the factors that drive people into stores. Hence, the key objective of this paper was to uncover the motives that drive young people to shop in departmental stores or malls. A sample of 115 students had been taken and their responses were gauged through a personally administered, structured questionnaire. The results reveal that the Indian youth primarily shop from a hedonic perspective. They importantly serve as new product information seekers, and the retailing firms can directly frame and communicate the requisite product



information to them. As not much work in India has been done in this context, the paper seeks to provide fruitful insights into the motives of Indian youth that can benefit academics as well as marketers.

According to a Report by ASSOCHAM on E-Commerce Market in India (where responses of 3500 traders in the metros of India were analyzed), the e-commerce market in India has been growing by leaps and bounds for the last few years. The trend is expected to continue as it was estimated to be worth \$16 billion in 2013 and is expected to touch \$56 billion by 2023. Consumer behaviour and shopping trends have helped the Indian e-commerce industry to record a staggering 85% growth in 2013. The report also projects that the e-commerce market in India will control 6.5 percent of total retail market by 2023. The report also projects, the younger generation to be the driving force behind the growth of the e-commerce industry in India. Nearly 90 percent of the online shoppers in India belong to the 18-35 years age group, while only 8 percent fall in the 36-45 years age group.

A Flexible Strategy is the Key to Success in India's E-Commerce Market

E-Commerce "norms" are still being established in India, where the E-Commerce market is just developing and experienced E-Business professionals are still hard to find. The following strategies have emerged out of observation in order to succeed in the E-Commerce business:

- **E-Businesses must be Willing to Work with Many Different Partners:** In India, no single player today can handle all aspects of the E-Commerce business on behalf of major retailers or brands. Instead, E-Businesses will need to manage every step of the E-Business operation — from site design to fulfillment solutions to employee training. Leading E-Commerce sites in India today tend to build their capabilities rather than buy, although that scenario is likely to change as more global players with existing vendor partners enter the market. E-Businesses entering the Indian market must be aware of the need to work with a variety of partners and be willing to work through the challenges of integrating multiple solutions.
- **Savvy Businesses Will Make Mobile a Part of the E-Commerce Mix from the Start:** While the mobile opportunity in India is nascent, it is undeniably going to be a critical part of how consumers interact online. E-Businesses should take advantage of this growing trend by including a mobile website as part of their offering - ensuring that it is accessible on both feature phones and smartphones, given the relatively low penetration of smartphones in India today.
- **Multi-Brand Retailers Should be Ready to Launch as Soon as FDI Constraints are Lifted:** FDI regulations currently keep multi-brand retailers from establishing a business in India: Amazon.com, for example, altered the business model it used when entering other markets and launched in India with an online shopping service, Junglee.com. While it is impossible to know exactly when and if the FDI restrictions will be relaxed, foreign E-Businesses with an interest in India should map out their potential offerings in India now so that they can move quickly when this type of investment is allowed. It will be hard for slow movers to get a piece of the action, given that so many global companies already have their sights set on the market.
- **Be Prepared to Move Beyond English to Differentiate Longer Term:** In the research by ASSOCHAM, it did not come across a single major site in a language other than English. While it is a safe bet that online buyers in India will predominantly be English speakers in the short term, global businesses often overestimate the number of consumers in India who speak and understand English fluently. Global media sites have already taken notice of India's diverse online population: Yahoo, for example, provides news in Bengali, Hindi, Malayalam, Marathi, and Tamil; MSN also offers a multilingual site. E-Business leaders should consider multilingual websites as a potential long-term option for differentiating their offerings and appealing to consumers who may understand English but prefer a local language

These rapidly changing economic and social trends in India is changing the perception of the Indian consumer. Companies are evolving in order to meet the growing demands of the Indian consumer. The economic status has also changed for the better, which is also contributing to not only the country's industrial growth but also the use of internet among the literate and semi-literate population of India. In the light of this background, this research paper with a sample size of 200 respondents analyzed, aims to understand the consumer behaviour towards online shopping.

Research Methodology

The study was an exploratory study to understand the consumer behaviour of online shoppers in Mumbai and hence a representative sample of 200 respondents was chosen. These respondents were administered a questionnaire which they filled in. The objective of each question was explained and discussed with every respondent, so that each respondent filled the questionnaire with the same perception in mind which the study is trying to analyze. The data collected was tabulated and analyzed to draw conclusions and recommendations.



Research Objectives

- To analyze the consumer behaviour of online shoppers and analyze the reasons why they do or don't shop online.
- To study and analyze the behavior of online shoppers with relation to their age.

From the research objectives, the following hypothesis have been deduced

H1: There is huge untapped potential in India for online marketers.

Ho: There is no untapped potential in India for online marketers

H2: The younger Indians are more attracted to online shopping.

Ho: The younger Indians are not the only ones attracted to online shopping.

The questionnaire was administered to 200 individuals from the age group of 21 years to 51 and above years. There were 50 respondents in each of the age intervals, namely, 21-31, 31-41, 41-51 & 51+. The questionnaire was administered only to the residents of the metropolitan city of Mumbai.

Analysis of the Data Collected

1. How often do you Shop Online

Table 1: Frequency of Shopping Online

Parameters	21-31	31-41	41-51	51+	Total	Percentage
Weekly	0	0	0	0	0	0 %
Monthly	3	1	0	0	04	2 %
On Occasions (birthdays, anniversaries etc)	22	14	8	1	45	22.5 %
Festivals	14	21	2	1	38	19 %
Based on Mood	11	10	1	1	23	11.5 %
Never	0	4	39	47	90	45 %
Total	50	50	50	50	200	100 %

It is evident from the above data that people prefer to shop on weekends by physically visiting the stores. They use the internet medium only when required on occasions or festivals. And it is largely the younger age group using the internet medium for shopping. 45 % of the respondents do not shop online at all, while the remaining mainly shop only occasionally.

2. What are the sources / ways of finding out the new products in the Market?

Table 2: Sources of Finding New Products in the Market

Parameters	21-31	31-41	41-51	51+	Total	Percentage
Fashion Magazines	4	3	1	0	8	4 %
Newspapers	0	0	18	23	41	20.5 %
Malls	7	6	11	7	31	15.5 %
Friends / College campuses or Office	17	19	7	3	46	23 %
Internet	12	14	3	1	30	15 %
Retail shops in Markets	2	4	8	16	30	15 %
Mobile Apps	8	4	2	0	14	7 %
Total	50	50	50	50	200	100 %

People generally have several ways of finding the new trend in the market. It can be observed from the data that word-of-mouth is more used, and the internet and mobile apps are yet to catch up among the general masses. Internet is the least used medium of advertising and word-of-mouth seems to take a lead in the marketing strategy.

3. Which mode of shopping do you prefer?

Table 3: Preferred Mode of Shopping

Parameters	21-31	31-41	41-51	51+	Total	Percentage
Shopping Physically	2	34	40	50	126	63 %
Shopping Online	48	16	10	0	74	37 %
Total	50	50	50	100	200	100 %

Most of the respondents preferred to shop physically rather than online. For some reason even those who shopped online their preference was still to shop physically. The transaction is still not trusted by many to be safe and more convenient and hence 63% of the respondents still perceive shopping physically to be more beneficial.



4. Do you think Shopping Online is a Safe Mode of Making Transactions?

Table 4: Is Online Shopping a Safe Mode of Transacting

Parameters	21-31	31-41	41-51	51+	Total	Percentage
Yes	34	28	11	2	75	37.5 %
No	16	22	39	48	125	62.5 %
Total	50	50	50	50	200	100 %

Those who think that shopping online is not a safe mode of shopping, the reasons are, that they are apprehensive of hackers, e-frauds, e-thefts, scams, no confidence on vendors, safety of product etc. The respondents do purchase the product online but however their opinion about shopping online is that, it can be unsafe, if the credit or debit card is not secured with a pin for online transactions, which not many people bothered to do in the past. They are also of the opinion that often due to assuming that they may forget the pin, people often store these passwords in mobiles, diaries etc which can be accessed and misused.

5. Mark the Reasons you Shop Online

Table 5: Factors Due to Which Online Purchase is made

Parameters	21-31	31-41	41-51	51+	Total	Percentage
Saves time	27	39	3	0	69	34.5 %
Ability to shop at any time of the day	36	28	9	3	76	38 %
Lower prices due to discounts	42	42	10	3	97	48.5 %
Wide variety - viewing various brands at one time	46	37	2	3	88	44 %
Easy comparison of both price and quality of various brands	34	27	6	3	70	35 %
Reduces other expenses (parking charges, eating outside, travelling etc)	36	38	9	0	83	41.5 %

Most of the respondents who shop online know that the products are available online at a lower price than the one when bought from a shop. Also the convenience of shopping from anywhere is an added advantage to online shoppers.

6. Mark the Reasons you do not wish to Shop Online

Table 6: Factors Due to Which Online Purchase is not made

Parameters	21-31	31-41	41-51	51+	Total	Percentage
Unsecured money transactions	0	1	27	47	75	37.5 %
Cannot feel the product	0	4	32	47	83	41.5 %
Long wait for the product delivery	0	3	29	37	69	34.5 %
Not sure of size	0	1	17	41	59	29.5 %
Description may not match actual product	0	2	36	42	80	40 %
Picture may not match product in terms of colour	0	2	33	43	78	39 %
No specified return, exchange or refund policy of purchasing online	0	3	28	47	78	39 %

Majority of the respondents were not comfortable purchasing through the online mode as they felt unsecured about making transactions through debit or credit card online. Also as products cannot be felt when purchasing online they did not wish to purchase it online.

7. How Important are the Following Factors in Your Decision to Purchase Online

Table 7: Rating Factors That Influence Online Purchase

Ranks	21-31	31-41	41-51	51+
1	Prices	Prices	Prices	Prices
2	Security	Security	Security	Privacy of the information
3	Privacy of the information	Privacy of the information	Delivery time	Security
4	Good description of products	Delivery time	Privacy of the information	Guarantees and Warranties
5	Reputation of the company	Reputation of the company	Good description of products	Reputation of the company
6	Guarantees and	Guarantees and	Guarantees and	Good description of



	Warranties	Warranties	Warranties	products
7	Delivery time	Good description of products	Reputation of the company	Delivery time

Majority of the respondents feel that the above factors are important or very important in helping them make decisions towards purchasing products online. Price was a major consideration, for most of the respondents. Their major concerns revolve around privacy and security in doing online transactions. Getting the branded products at a lower price is also one of the major factors, which help in taking decision. Again many respondents felt that if the description of the product given on the website is very informative and all inclusive (like ingredients, allergic information, safety & precaution measures etc), then it also helps them take a better call on their purchase of the product through the online mode.

Limitations of the Study

One of the limitations to the study was the geographical extent. The study was undertaken only in the area of the Mumbai city. Some of the respondents were not willing to disclose their family income truly.

Conclusion

In a nutshell the study concludes that there is a long journey for the e-tailers to travel before they touch the very vast majority of the population. It emerged that the younger age groups were more tech savvy towards the process and they even knew the benefits of it. The older age groups were more apprehensive towards the use of computers or smartphones and hence did not want to venture into the online process, as their major concerns was that, they would not know what to do if they get stuck during the transaction.

Going by the percentages secured from the data, it is observed that the hypothesis, H1 and H2 are relevant and both the alternative Ho hypothesis are to be rejected.

Several other observations also have arisen from the study done. These observations are segregated into categories to understand the various components that affect the buying decisions of the consumers in the Indian metro of Mumbai which was the area in consideration.

With Regards to Use of Internet

- There is a huge potential lying untapped in India. Most people are not aware of the benefits of shopping / purchasing online and hence firms could enhance their business if they try and loop in as many online shoppers as possible
- Infrastructure within India has still a long way to go. Internet connection is not widespread in towns and rural areas of the country. This is one of the major reasons why not many online shoppers are existent.
- Generally Credit cards are required for online shopping. While not many in India really have a bank account, so debit and credit cards is still far off. This also one of the deterrent factors that prevents the growth of online shopping in India.
- Literacy rates in the country are quiet low. This hampers the growth in the use of internet. There is no denial that there are multi-lingual websites, however, online shopping sites are still not well equipped to cater to the needs of all the vernacular sections within India. And hence the e-tailers have limitations to the expansion of the market geographically into the interiors of India.
- The advent of computers in India was around the mid 80s. Subsequently mobiles began operation a decade later. With the quick catching up of the new technology in communication, the benefits of internet also caught attention. Which means that internet is not older than 20 years in India. This is one of the reasons that not many people in the older age groups are very familiar with the usage of internet. And hence the e-tailers have a limited market even when it comes to the age of the people.

But the positive side of the coin is that the younger ones have become quiet dependent on internet for various activities in their daily life. And this is what the e-tailers can harvest on to grow and establish themselves.

With Regards to Consumer Behaviour

- People's mentality is that if they get into the habit to shop by credit / debit cards, then they will lose track of their expenses and they may go way beyond their affording capacity, which could put them into debts and hence avoid the use of plastic money. This deters the growth of online shopping.
- Consumers in the Indian metros are becoming increasingly style / fashion conscious. And as these stylish and branded products come for a very high price, they keep looking out for sources to get branded products at lesser prices or at discounts. This many a times leads them to online shopping.
- FMCG sector in general is getting a boost because consumers are getting very particular about the quality and also about the brand position of the product they are purchasing.



- Consumers are earning a good amount of livelihood and they also want value for their money. They are willing to pay a higher price for a product, but only provided they feel that the product is worth the price.
- Consumers are well aware of the products in the market. They research well, mainly from the internet or either from books and only then decide which product to purchase.
- There is increasing peer pressure in social circles and at workplaces which is influencing the buying decisions of consumers, for products especially related to fashion.

Miscellaneous Factors

- Some respondents were found to be frequently using credit cards for several transactions, wherever possible, as it gave them reward points, which they could redeem them to get gifts or gift vouchers.
- Some respondents were observed to have ventured into online shopping for the first time because they would have got from some e-tailer a gift voucher to shop online. Understanding eventually the benefits of shopping online, they then became regular online shoppers.

Recommendations

- **Reaching the Unreached:** Competition is immense in the e-commerce sector, instead of going after other websites' customers they can tap the untapped market. Just as firms shift to rural markets when urban markets get saturated – similarly these firms should think of expanding market with newer and unfound customers – this will reduce the firms' promotional expenses which they will incur while grabbing other sites' customers.
- **Gift Vouchers to Begin with:** Some respondents were observed to have ventured into online shopping for the first time because they would have got from some e-tailer a gift voucher to shop online. Understanding eventually the benefits of shopping online, they then became regular online shoppers. Hence e-tailers should more prominently take this as a promotional activity till they are well established in the market.
- **Inclusion of Many:** Indians have time and again proved themselves to be very highly adaptable. Their mindset is ready to take on new and innovative things if it really benefits them and their living. Firms should bank on this positive attribute and take initiative to change and educate people about e-commerce. Farmers can be made to be involved in the process and in turn they would become well versed with it and then they would also involve themselves in transacting online.
- **Increasing Customer Confidence:** There should be efficient help-lines to guide people when and if they encounter any problem during the transaction or if they have any doubt about the product, they can call a representative and clarify the same. This will ensure safety for the customers during and before the transaction.
- **Promote Online Presence:** More and more promotional campaigns like Flipkart, Sanpdeal and Amazon did during the Diwali of 2014 should be repeated and bettered with time to come. This will automatically attract a lot more people towards online shopping. Also it will help increase the prominence of the e-tailer.
- **Infrastructure Improvement:** The infrastructure in ICT needs to improve and this may be done with the partnership of Company and Government. Internet is prevalent, but its usage is still low compared to the population of the country.

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