

Impact of Consumer Behaviour on E-Retailing in India - A Conceptual Model

Raja Sarkar

*Ph.D. Scholar, Department of Business Administration, Utkal University, Bhubaneswar,
(Odisha) India*

Dr. Sabyasachi Das

*Lecturer, IMBA, Department of Business Administration, Utkal University, Bhubaneswar,
(Odisha) India*

Abstract

The 21st century is called the century of information technology and it has impacted every sphere of our lives. Shopping is also not an exception to that. Information technology has reshaped the way we shop. E-retailing has gained immense popularity among shoppers in India in recent years and every organization is trying its level best to leverage the power of information technology to attract maximum number of shoppers and enhance their market shares. Organizations selling their products and services online need to analyze the consumer behaviours associated with e-retailing purchase to better understand their choices and target them in an optimum manner. India is relatively new in adopting e-retailing purchase compared to developed nations. Hence, there is dearth of quality research in this field in Indian context. The present study aims to plug this gap by way of developing a comprehensive conceptual consumer behavioural model in the field of e-retailing purchase to better understand various factors which might influence consumer purchase from e-retailing sites. Extensive literature reviews were undertaken to understand various factors which might contribute to purchase from e-retailing sites. The conceptual model developed in the present study needs to be tested and validated by using various statistical techniques to examine its robustness.

Key Words: E-retailing, Consumer behaviour, India, Online shopping, Technology

1. Introduction

India being one of the youngest nations on earth, e-retailing managed to make an immediate mark among its citizens due to the propensity of youngsters towards technologically advanced products or services. Advent of 4G broadband technology along with dirt cheap mobile tariffs and affordable smartphones aided the adoption of e-retailing among the masses. Apart from the online only retailers, even

the established retail giants have also taken plunge into this relatively new but hugely popular mode of selling. Consumer behaviour analysis remains one of the most challenging tasks for any marketer selling any goods or services using any medium. E-retailing, which is the virtual mode of selling products and services to consumers, makes this challenge even more enormous. Various research works were undertaken in developed nations where e-retailing made a mark at the dawn of the 21st century, to

unravel this challenge. India was relatively a late entrant in adopting this method of selling and shopping. Hence, there are very few quality research works undertaken in Indian context to analyze consumer behaviour in purchase through e-retailing sites. Culture has a huge impact on human behaviours and hence consumer behaviour can't be constant throughout the world. Keeping this in mind, an India specific consumer behaviour model to understand the effects of various factors in influencing purchase through e-retailing sites in Indian context needs to be developed. The present study will attempt to do the same by way of developing a comprehensive conceptual consumer behaviour model to understand the factors considered by Indian consumers to purchase from e-retailing sites.

2. Objectives:

- i) To develop a comprehensive conceptual model of consumer behaviour in e-retailing purchase, one that can be validated in the subsequent studies.
- ii) To develop various hypotheses related to the present study, to be tested in subsequent studies.

3. Methodology:

The present study reviews various previous literatures to identify the constructs useful for the present study. It also helps to formulate various hypotheses and provides support to develop the conceptual model.

4. Literature Review

Swaminathan et al. (1999) analyzed the factors impacting online purchasing behaviour, role of privacy and security concerns in influencing actual purchase

behaviour and how vendors and customers' characteristics impact consumers' propensity to undertake transactions on the internet. As per their study, consumer characteristics played a major role in their decision to shop online. Convenience oriented consumers were found to be the most potential online shoppers due to their biggest motivation to purchase being convenience of shopping from home. Bhatnagar et al. (2000) investigated consumers' behaviour towards internet shopping, convenience and assessed risk associated with it. The study tried to find out why certain consumers were getting attracted to the internet and why others not. The empirical study discovered several factors related to product/service/vendor characteristics which had significant effects on attitudes and behaviour of online shopping. The measures considered to value vendor characteristics in the study were store reputation, real existence of the store/physical location, store size, number of internet store entrances, reliability, use of testimonials and assurance building mechanisms like seals, warranties, news clips. Ahuja et al. (2003) examined the factors and relationships that impacted the browsing and buying behaviour of individuals during online shopping. The study identified inability to touch and feel the product as the biggest reason for customers not shopping online. Vijayasathy (2003) undertook an empirical study that analyzed the relationship between shopping orientations, product types, and consumer intentions to use the internet for shopping purpose. The study found that home, economic, and local shopping orientations were related to online shopping intentions. Rastogi (2010) carried out a

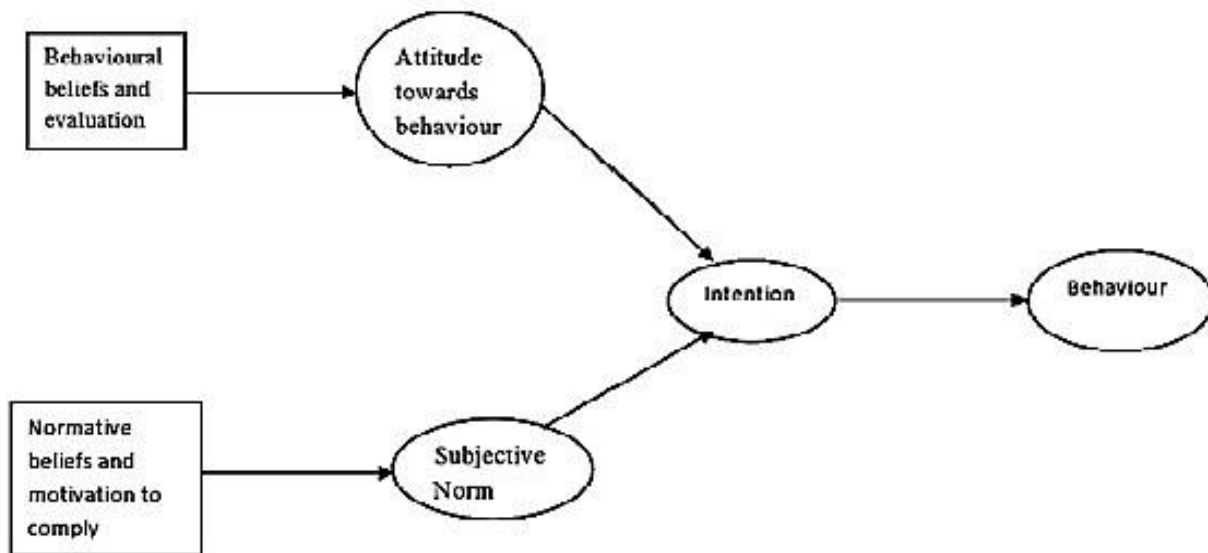
study to identify the features related to the online shopping buying behaviour. The study evaluated the behavioural aspects from various socio-economic points of view to get an idea about the drivers of consumers' attitude and goals related to online shopping and also perception of consumers related to ease of use and usefulness. The study found assessment of consumer buying behaviour to be contributing to a better understanding of it in respect of online shopping. Gupta and Nayyar (2011) made an effort to provide a view of the various demographic and psychographic factors impacting consumers' willingness to make online purchases. A

new model based on technology acceptance model (TAM) was constructed for this purpose which included consumer demographic factors and perceived risk along with the other existing TAM variables to explain the consumer acceptance of online shopping. Overall, the study attempted to provide productive insights into the factors determining the prospects of internet retailing.

5. Theoretical Framework

5.1. Relevant Theories

i) Theory of Reasoned Action

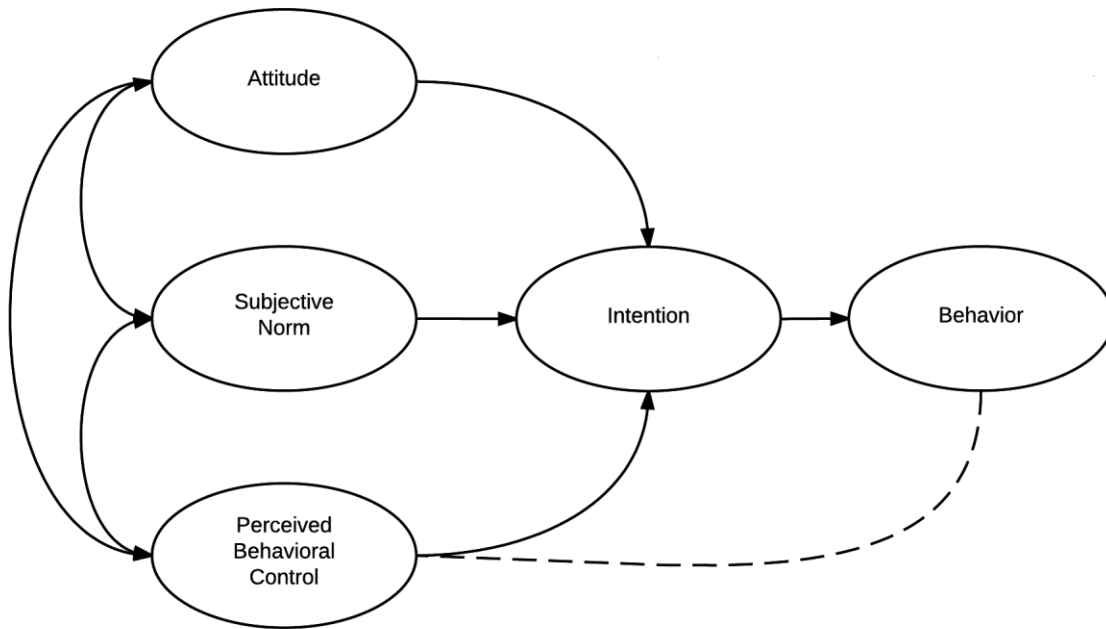


Theory of Reasoned Action (Fishbein & Ajzen, 1975)

The theory of reasoned action was first developed by Martin Fishbein and Icek Ajzen in 1967 and was later amended in 1975. The theory was derived from previous research on theory of attitude. The intent of the research was to understand the relationship between attitudes and behaviour. The theory attempted to predict

behaviour of an individual on the basis of their pre-existing attitude and behavioural intentions. According to the theory, a person's behaviour gets predicted by its behavioural intention to perform it. On the other hand, the intention itself gets predicted by the person's attitudes and his subjective norms towards the said behaviour.

ii) Theory of Planned Behaviour

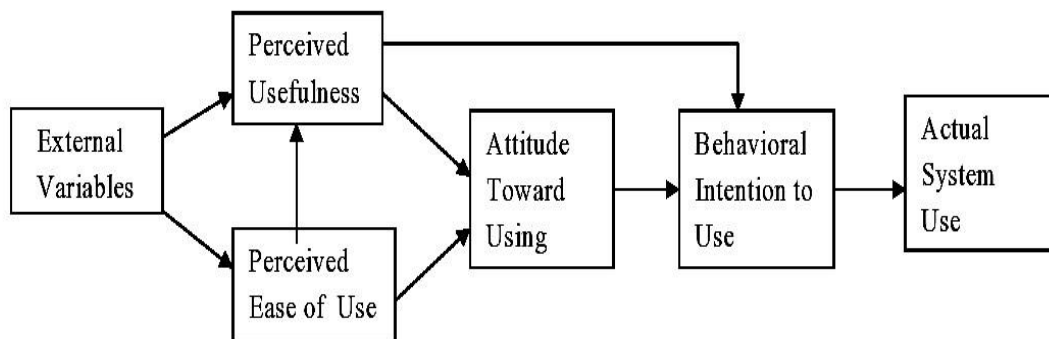


Theory of Planned Behaviour (Ajzen, 1985)

The theory of planned behaviour (TPB) was proposed by Ajzen (1985) to enhance the power of prediction of the theory of reasoned action (TRA) and to recognize volitional control (i.e. a person's willingness to perform or not to perform a behaviour) (Albarracín et al., 2001). Along with all the

existing constructs of TRA, TPB introduced a new determinant of intentions named as perceived behavioural control. As per TPB, the performance of a behaviour depends upon one's actual behavioural control to some extent.

iii) Technology Acceptance Model



5.2. Theoretical Constructs

The theoretical constructs included in the present study are- perceived usefulness, perceived ease of use, perceived enjoyment, perceived risk, web aesthetics, attitude, and intention. Below are the definitions of these constructs.

a) Perceived usefulness

Perceived usefulness is “the prospective user’s subjective probability that using a specific application system will increase his or her job performance within an organizational context” (Davis et al., 1989).

b) Perceived ease of use

Perceived ease of use is “the degree to which the prospective user expects the target system to be free of effort” (Davis et al., 1989).

c) Perceived enjoyment

Perceived enjoyment is “the extent to which the activity of using the computer is perceived to be enjoyable in its own right, apart from any performance consequences that may be anticipated” (Davis et al., 1992).

d) Perceived risk

Perceived risk is “any action of the buyer is likely to produce consequences that he or she cannot anticipate with anything approximating certainty, and some of which at least are likely to be unpleasant” (Bauer, 1960).

e) Web aesthetics

Web aesthetics is “the balance, emotional appeal, or aesthetic of a website and it may be expressed through colours, shapes, font type, music or animation” (Cyr et al., 2006).

The overall look of a site determines its aesthetics value.

f) Attitude

Attitude is the set of beliefs, emotions, and behaviours towards a specific object, person, thing, or event.

g) Intention

Intention is the mental state that results in commitment to carry out some future action/actions. Mental activities like planning and forethought are important parts of intention.

5.3. Formulation of Hypotheses and Conceptual Model

Liao and Shi (2009) undertook an empirical research on e-retailing where perceived usefulness was found to have a significant positive impact on consumer attitude towards e-retail business. Bonera (2011) analyzed the impacts of different variables on propensity of e-commerce usage where perceived usefulness was found to be impacting online purchase intention in a significantly positive manner. Hence, the following hypotheses:

H₁: There is significant positive impact of perceived usefulness on attitude towards e-retailing

H₂: There is significant positive impact of perceived usefulness on purchase intention

Davis et al. (1989) compared two theoretical models regarding user acceptance of computer technology where perceived ease of use was found to have a significant impact on attitude. Ramayah and Ignatius (2005) analyzed the impact of various constructs on intention to shop online where

perceived ease of use was found to have a significant positive impact on intention to shop online. Hence, the following hypotheses:

H₃: There is significant positive effect of perceived ease of use on attitude towards e-retailing

H₄: There is significant positive effect of perceived ease of use on purchase intention

Childers et al. (2001) examined various hedonic and utilitarian motivations for online retail shopping behaviour where enjoyment was found to have a significant positive impact on attitude towards online shopping. Teo and Noyes (2011) analyzed the intention to use technology among pre-service teachers where perceived enjoyment was found to be a significant positive predictor of intention to use technology. Hence, the following hypotheses:

H₅: There is significant positive effect of perceived enjoyment on attitude towards e-retailing

H₆: There is significant positive effect of perceived enjoyment on purchase intention

Hong and Yi (2012) examined the impact of perceived risk in consumer online purchasing decision where perception of higher risk towards online shopping among customers was found to have a significant negative impact on attitude and intention to shop online. Hence, the following hypotheses:

H₇: There is significant negative effect of perceived risk on attitude towards e-retailing

H₈: There is significant negative effect of perceived risk on purchase intention

Ganguly et al. (2010) analyzed the impact of website design on purchase intention in online shopping in their study where the effect was found to be positive by the researchers. Hence, the following hypothesis:

H₉: There is significant positive effect of web aesthetics on purchase intention

Chen (2007) carried out a study on organic foods in Taiwan where attitude of consumers to purchase organic food was found to have a significant positive impact on the intention to purchase the same. Hence, the following hypothesis:

H₁₀: There is significant positive effect of attitude towards e-retailing on purchase intention

Davis (1993) investigated the user acceptance of information technology where perceived ease of use was found to have a significant positive impact on perceived usefulness. Hence, the following hypothesis:

H₁₁: There is significant positive effect of perceived ease of use on perceived usefulness

Yi and Hwang (2003) carried out a study to predict the use of web-based information systems where enjoyment was found to have a positive significant impact on ease of use. Hence, the following hypothesis:

H₁₂: There is significant positive effect of perceived enjoyment on perceived ease of use

Lee et al. (2001) examined the factors impacting e-commerce adoption where perceived risk was found to have a significant negative impact on perceived

usefulness in the context of transaction. Hence, the following hypothesis:

H₁₃: There is significant negative effect of perceived risk on perceived usefulness

Attitude has been found to play the role of a mediator in several studies (Kanchanatane et al., 2014; Wulandari et al., 2015). Hence, the following hypotheses:

H₁₄: Attitude towards e-retailing significantly mediates the effect of perceived usefulness on purchase intention

H₁₅: Attitude towards e-retailing significantly mediates the effect of perceived ease of use on purchase intention

H₁₆: Attitude towards e-retailing significantly mediates the effect of perceived enjoyment on purchase intention

H₁₇: Attitude towards e-retailing significantly mediates the effect of perceived risk on purchase intention

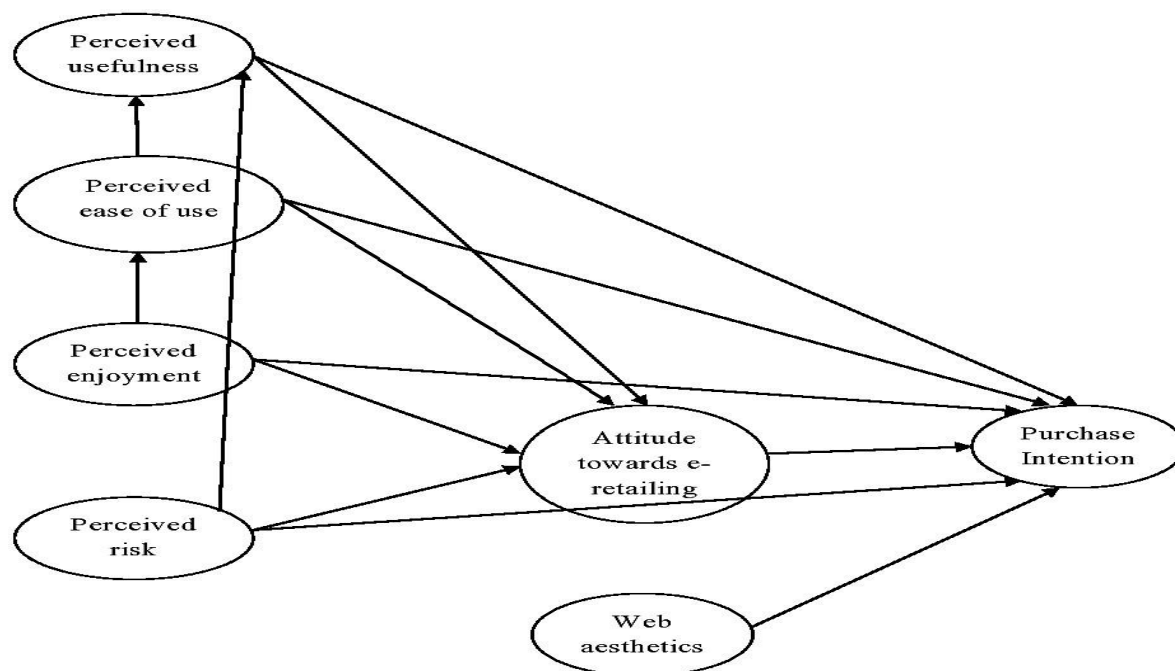
Perceived usefulness and perceived ease of use were also found to play the roles of mediators in several studies (Huynh & Thi, 2014; Moslehpour et al., 2018; Mutahar et al., 2018). Hence the following hypotheses:

H₁₈: Perceived usefulness significantly mediates the effect of perceived ease of use on purchase intention

H₁₉: Perceived ease of use significantly mediates the effect of perceived enjoyment on purchase intention

H₂₀: Perceived usefulness significantly mediates the effect of perceived risk on purchase intention

Based on the hypotheses formulated above, the conceptual model for the present study is given below:



Conceptual Model

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