STUDY OF ONLINE SHOPPING BEHAVIOR AND ITS IMPACT ON ONLINE DEAL WEBSITES

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Abstract
Marketplace is fast turning into e-marketplace. From needle to ship, everything is being sold and bought on the internet. With new and new players coming in, it is but natural for the existing players as well as new entrants to come up with innovative techniques to sell their goods and services. Offering "deals" and 'lucrative discounts" is one such glamorous trend. The authors have tried to examine the factors which lead people to buy these discount coupons and the consumer behavior towards them. A sample of respondents was administered an e-questionnaire and their responses were evaluated using statistical tools and techniques. This paper, thus, identifies typical buying behavior of a consumer while making an e-purchase of a deal and discount coupon, their preferences towards mode of payment and tendency to repurchase the same.

Keywords: Online Deals, Consumer Behavior In E-Commerce, Discount Coupons.

Introduction
With the advent of internet and e-commerce, a variety of new business models are coming into picture. These websites promise to provide all round experience to the customer – from the fun of browsing various product/service categories to the thrill of bargaining and discounting. Traditionally, there has been a feeling of thrill associated with getting good discounts. There is a sense of achievement attached with cracking a great deal. It is this sense that e-entrepreneurs have successfully targeted upon through 'deal sites' like snapdeal, flipkart, yebhi etc. The user accesses a great service with discounts of at least 80% and the company projects a friendly image to its target while raising its profile and gaining customer loyalty. The reason the business model works is precisely because it covers a very basic need in our lives: Consumers enjoy free time, get to know new places and leisure options, all at big discounts. Users can find offers that range from beauty and health treatments to restaurants, travel, entertainment, sport, etc. Also, as occurs, the limited nature of the offers makes the purchase attractive because, if the purchase is not made in time, the chance to get the discount disappears.

1.1 Deal sites in India
1.1.1 Snapdeal
Snapdeal is owned and managed by Wharton graduates. The basic idea is to provide a platform to vendors where thet can sell their unutilized inventory at cheap price. At the same time, it offers up to 90% discounts on dining, health and beauty services, branded products,travel and more, thereby providing an extreme feel good factor to the customer. It charges upfront 35% of the deal from the consumer and the rest is paid by the customer directly to the vendor. Snapdeal has relied very heavily on promotion and advertising and has been rightly called as India's answer to Groupon.

1.1.2 Mydala
Mydala is a Delhi based startup, working on similar lines as Groupon in the U.S. Mydala has seven primary areas of service: Restaurants, health deals like spas etc, recreation like weekend packages, fashion, lifestyle, home & baby, and events. It is also foraying into mobile phones, jewellery at discounts running up to 30%.

Mydala works basically on the concept of 'group buying'. The customers get access to highly discounted quantity and time limited deals (24 hours only) up to 80 per cent off retail, which they can never get on their own. Local businesses get tremendous visibility, paid customer footfall, access to new customers and build their reach and loyalty. The daily deals also have a broad appeal. In short, they offer something for everyone, whether one is shopping or is a shop owner.

1.1.3 Dealsandyou
Dealsandyou is a portal Headquartered in Gurgaon. It is a part of the Group Buying Global AG which runs leading collaborative buying websites across four continents. Its main feature is Collective Bargaining Power which impacts buying behavior. It attracts larger group for shopping where shoppers can afford to shop and save. Buyers are able to obtain huge discounts on shopping. One gets a promo code on shopping from Dealsandyou, which can be redeemed at the time of actual buying. It is mandatory for the users to create their profile before they can begin shopping. This gives the portal an edge in customer relationship management.

1.1.4 Flipkart
Flipkart is probably India's oldest deal offering website. It has been operational since 2007. At its launching, the objective of the website was to offer best priced books to customers, which is why it is often referred to as " Amazon of India", however

now, it is functional in a variety of domains like electronics, mobile phones, movies, music, games, mobiles, cameras, computers, healthcare and personal products and home appliances. There are lots of path breaking ideas which Flipkart has successfully implemented like cash on delivery, 30-day replacement policy, EMI options etc.

1.1.5 Yebhi.com
Yebhi.com is owned by Big Shoe Bazaar India Pvt Ltd. which is the fastest growing company in lifestyle category in India. It powered the sale of multi brand Footwear online through www.bigshoebazaar.com which transformed into www.Yebhi.com which lead to expansion in other categories like Apparels, Accessories, Bags, Jewellery and Mobiles. Incepted in August 2009, Yebhi.com is a one fashion store, that follows the principle of BUY FIRST & SELL LATER.. This policy is unique among other online stores. Yebhi.com purchases the products in bulk, in tune with the latest fashion trends, and stores them in their

1 lakh sq/ft warehouse facilities, before selling it to the end consumer. This is probably the most significant process that enhances Yebhi's credibility and enables the company to maintain high quality standards and a perfect fulfillment ratio. The company carries a very large variety of footwear, t-shirts, shirts, jeans, bags, clutches and other fashion accessories.

2. Review of the literature
According to Sharma and Mittal (2009) in their study "Prospects of e-commerce in India", mentions that India is showing tremendous growth in the Ecommerce. Undoubtedly, with the middle class of 288 million people, online shopping shows unlimited potential in India. The real estate costs are touching the sky. The travel portals' share in the online business contributed to 50% of Rs. 4800 crore online market in 2007-08. Today E-commerce is a byword in Indian society and it has become an integral part of our daily life. There are websites providing any number of goods and services. Then there are those, which provide a specific product along with its allied services. Multi-product e-commerce- These Indian E-commerce portals provide goods and services in a variety of categories. To name a few: Apparel and accessories for men and women, Health and beauty products, Books and magazines, Computers and peripherals, Vehicles, Software, Consumer electronics, Household appliances, Jewelry, Audio/video, entertainment, goods, Gift articles, Real estate and services The travel portal MakeMyTrip.com has attained Rs. 1000 crore of turnovers which are around 20% of total e-commerce market in India. Further an annual growth of 65% has been anticipated annually in the travel portals alone.

Ramírez Nicolás (2010) in the above context state that "The Internet has changed many facets of our daily lives: the way we relate and communicate with one another, how we interact with a bank, read newspapers or watch television. Even the way we buy and sell. These changes have occurred thanks to the constant flow of companies offering new business models and innovative formulae, one of which has met with spectacular success and broken all previous records: online daily coupon sites based on the power of group purchasing. Discount coupons have always been a powerful marketing tool. Whether inserted in printed media or posted through letter boxes, they attracted new customers and were also offered at the time of purchase to promote consumer loyalty by encouraging repeat purchases at outlets.

In order to play the "high number game", there were many businesses which offered special discounts to a group of customers together. This led Andrew Mason in 2008 to launch "The Point", an online community to obtain best group deals. This was launched in Chicago. In the November of same year, famous "Groupon" was incorporated. Then they started to operate in other towns and cities in the United States and, subsequently, Europe and Latin America. Three years later, Groupon is present in over 45 countries around the world, including Spain since March 2010, and has received multi-million dollar bids from industry giants like Yahoo! and Google.

All these advantages have triggered a rush among consumers to buy discount coupons and the rate of user growth is rising incessantly. A report by eMarketer (2011) entitled "Coupon to Groupon: New Channels for an Old Tradition" forecasts that in 2011 one half of online consumers in the US, i.e. 88.2 million people, will redeem coupons both online and at physical outlets As for Latin America, according to data published by COM Score in April 2011, 11.6 million Internet users visited coupon sites in April, which represents 10% of the entire Internet audience in the region, with Brazil, Argentina and Chile top of the list. These figures have not gone unnoticed by the Internet giants, which have launched their own daily discount services. In July 2010, Twitter launched Earlybird in the US, offering daily promotions to its followers. Over 10,000 followers signed up in only 12 hours and today that figure is over 220,000. In November 2010, Facebook launched its Facebook Deals service and in April 2011 it continued under the new name of Check-in Deals. Users can click on "Like" on the offers appearing on Facebook and, together with others who have clicked on "Like", they can take part in a group offer relating to local businesses. As Google did not want to miss out either, in early June 2011, it launched Google Offers for the Portland area, which will be expanded to New York and San Francisco before spreading out into other

countries. Almost at the same time, Amazon Local (by Amazon) took its first steps. However, it is important to bear in mind that, despite their common ground, the target audience for these coupons is different from that of the daily discount pages. In any event, coupons have taken over Internet by flooding pages, social networks, e-mail inboxes, blogs, and micro-blogs and anywhere they can find a home. In the past too, Miller and Roger (2002) had worked out a theoretical approach based on the technology acceptance model and media appropriateness theory. They acquired 2479 mainly quantitative responses with a Web survey and analyzed them. Prior experience was found to have a substantial direct influence on the intention to use the Internet as a purchasing channel, but it also affects indirectly e.g. the perception of usefulness and ease-of-use. The impact of experience was found to be weaker on the actual behavior, but still statistically significant. These results state clearly that prior experience has a far more significant role in the purchasing channel choice than has been expressed in previous studies of internet-based B2C commerce. However, the most important factor affecting channel choice was conversation preference, which is closely related to trust. Miyazaki and Fernandez (2002) had also substantiated that the prior experience was found to affect the intention and behavior significantly and in a variety of ways. The results of this study imply that the technology acceptance model should be applied to electronic commerce research with caution. Although media appropriateness theory explains the results better, it must be noted that the technology acceptance model has been supported by several studies and media appropriateness theory is yet a reasonably uncharted territory. A framework that contains the effects of both usefulness-ease-of-use and experience would describe the problem area better. The results of this study are important also in business sense. In order to develop a successful and profitable Web shop, understanding customers' needs is essential. It has to be ensured that products are as cheap in a Web shop as purchased from traditional channels. In addition, providing well-organized and correct product-related information increases customers' trust in their own skills and thus lowers the barrier to make the actual purchase online.

More recently, Jonna Järveläinen, argued The Impact of Prior Online Shopping Experience on Future Purchasing Channel Choice. She discussed the direct and indirect effects of online shopping experience on selecting and the intention to select the Internet as the purchasing channel. The theoretical approach is based on the technology acceptance model and media appropriateness theory. Prior online shopping experience was found to have a very significant effect on the purchasing channel choice both directly as well as indirectly, and even more on the intention to select the Internet as the purchasing channel. In addition, the perceived ease- of use and usefulness as well as the perceived appropriateness of the Internet as a purchasing channel were found to have an important impact on the choice. Preferring conversation with customer service personnel had the most influential effect on intention and behavior, which can be explained by satisfaction with traditional channels as well as distrust of one's own skills with the electronic commerce system.

However, Jonna Järveläinen seems to have been influenced by Anckar's (2002) study where the role of prior online shopping experience in the purchasing channel choice was dealt with extensively. The prior experience was found to affect the intention and behavior significantly and in a variety of ways. The results of this study imply that the technology acceptance model should be applied to electronic commerce research with caution. Although media appropriateness theory explains the results better, it must be noted that the technology

acceptance model has been supported by several studies and media appropriateness theory is yet a reasonably uncharted territory. A framework that contains the effects of both usefulness-ease-of-use and experience would describe the problem area better.

Till now, the researchers have been focusing on the prior experience as a factor only. Thus, Samadi and Ali (2010) compared the perceived risk level between Internet and store shopping, and revisit the relationships among past positive experience, perceived risk level, and future purchase intention within the Internet shopping environment these are risks affecting companies marketing through Internet. The results of the study show that consumers perceived Internet shopping to be of higher risk than in-store shopping. They also show that a more positive online shopping experience led consumers' less perceived purchasing risk level in the Internet and a higher perceived risk led to less future purchasing intention from the Internet.

3. Purpose of the study
1. To study the factors influencing the purchase of deals and discount coupons from online deal websites.
2. To study the consumer preference for the mode of payment in buying from internet.
3. To analyze the role of respondents' trust while purchasing online deals and discount coupons.

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3.1 Research methodology
3.2 Sampling plan
A questionnaire was administered to a set of 150 respondents. Respondents were mainly the existing customers of the online deal sites. A web questionnaire was provided to them. The targeted participants were mainly between the ages categories of 18-30 years. Their responses were recorded and analyzed to yield following results.

3.3 Data analysis
1. The factors which influence the online decision making of the customers

Table 1: Communalities

	Initial	Extraction
f1	1.000	.891
f2	1.000	.493
f3	1.000	.387
f4	1.000	.606
f5	1.000	.580
f6	1.000	.596
f7	1.000	.630
f8	1.000	.814
f9	1.000	.740

Extraction Method: Principal Component Analysis.

Where, various factors are defined as follows:

F1: Aimless browsing
F2: financial safety
F3: Data Privacy
F4:Convenience
F5:Promotion
F6: Instant shopping
F7: Ease of comparison
F8: feedback availability
F9: sufficient service information

Extraction communalities are estimates of the variance in each variable accounted for by the components. The communalities in this table are used to extract data from other variables which are well acceptable. We have requested that eigen values greater than 1 be extracted, so the first 4 principal components form the extracted solution.

Table 2: Factors That Influence The Online Decision Making Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.598	28.756	28.756	1.598	28.756	28.756
2	1.355	17.059	45.815	1.355	17.059	45.815
3	1.238	17.753	63.568	1.238	17.753	63.568
4	1.046	14.627	78.195	1.046	14.627	78.195
5	.937	7.406	85.602			
6	.896	5.953	90.555			
7	.726	3.062	93.616			
8	.657	4.302	97.918			
9	.547	2.082	100.000			

Extraction Method: Principal Component Analysis

The second section of the table shows the extracted components. They explain nearly 80% of the variability in the original nine variables, so we can considerably reduce the complexity of the data set by using these components, with only a 20% loss of information.

Table 3: Component matrix

Component Matrix				
	Component			
	1	2	3	4
f1	.893	.106	-.338	.671
f2	-.376	.646	.503	.729
f3	.250	.032	-.448	.551
f4	.198	-.739	-.579	.418
f5	.582	.845	.609	-.678
f6	.720	.459	.318	-.215
f7	.594	.561	.622	-.363
f8	-.032	-.041	.798	.570
f9	.697	.438	-.644	.871
Extraction Method: Principal Component Analysis.				
Table 6: 4 components extracted				

The first component is most highly correlated with factor 1(aimless browsing) and factor 6(Instant shopping).

3.3.1 Factor 1: Impulse buying: The second component comprises of factor 4(convenience) with factor 5(promotion).

3.3.2 Factor 2: Informed availability: The third component combines factor 7(ease of comparison) with factor 8(feedback availability).

3.3.3 Factor 3: Customer's review: The fourth component combines factor 2 (financial safety) with factor 3(data privacy) and factor 9 (sufficient service information).
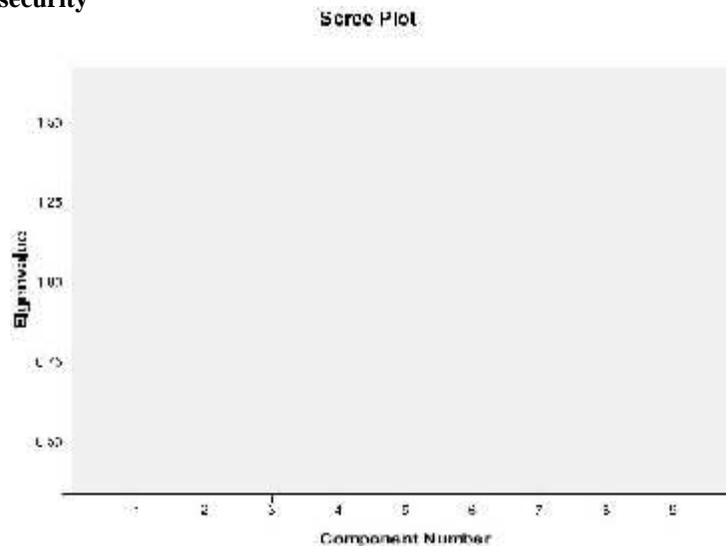
3.3.4 Factor 4: Data security

Figure 1: Factors that influence the online decision making.

3.4 Interpretation

The points plotted above the eigen value .7 are our components. The Scree plot helps us to determine the optimal number of components. With help of factor analysis we have reduced the number of factors from 9 to 4 based on those whose eigen value is more than 0.7. Thus, we can say that these 4 factors namely, Impulse buying, informed availability, Customers' review mechanism and data security highly influence a prospects' decision making prowess while doing online shopping.

We now move on to the next level of our study, where we shall determine the relationship between "trust" on a particular e-commerce website and the frequency of online shopping. We assume, "trust" to be the sense of security one experiences while making online payment to a particular website.

2. Significant relationship between the trust and the times of purchasing the online deal coupons.

HO: There is no significant relationship between the trust and the times of purchasing the online deal coupons.
H1: There is significant relationship between the trust and the times of purchasing the online deal coupons.

Table 4: Significance Between the Trust And The No. of Times of Purchasing The Online Deal Coupons

ANOVA   Trust

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	4.866	3	1.622	8.058	.002
Within Groups	19.324	96	.201		
Total	24.190	99			

This table reveals that f test and significance level is very low, so we can reject the null hypothesis that there is no significant relationship between the trust and the times of purchasing the online deal coupons.

There is significant relationship between the trust and the times of purchasing the online deal coupons. As most respondents who trust the online deal sites purchase the online coupons once or more than once in a week.

Let us now look at the other aspect of buying behavior. We now study the preference of mode of payment in the final purchase of the discount coupon by the consumer.

3. How is the trust of the respondents with respect to the online payment and the pay on delivery service? Trust v/s Online payment – Credit/debit card
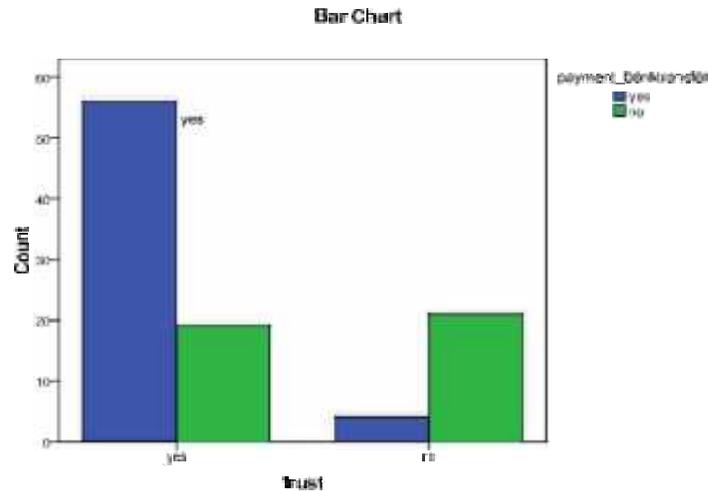
Table 5: Crosstab (Trust v/s Online payment – Credit/debit card) Trust vs Payment_cc

		Payment_cc		Total
		Yes	no	
Trust	Yes	54	21	75
	No	5	20	25
Total		59	41	100

Crosstab

Count

Trust v/s Online payment – Bank transfer
Figure 2: Trust v/s Online payment – Credit/debit card

Table 6: Crosstab (Trust v/s Online payment – Bank transfer) trust * payment_banktransfer

Crosstab

Count

		payment_banktransfer		Total
		Yes	no	
Trust	yes	56	19	75
	no	4	21	25
Total		60	40	100

Trust v/s Online payment – Bank transfer
Figure 3: Trust v/s Online payment – Bank transfer

Table 7: Crosstab (Trust v/s Pay on delivery) Trust vs Payment_delivery

Crosstab   Count

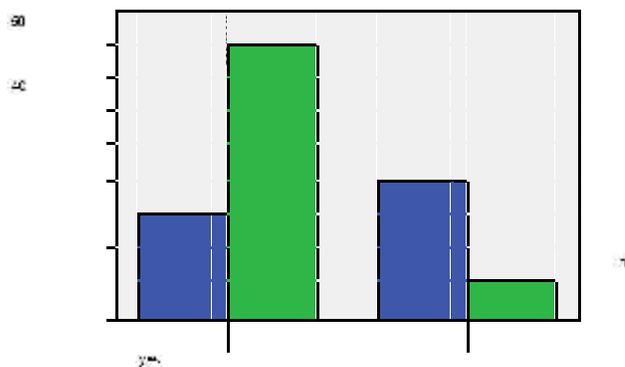|		payment_delivery		Total
		Yes	No	
Trust	yes	15	59	74
	no	19	6	25
Total		34	65	99

Figure 9: Trust v/s Pay on delivery

3.5 Interpretation

The respondents who trust the online deal sites pay through credit/debit cards and transfer money through banks .The respondents who do not trust the online deal sites pay on delivery. Also the transaction security and personal privacy influences the online decision making.

4. Conclusion

To summarize this paper, it can be said that prospects quite like to buy the deals and discount coupons. Also while deciding to buy them they consider various factors while purchasing. As a result of this research, it was found that the prominent factors affecting this buying decision are impulse, information of availability and option to provide a review. This brings us to the conclusion that since most of the e-shopping of the deals is taking place on impulse, marketers should put their focus on increasing awareness about the availability of goods and services and building a feedback mechanism. There should also be some technique by which consumers can be comforted of security concerns. Trust on this tight security mechanism leads to repeat purchase, as is established here. Higher the level of trust on the website more the number of times coupons have been bought by consumers. To understand this trust factor, the researchers further studied the modes of payment which consumers preferred. The most preferred mode was found to be Bank transfers in case where the respondents trusted the site they are trading on. The next preferred mode is credit/debit card. Quite interestingly, cash on delivery is not a much preferred mechanism, particularly when there is trust on the website.

Through this research, the researchers have concluded that the deals and discount websites must concentrate their marketing effort towards building trust in the consumer, mostly about the financial transactions. Also, a variety of payment options must be provided to the consumer in this case and technically the payment gateways must be strong enough to avoid any security breach. Next, there must be marketing activities on increasing awareness about their offerings. These two dimensions together would lead to more of impulse buying from the site thereby leading to a loyal set of customers.

4.1 Limitations

It is always a matter of chance, how much true information is provided by the respondents. Their opinion may be biased by the virtue of their or their known ones' perception or experience. Sometimes respondents don't really understand what specific information would infer. The study is conducted only in restricted areas. So, it might not give the exact picture of the online deal sites market structure of NCT/NCR.

Respondents could be biased sometimes when information is being extracted.

Because of time constrain, a sample size of only 106 respondents was being included in the study. This number is not sufficient to reflect the exact picture.

4.2 Implications for future research

The research could be further carried out for more accurate results by increasing the sample size and changing the sample groups. The sample population chosen for the research could be more focused and according the analysis could be done.

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