DRIVERS OF PURCHASE DECISION FOR ONLINE FASHION PRODUCTS IN NAVI MUMBAI

Pooja R. Shukla[1]

Abstract

E-commerce has witnessed one of the fastest growths in business space. Several Indian e-commerce stores like Flipkart, Snapdeal etc. have brought innumerable options of online purchase and are posing tough competition for international companies like Amazon. Online purchase has gained popularity worldwide & India is no exception. This study was undertaken to explore the divers of purchase decision for Indian online fashion products in Navi Mumbai. This research yields insights for entrepreneurs and managers of online fashion product e-retailing firms by identifying the drivers that impact the online purchase decision.

Introduction

According to digital marketing research firm eMarketer (2015), the fast-growing Asia-Pacific market is expected to fuel a 25% year-over-year increase in global e-commerce in 2015. It further projects that by 2019, online purchases will more than double to $3.551 trillion, or 12.4% of total retail sales of $28.550 trillion, as more people come online around the world. The Asia-Pacific region is growing faster than any other at a rate of 35.2% year over year, with projections of $875 billion in online sales there in 2015.

India's economic growth and demographic profile sets it apart from other countries and makes it an attractive destination for retailers. The rapid advancements in technology and e-commerce industry has fuelled this growth further.

According to PwC, India has a large, aspirational middle-class of 75 million households or 300 million individuals who want products which are value-driven. Further, India also has 500 million Indians under the age of 25. These young Indians are driving purchases in mobile phones, fashion, accessories, food and beverages, quick service restaurants, etc. Young Indians have access to more money than before and with this has come independence, aspirations and a demand for products.

India's retail sector is valued at around US$ 350 billion by PwC research. It indicates that India has a low organized retail penetration (ORP) of 5 to 8%. Looking at the size of the country's retail market, various studies indicate that the 12 million mom-and-pop stores

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comprising India's unorganized market can co-exist with modern trade players. With this background, whether global or domestic, retailers want to capitalize on the India growth story. An aspiring middle-class of 300 million consumers, a large demand-driven population of 500 million young consumers and a relatively untapped rural population of 700 million people provides an enormous opportunity. Besides, a strong GDP growth, rising consumer confidence, consumption-based behaviour, increasing incomes and a large pool of consumers have made India one of the world's most attractive retail destinations.

Though nascent, India's online retail market is growing at double-digit rates. The growth drivers for this growth include internet penetration, launch of e-commerce websites by Global and local E-commerce participants offering Indian consumers a range of products, emergence of a range of buying propositions, such as group buying sites, direct sales sites, etc, Willingness of consumers to experiment with new forms of retail purchase and feel confident to search for and buy goods online and Convenience, speed and 24-hour accessibility in purchasing products. Several e-retailers have even started offering free trial period & money back guarantees to give confidence to conservative & value-seeking Indians.

Navi Mumbai is a planned township of Mumbai on the west coast of the Indian state of Maharashtra. With 89.62% literacy rate which is one of the highest in India & per capita income higher than even Mumbai, it is certainly a city with high level of purchases even online. This study attempts to investigate the drivers of purchase decision for online fashion products in Navi Mumbai.

Literature Review

With the exponential increase access of World Wide Web by people followed by rapid commercialization of the Internet in the early 1990s, the term e-commerce was coined (Turban, et al., 2002).

Monsuwe, Dellaert and Ruyter (2004) proposed a framework to increase researchers'understanding of consumer attitudes and intentions toward online shopping. The framework uses the constructs of the technology acceptance model (TAM) as a basis. They suggested that consumers' attitude toward internet shopping first depends on the direct effects of relevant online shopping features that can be either consumer's perceptions of the functional and utilitarian dimensions like ease of use and usefulness or their perceptions of emotional and hedonic dimensions like enjoyment.

Prasad and Aryasree (2009) studied the determinants of shopper behaviour such as convenience, customer service, trust, web store environment and web shopping enjoyment. They suggested that convenience, web store, online shopping enjoyment and customers' service, rather than perceived trust, had a significant impact on willingness to buy from online retail store.

Researchers such as Vigoroso (1999) have pointed out that businesses that fail to show online presence on the Internet would lose business competitiveness soon. Many of the businesses that adopted e-commerce would often develop a website to provide company and product information (Duffy & Dale, 2002; Wang, 2001). Liang, et al. (2004) have gone further and suggested that businesses may adopt three e-commerce models. The first model is the information provision model, where traditional brick and mortar businesses develop websites to provide information to consumers with no online transactions. The second model is the pure web model, where businesses operate virtually, with an online store providing products or services for purchase. The third model is the hybrid model, where businesses have a traditional brick and mortar presence along with a virtual storefront that can facilitate online transactions.

Studies on understanding factors that drive consumers to shop online is highly fragmented. Some studies focus on different aspects of consumer behaviour and characteristics while others on the technological aspects of online shopping. This makes it challenging to compare and analyze the factors affecting consumer adoption of online shopping.

Researchers like Park et.al. have made a great deal of research and discussed many influential factors on online shopping. They have studied consumer online shopping intention, motivation and decision making.

Research Methodology

The study used both qualitative and quantitative methods. The exploratory study was done through review of existing literature that helped in validation and extraction of the important variables and factors. Further, a survey of respondents was done using a structured questionnaire.

Research data was collected from 230 respondents to gain an 'insight' on the drivers of purchase decision for online fashion products in Navi Mumbai.

Research Findings

Demographic analysis shows that 58.34% respondents were male and 41.66% were female (figure 1). The study revealed that both males & females are almost equally active online in exploring fashion products along with all other kinds of products and services.
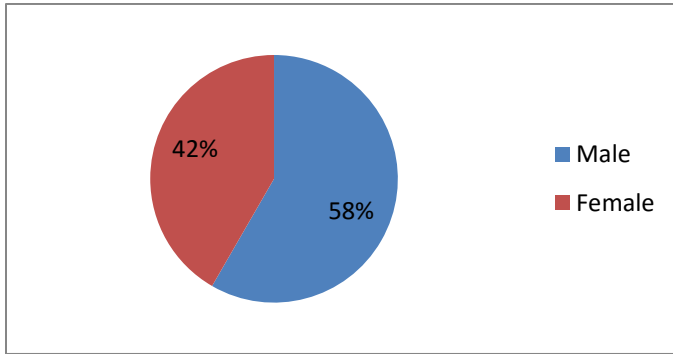

Figure 1: Gender- wise Respondents

It was revealed by the study that only 7% of respondents have not purchased products online before. Further, it was revealed that though women were very much active online in selecting products, only 23% made the online transactions themselves whereas 77% asked their partners or family members to make the transaction (figure 2). The gender-wise online purchase is as under:
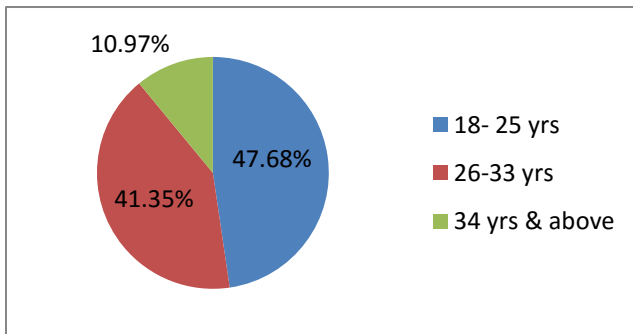

Figure 2: Online purchase by age

The study revealed that majority of respondents use Internet for shopping related activities. 96% of the respondents indicated that they go online to find out more information about fashion products (figure 3). This suggests that Internet as a tool for information gathering purposes is extremely popular. However, this does not mean that it will end up in online purchases.
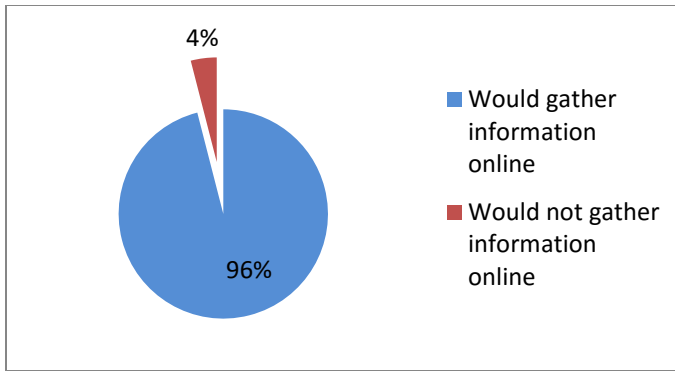
Figure 3: Information gathering before purchase of product

While responding to the question on the factors that that drive respondents to shop fashion products online it was revealed (figure 4) that two factors stand out as being more important for the respondents. 82% of the respondents ranked convenience as an important factor, while 79% ranked Cheaper prices/Discounts. This was followed by Ease in comparison of products (73%), Time saver (66%), Variety of Products to choose from (63% and Wide variety of places to purchase from (39%). This suggests that the respondents would usually prefer to purchase from particular online stores that provide convenience and affordable prices.
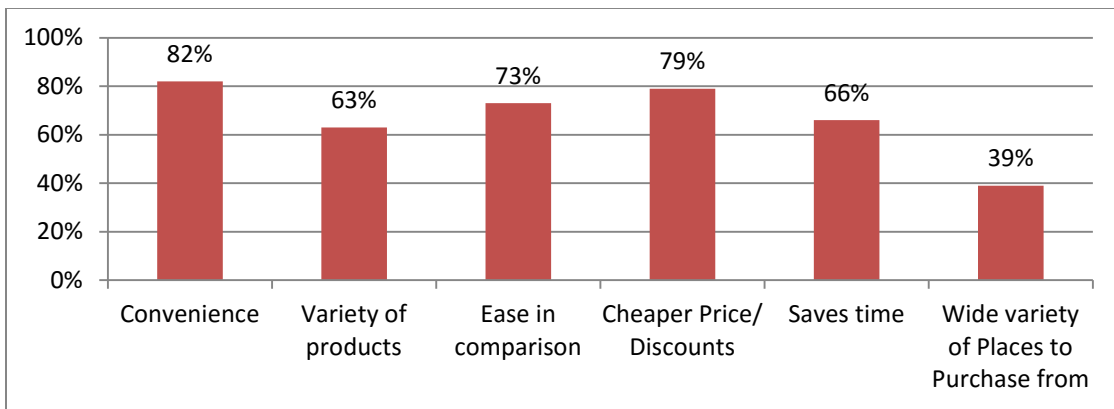

Figure 4: Drivers of online purchase of fashion products

In contrast to the drivers of online purchase decision, respondents were also asked to identify factors that discouraged them to shop online. The study revealed that the most discouraging factor was product quality; 87% of the respondents ranked it as a discouraging factor, followed by concerns on security (76%). Delivery time (42%) & unfamiliarity with online shopping (35%) have been identified as potential discouraging factors for online shopping (figure 5). It was also revealed that the frequency of online purchase increased significantly once the first online purchase was made satisfactorily. This has a major implication as a poor experience with online purchase may discourage future purchases.
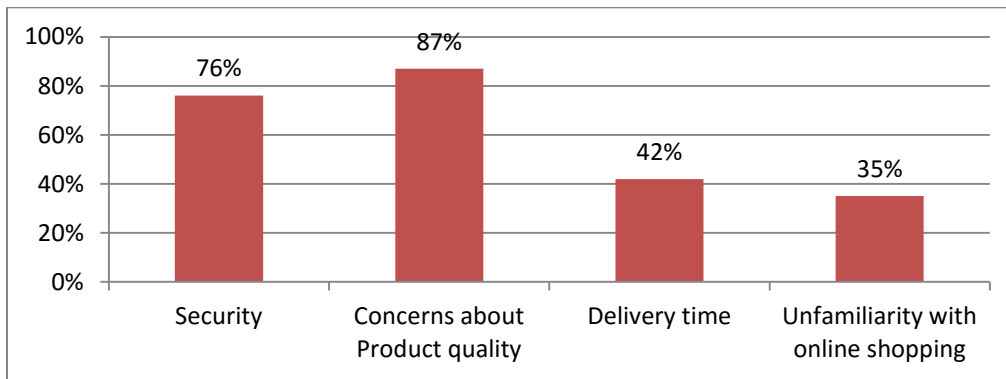
Figure 5: Factors discouraging online purchase of fashion products

Concluding Remarks and Implications of the Study

The study indicates that consumers irrespective of gender use internet as one of the primary sources to gather information about the fashion products. Amongst the factors that drive purchase decision, convenience was ranked by respondents as the most encouraging factor followed by cheaper price/discounts.

Regarding the factors that discourage consumers from online shopping, the most discouraging factor was product quality; with 87% of the respondents ranking it as a discouraging factor, followed by concerns on security (76%). It was also revealed that the frequency of online purchase increased significantly once the first online purchase was made satisfactorily. This has a major implication as a poor experience with online purchase may discourage future purchases.

The research findings highlight several implications for businesses that have or are planning to implement an e-commerce model. These businesses should aim to focus their business model on the drivers of online purchase decisions identified by this study such as convenience and cheaper prices/discounts. Simultaneously, the businesses should also consider factors that discourage online shopping by addressing the concerns about product quality and security. Website designing could be done strategically to enhance the quality perception of products. Ease in providing product reviews on website could help by providing good & positive reviews from the purchasers.

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