E-Marketing or electronic marketing refers to the application of marketing principles and techniques via electronic media and more specifically the internet. The terms e-marketing internet marketing and online marketing are frequently interchanged and can often be considered synonymous. Presently, e-marketing is the process of marketing a brand using the internet. When implemented correctly, the return on investment from e-marketing can far exceed that of traditional marketing strategies.

A chronology of history of trade reveals that commerce has evolved over the centuries. Prior to the evolution of money, it was a simple “barter process” where things could be exchanged, say milk for grains. The evolution of money brought with it the concept of “market place”. In a market place, commerce is a function of four P’s product, place, price and promotion. Once the market came into existence, a few pioneers realized that people would be ready to pay extra if they could deliver products at customer’s door steps, and thus the concept of “street vendors” was born.

When the postal system came into being, the sellers decided to cash in on the new opportunity and started using mailers giving descriptions of their products. It led to the concept of ‘Mail Order Cataloguing’. From here, the evolution of the ‘Teleshopping’ networks became inevitable with the development of media vehicles.

The latest generation of commerce is one that can be done over the internet. Internet provides a virtual platform where sellers and buyers can come in contact for
sale and purchase of goods and services. They can be thousands of miles apart, may belong to different parts of the world, and might speak different languages. ‘E-Commerce’ emerged as boundary-less trade medium in the era of globalization.

The above observation is presented by the following illustration:

**Figure - 2.1 Evolution of E-commerce**

Source: Compiled

The main purpose of an E-Commerce strategy is to generate a long term competitive advantage and focus on enhancing the performance of capital on resources of enterprise and technology. Building of effective strategy requires
thorough research, intense planning, experience, analysis and deep information about the online industry. ³

Broad use of internet has led to the development of Business to Consumer (B2C) and Business to Business (B2B) models. The use of latest technology and the deep understanding of customers will allow huge success. In order to make e-business successful proper e-marketing strategy should be formulated and implemented. ⁴ Both these e-businesses have provided the customers with convenient option. A customer can easily gain the information of the product online and also close the sale online.

Since the introduction of E-Commerce there have been debates on future of its prospects in India. Would it be successful as it is in U.S. or is it a mirage that attracts many but offers nothing worthwhile? But a survey conducted among the industry players, showed the E-commerce industry in India was worth Rs.7080 crores at the end of 2006-07. Though the percentage contribution of E-commerce is almost the same over years, the number of internet users using E-Commerce is growing rapidly. The E-Commerce is surely being adopted by the internet users as a way to shop.

Internet and Mobile Association of India (IAMAI) and IMRB International reported that the size of E-Commerce industry was Rs.19249 crores in December 2009, rose to Rs.35142 crores in December 2011 and further rose to Rs.47349 crores by December 2012. It also adds that e-commerce market is expected to grow by 33% to reach Rs.62967 crores by the end of 2013,

As such, internet access and usage in India has grown rapidly in the past few years. Most of the usage has been via e-mail and information access. Internet markets and usage trends in India registered a 116.50% growth in the year ending
2001 over the previous year. A recent survey carried out by the internet research arm of Taylor Nelson Sofres ranked India 33rd in the world in terms of e-commerce and online shopping.

i) Growth of Internet - A Chronological Review:

1969 : ARPANET commissioned by U.S. Department of Defence for academic and military use.

1979 : USENET was established to host discussions. Later it was managed by Google Groups (800 million archived messages as of 2008).

1984 : Number of connected computer hosts reaches 1000.

1987 : Number of connected computer hosts reaches 10,000. First e-mail connection with China.

1988 : First virus, affects 10% of 60,000 hosts.

1993 : Early web sites appear and business and media take notice.


2000 : Napster.com shows the world that peer to peer networking can work. Businesses show that e-commerce doesn’t always work. (The dot.com crash)

2002 : People can have their own blog sites. Power begins to shift to users.

2003 : Recording Industry Association of America (RIAA) sues 261 people for illegal music downloading.
2004: 16% of the world’s population uses the internet. Businesses figure out how to be profitable with e-business models.

2007: 19% of the world’s population is online. Internet usage in industrialised nation reaches maturity.6

2010: World population is 6.9 billion and 30% of them use the internet says Internet World Statistics.

2012: World population is 7 billion and 34.3% of them use the internet says Internet World Statistics.

Thus, till a few years ago, business relied only on physical stores to sell their products. If they wanted to grow, they have to open branches in other places. It was very difficult to move from local level to national level. Only big business houses were able to expand from local level to national level and from national level to global level. But, with the advancement of technology and advent of internet, businesses came up with new method called online shopping. Customers need not travel to long distances to buy their merchandise. They can purchase any product from anywhere and at any time in the world.

After analysing the revolution of E – commerce, growth of internet and its utility on online shopping, the present study attempts to analyse the various literature references connected with online shopping. Literature review consists of articles on demographic factors affecting online buying, online customers’ purchase behaviour, website features, online customer satisfaction, online buying experience, barriers and risks in online buying and future trends of online shopping.
2.2 DEMOGRAPHIC FEATURES OF CONSUMERS AND ONLINE BUYING:

Keen et. al (2002) found that demographic factors like age, gender, education and income has a significant effect on the attitude of the consumers towards online shopping. Their research also revealed that internet users who are educated are more likely to feel less uncomfortable to go for online shopping. The results from a three country study (USA, France and Macao) conducted by Kuhlmeier and Knight (2005) suggested that a positive relationship exists between customer usage and experience of internet and the likelihood of making online purchases. It was concluded in another study that internet users with an average to high disposable monthly family income are more likely to engage in online shopping than internet users with a low disposable monthly family income.

In recent years, online shopping has become popular. However, it still caters to the middle and upper class. In order to shop online, one must be able to have access to a computer as well as a credit card or debit card. Shopping has evolved with the growth of technology. According to a research, it was found that the higher the level of education, income and occupation of the head of the household, the more favorable the perception of non-store shopping.

A study by Ratnasingham 2005, seem to suggest that there are several factors besides security and privacy, which contribute to the adoption of B2C e-commerce, like consumer resources, age, knowledge, lifestyle, educational level, attitude, motivation, marital status, personality and cultural values. These factors could have different weights in influencing consumers buying decisions, depending on the local culture and lifestyle of the consumers.
In a national survey between Nov 30, 2009 and Dec 27, 2009, the Pew Research centre found that 74% of American adults (ages 18 and older) use the Internet. The same study found that 60% of American adults use broadband connections at home. A study jointly conducted by the IAMAI and IMRB international with coverage of around 65,000 individuals surveyed in 26 different cities across India showed that the number of heavy internet users in India has grown to 38% in the year 2006 as against barely 16% of 2001. Interestingly the average time spent on internet, in terms of minutes per week increased with the increasing age of the internet user, showing that the older population spent more time on the internet as against the younger ones who are considered to be internet savvy.

Internet and Mobile Advertising Association of India (IAMAI) 2006, reports that among Indian online purchases, 85% are males and 15% are females. A research study by Rosie et al., when released its findings in 2001 provided that the use, interest and confidence while using the internet was found to be as high amongst female internet users as compared to its male internet users. The females had not taken to the internet rapidly. According to another study, efforts were made to examine gender differences in use of internet and factors responsible for these differences based on a general model of internet use and found that females used email more than did males, males used the internet more than females. Females reported more computer anxiety, less computer self-efficiency and less favourable and less stereotypical computer attitudes.

Yet another survey found that male internet users were more likely to engage in downloading and purchasing activities while female internet users were more likely to engage in messaging activities. Males exhibit high levels of internet usage probably due to a long history of cultural bias in areas of science and
technology. Familiarity and comfort with computers in general can lead to higher levels of internet usage.  

Bijou Yanga and David Lester (2005) attempted to examine the existence of a gender gap in online shopping and found that when it comes to online shopping, women tend to be affected by more factors than are men. Females seemed less inclined to take moral risks for money. Men seemed not to be affected by psychological factors.

‘Ira M Wasserman et. al’, studied differences in the use of the internet by gender. Men were more likely to use websites that provided financial information, government information, news and current events and sexually explicit information. Women were significantly more likely to use religious and church sites, as well as cooking and recipe sites.

In 1999, a significant finding was made by a joint study undertaken by Commerce Net and Nielsen Media research on American and Canadian consumers. The study reported that for the first time in two years, online purchases from women have surged dramatically. More significantly, “the growth rate for the number of women making purchases online has surpassed the growth rate for men”. Yet overall men continued to lead in the number of purchases on the internet, than women.

The demand for global luxury online sales is on the increase. Recent reports indicate that the wealthy are almost all on line and are pleased with making online purchases. Use of the data mining technique in e-commerce provides a significant way to analyze the customers’ demands to predict the customers’ purchasing decisions. Through data mining, the e-retailer analyses what type of customer is likely to purchase a particular item. The result of a study by Roma Chauhan and Rita Chauhan shows that it is necessary to identify which regions across the globe have
majority of wealth, so that they can be targeted as proper destinations to market initially the luxury product and to understand accurately the potential consumers. Although it is challenging, it is possible to reach the desired consumers through internet virtual environment and sell luxury fashion goods online.  

A recent study sponsored by the College stores Research and Educational Foundation, the research arm of national Association of College Stores, uncovered a variety of interesting facts about college students’ online buying behaviour. First college students are highly influenced by the college environment itself and quickly become comfortable with online shopping once they have left home. More than half of the college students shop online spending about $330 per year. Also, the survey reveals that low prices, best selection and personal knowledge of the brand sold are the top three reasons that students select one online retailer over another.  

i) Profile of Indian Internet Users:

The following are the characteristics of a typical internet user in India as given by Nilesh Patel:

- Users are young and predominantly male.
- Internet usage is restricted mainly to members of middle class and above.
- Users are mainly educated, media – savvy urbanites who are willing to adapt to new technology.
- Cyber cafes are popular gathering places among young, novice Indian Internet user.
- E – Mail is by far the most popular online activity among Indian users.
- Indian users do not seem to show a preference of local sites or foreign sites.
- Site loyalty seems to depend mostly on ease of access and richness of information.
Demographics of internet web users continue to change rapidly. Gender plays an influential role in online buying. Males continue to outnumber females in accessing the internet. But the number of women to access the internet is also growing in number in India as well as outside India. Youths are increasingly accessing the internet. Usage of computers in schools and colleges and growing number of household internet connections make them familiar with the medium. It could also be inferred higher the level of education and income there is a favourable perception towards the use of internet and consequently online buying.

2.3 ONLINE CONSUMER’S PURCHASE BEHAVIOUR: A REVIEW

All internet users have their daily tasks. Unlike activities like e-mail and chat, online shopping is not yet a principal task among users. The most popular internet activities are email, instant messaging and web browser sites of personal interest. Whilst, shopping and online buying ranked 5th as the most popular internet activity hovering around in 44.5% surveyed in 2002. The University of California, Los Angeles (UCLA) Internet report is more extensive, where it investigated the purchasing habits of experienced and inexperienced users. The study found that seasoned users were more likely to buy books, pharmaceuticals, computer equipment, and software. Electronics, food, cosmetics, DVD’s and children’s goods, whereas new users were more inclined to purchase items like: clothes, CD’s, jewellery, hobby items, furniture and cars.²³

Men and women generally buy the same type of products online with books and DVD’s ranking at the top spots according to a Commerce Net/ Nielsen study, but “gender differences are more visible in Web shopping”. The study estimated that women’s top shopping items are clothing about 6.9 million shoppers and books
about 6.2 million shoppers, while men’s top shopping items are cars/car parts about 12.6 million shoppers and computers around 9.4 million shoppers.  

Human senses play a significant role in making shopping decisions. Products which need to be examined by human senses are less likely to be sold online. On the other hand tangibility and intangibility are also two major characteristics that are frequently used to describe a product. Tangible goods require the cooperation of offline function to be delivered directly to customers. But, intangible products like downloading of music/movies are more suitable for internet marketing. So, from the above discussion, it can be said that unique characteristics of the internet marketing is intangibility.

Some of the leading book stores in the city have seen a decline in the number of walk-in customers to their shops.” The lifestyle of customers is changing and people find it convenient to browse at home and get the books delivered. Gearing up for the future, our store too entered the online platform ten years ago,” is quoted by V Rajesh, Manager- Books, Landmark. “Chennai is number one destination for IndiaPlaza.com in terms of book sales. Over one lakh Chennaiites have so far bought books from our web sites” said K Vaitheeswaran, founder and CEO IndiaPlaza.com. “Some of the international publication are not available in stores for which I depend on these web sites’ said Yeshwant Kodali, a student at IIT, Madras who uses online book stores.” Websites offer good discounts on some of the old books and best sellers”, he said.

Some non-digital products have been more successful than others for online stores. Profitable items often have a high value – to – weight ratio. Items which can fit in a standard mail – box – such as music CD’S, DVD’s and books – are particularly suitable for a virtual marketer. Products such as spare parts, both for
consumer items like washing machines and for industrial equipment like centrifugal pumps, also seem good candidates for selling online. Products less suitable for e-commerce include products that have a low value-to-weight ratio, products that have a smell, taste or touch component, products that need trial fittings - most notably clothing- and products where colour integrity appears important.

Further, more studies explain that fast selling products on the internet are clothes, books, computer products, travel, health and beauty products in which marketer have sufficient information about their products.  

Internet auctions have become a multibillion dollar business unique items that could only previously be found at flea markets are now being sold on internet auction websites such as eBay. Specialized e-stores sell an almost endless amount of items ranging from antiques, movie props, clothing, gadgets and much more.  

Research shows that teens search online, but shop offline. Recent research by Jupiter Media Metrix group, suggests that the internet serves primarily as a source of information for preteens and teenagers with purchases being made later at bricks and mortar store. The survey of 2-17 year olds suggests that this group is likely to spend $4.9 billion annually online by the year 2005, but will spend $21.4 billion at regular retail outlets after first researching the purchase decision on the internet.  

According to Alexa.com, a website that measures and harvests online traffic information regularly reports rankings among popular websites, eBay and Amazon and rank them 1st and 2nd respectively in the shopping sector. Yahoo auctions and Wal-Mart takes the 3rd and 4th place.

All the above research findings indicate that product characteristics is an important aspect to understand consumers intentions to patronise specific retail
channels since internet is more suited for marketing of some products than others. The most popular items sold online are books, CD’s and intangible products like music and movie downloads. Similarly products which need to be examined by human senses like touch, smell or taste are less likely to be sold online. Customers are still apprehensive to share their credit card or debit card details. Still, some customers are resistant to change and are uncomfortable viewing merchandise on a computer screen rather than viewing it in person. Majority of online customers check out with the nearest retail stores and then order online. Therefore, pure online stores do not have a competitive advantage over brick and mortar stores. Hence, it becomes necessary that brick and mortar stores also have websites to promote online sales as well.

2.4 REASONS FOR PURCHASING ONLINE – A REVIEW

From the buyer’s perspective, E-commerce provides a buyer with a wider range of choices, 24/7 shopping, deals, easy comparison of features and price. In fact an examination of the motivating factors among online buyers by Gartner G2 survey found that convenience related issues dominate. Only 33% of the respondents feel that getting better prices is an important driver to buying on the internet.

According to a study, speed is the most important reason among the various reasons which are encouraging the consumers to shift from traditional purchasing to online purchasing, which ensures saving of time. It is followed by information regarding the products and services followed by variety which enables the consumers to search for wide range of products.

According to a ‘Net Smart Survey’, the most cited reason by female internet shopper’s for using the web for personal shopping is internet’s convenience (88%), closely followed by time saving (83%) and money saving (55%) (Mintel report
2003). A survey of European online shoppers conducted by Forrester listed important factors women look for, when buying from an online e-tailer. It listed security of payment to be the most important factor followed by privacy policy, ease of ordering, cost of delivery and access to product information rounding out the top five factors.  

Culture plays a significant role in shopping behaviour since it affects attitudes, norms and other cognitive processes, intention and behaviour. Another study found that cultural background, values and demographics psychological and social attitudes influence consumer attitude. A certain study by Alan D. Smith and William T. Rupp (2003) indicated that differences in heredity, early childhood experiences, cultural exposure and personal motivation are important factors that lead to different purchase behaviour patterns. Consumers may shop online for goal oriented or for experiential reasons.

According to a study conducted in Delhi City with regards to online user behaviour, eight significant factors that influence online buying was identified. They were accessibility of information, reliability of information, availability of information, searchability factor convenient facility, security concern, trust concern and quality. From the study, it was clear that security is the important factor for online buyer’s when they conduct shopping online. Customers want that the information of the product should be clearly mentioned on their respective websites. Another factor which influences the buyers is the reliability factor. Therefore, online transactions should be secure, reliable and trusted in order to attract and maintain existing internet users.
Consumers buying behaviour towards Internet Marketing is important information to predict their readiness to adopt e-commerce. The major component of consumers buying behaviour towards this technology is their attitude towards online transaction, product, service and web vendors. According to a study in Malaysia, four factors such as internet marketing environment, product characteristics, familiarity and confidence and promotional offer have significant impact on customer intention about internet marketing.  

A study conducted by Yue Pan identifies two sets of factors – buyer related factors and seller related factors that determine consumer patronage for online buying. Buyer related factors are shopping motives (information seeking, convenience seeking, deal seeking etc), consumer psychographics (self–confidence, risk averseness) and internet knowledge and prior online experience. Seller related factors are shopping incentives, accessibility, store image, wide range of products, service quality etc.  

Consumer’s desire for convenience enhances the probability of online shopping. Consumers are more likely to shop at home for two main reasons – the need to save time and a dislike for in store shopping.  

Shopping for groceries on line is just starting out. Nirbhay Shah, marketing head, Jihazoor.com says “We started Jihazoor in May 2011. There are a lot of old people, physically challenged people and working couples who find it difficult to get their grocery. We want to make it easier for them. But Nirbhay still believes that the trend of online grocery shopping is yet to catch up in Chennai.”
Personalised online gifts bring on the smiles like never before. Be it shopping for oneself or for gifting, going online is value for money too, say regular online shoppers. Sometimes they get a double bonanza in the form of additional gifts. Going online is the new mantra for gifting.  

E-Mail marketing is cost effective and one of the most well known techniques of advertising and selling products about the internet. In email advertising delivering mails directly to the individuals is excellent type of advertising. The buyer could act immediately in case he or she wants a specific item or service. He just needs to just click on the link given within the e-mail and he will be taken to the home page where he’ll fill in purchase form.  

Grewal et al (2002) concluded that for those shoppers, who would not like to invest in conventional shopping, online shopping provides a convenient alternative. The possibility of saving time is an important factor facilitating online shopping.  

The concept of reliability is highest important factor in the context of online shopping and consumer behaviour. Conversely, the lacking of trust is one of the most regularly cited reasons for consumers not shopping on the internet.  

A study was conducted in Bahrain to assess the satisfaction of online consumers. The study revealed that reliability, usability, usefulness and website features were the key factors that determined the satisfaction of online customers. There was a significant relationship between the above factors and the positive attitude of online consumers.  

Consumers who like to search for deals are more likely to be internet shoppers. Various scholars find a segment of consumers who are deal prone. This
group of shoppers is typically value conscious and sensitive to premium offers.\textsuperscript{48} Thus, compared with conventional retail shopping, computer shopping enriches the information environment of virtual shopping by providing additional product information such as comparative products and services as well as various alternatives and attributes of each alternative etc.\textsuperscript{49}

According to a study on consumer’s attitude towards online shopping in Indian context, the availability of extensive and current information is the most important factor which is driving Indian customers to online shopping. Information gathering is a time consuming and costly affair in the physical market. This is where internet provides a huge benefit to the customers. Relevant information directed at the needs and interests of the target audience entices and propagates people to spend longer time periods at the company’s website and make purchases.\textsuperscript{50}

Usefulness has been found to be always the strongest forecaster to approve a technology. A better price, delivery performance and produce variety are the main credibility of the usefulness.\textsuperscript{51} Online shopping exist not only because, it is very convenient for customers but also because of the broader selection, competitive pricing and greater access to information.\textsuperscript{52} As such, a sizeable segment of consumers perceive the internet to be an easily accessible shopping channel that offers a wide selection of goods. The breadth (no. of brands) and depth of assortment (no., of stock keeping units) offered in a shopping centre helps a retailer to cater to the heterogeneous tastes of his customers.\textsuperscript{53}

Consumer’s convenience seeking tendency enhances the probability of online shopping. The internet facilitates comparison shopping and speeds up the finding of an item. The ease and convenience of shopping from home at any time of
day or night is an appealing allure for shoppers in virtual reality. Many find it convenient, local and thrifty.  

The web comes in handy since this medium allows people to shop at stores not available in their geographic area.

Online portals are a great medium for brands to test waters, see what the response is like and then proceed with further expansion. For some, it is even a stepping stone towards opening their own store. Mallika, a designer with Esenemes that largely retails online, says, “Online shopping enables you to interact with people from various cities and countries and effectively do business with them. The reach is so wide, that within ten days we had made ourselves known to a hundred people. We wouldn’t have managed this if it weren’t for web purchasing.”

All the above research references indicate that the following are the main reasons for purchasing goods online. They are convenience in shopping, wide choice of products, availability of products 24X7, speed which results in saving of time, comparison shopping etc.

2.5 WEBSITE FEATURES - RESEARCH REFERENCES

Well designed and user friendly websites help increase consumer satisfaction with online purchase experience. In today’s competitive online market place effective implementation of web - site tools and content is an ongoing challenge. Many academic studies identified attributes that make websites more attractive and lead to greater usability. Mithas et.al (2007) found that information oriented websites create stronger Customer loyalty with good website content than do transaction oriented websites.
Relevant and useful content is a key feature of effective websites, shopper’s ability to find information is another important content-related feature. Yen (2007) stated that the availability of information for retrieval in an efficient and effective manner is a critical success factor for e-commerce websites. Website structure and organization influence information retrieval which may be operationalised as website accessibility and popularity.  

Donthu (2001) identified site related four factors that make websites effective. They are ease of use, aesthetic design, processing speed and security.  

According to a study conducted by Tulay Girard et.al, they identified 49 website features and classified it into six categories – product, distribution, promotion, price, company and customer service. Each feature was dichotomously coded and applied on top 100 U.S. retailers’ websites. They studied whether these features were implemented or not. Findings indicate that the retailers implementing the key features on their websites achieved significantly higher earnings than those that did not implement them. 

According to Falk et.al, the main idea of online shopping is not just in having a good looking website that could be listed in a lot of search engines or the art behind the site. It is also not only just about disseminating information it is also about building relationships and making money. Rather than, supporting the organization’s culture and brand name, the website should satisfy consumer’s expectations. Companies should always remember that there are certain things, such as understanding the customer’s wants and needs, living up to promises and never go out of style, because they give reason to come back.
Kim. et.al (2003) explained the effectiveness of the web sites and hence efforts to enhance the quality of the web sites should be made. He suggested that the quality of web sites depended on three principles- presentation quality, content and function adequacy and navigability. He also explained the performance principle consists of reliability of the web site and the response time.  

A study was made by C.Ranganathan and Elizabeth E.Grandon in U.S. on the key factors that consumers look for in the websites. They also explored the factors present in the top retail websites and identified the gaps in the current website practices and the online consumer expectations. Finally, they proposed that content, design, privacy and security were important considerations in designing an effective online Business to Consumer Website.  

Huizingh (2000) considers information, transaction, entertainment and the key features in the website as the main sections of the content. The content of the website has been said to be a critical success factor for retailers who want to become online retailers.  

Design refers to the way in which the content of the website is presented to the customers. The design of a B2C website plays an important role in attracting, sustaining and retaining the interest of the consumer at a site. Web usability is the ease with which a site can be navigated and used by the consumer. Surveys of online consumers have repeatedly found ease of navigation in the website design to be a key factor that determines the repeat purchases from Business to Consumer (B2C) website.
Retail website uses a number of mechanisms to gather information about the visitors. Explicit mechanisms such as registration forms and web surveys and implicit ones like cookie files are commonly used for gathering data about surfers. However, an increasing number of internet users have expressed their concerns over potential misuse of personal information and their privacy. For example, in a survey conducted by Direct Marketing (2000) it was found that 58% of the respondents cited privacy concerns as a major barrier to online shopping. 69

Another frequently cited concern about Web Retailing is the security of financial transactions made over the web. Cranor (1999) suggests that online privacy initiatives will be successful only if they are accompanied by tools and procedures providing strong security. 70 There have been significant advancements in areas such as digital signatures and cryptography as well. 71 and 72 Despite these developments, consumers are still concerned about conducting financial transactions over the Web. 73 and 74

It was found that in order to attract and retain the customers or surfers, merchants should focus on frequently updating the website content by providing rich content and ensuring that the navigation features are easy to use. 75

As Urban et al. (2000) note, many web sites act merely as self-service catalogues wherein one can find and order the product or service. Not surprisingly, they convert few of their visitors into purchases, suffer low customer retention and generate meager profits. Many companies have failed primarily because they have failed to build trust. 76
A consumer sometimes can be overwhelmed by the amount of information available on the internet. Research shows that more 95% of website visitors who are potential customers leave a website without buying anything mainly because they just cannot find what they want. A user friendly and speedy website navigation system is crucial. Otherwise the customer will instantly leave without giving the retailer a second chance. They need simplicity and efficiency.

Above observations highlight that website is a gateway to a company’s brand, products and services, even if the firm does not sell online. A company that neglects its website may be committing a commercial suicide. An unattractive website suggests that it is a useless company and a rival is only a mouse-click away. Even a coolest website will be lost in cyber space if people cannot find it. So, companies have to ensure that they appear high up in the internet search results. The vast amount of information displayed on a website must be presented to the customer in a coherent manner and the customer must be able to move freely throughout the website. Certain important critical factors to be present in a website are aesthetic design, ease of navigation, security of sites and rich content. If these factors are incorporated in the websites of a company, it would promote online sales.

2.6 CONSUMER SATISFACTION - RESEARCH REFERENCES

Companies should always remember that there are certain things such as understanding the customer’s wants and needs, living up to promises, never go out of style, because they give reason to come back. And the reason will stay, if the consumers’ expectations are satisfied. Therefore, customer satisfaction is of paramount importance for any company to thrive in the market. Some of the reasons promoting consumer satisfaction with research references are given below:
Security

Garfinkel (1997) defined six key factors that address the dimensions of Internet security. Even if any one factor is compromised it could prove problematic. The six factors are privacy, data integrity authentication, no repudiation of transactions, confidentiality of transactions and availability to function. E-commerce has already demonstrated its potential for consumers and vendors and could be more beneficial, if security threats and privacy concerns could be minimized. The importance of the implementation of security and privacy procedures is reflected in the policies and actions of a company. Consumers analyse the security and privacy policies of vendors mainly through the company’s statements and if they are satisfied they deal online with the company.  

According to Tassabehgi (2003) security is a dominant concern for vendors in the Business to Consumer (B2C) e-commerce since it reflects the perception of consumers towards the business. Due to the uncertainty and complications that are present in e-commerce, consumers are wondering whether their credit card number is safe when they send it to a vendor over the internet. The fear of credit card number being stolen, intercepted or tampered with is one of the leading factors limiting the growth of Business to Consumer (B2C) e-commerce. Due to this perception, a consumer may fear providing credit card information to a vendor and provider may fear the efforts of a hacker to steal a cache of credit card numbers. Customer’s satisfaction level is directly dependent on the security of their credit cards.
Trust

Just as the early concepts of commerce (bartering) relied on trust between individuals, e-commerce equally depends on trust between people and online businesses. Vendors find it increasingly necessary to represent online transactions as safe and trustworthy to attract customers who are more reluctant to engage in online shopping. Developing online trust is substantially more difficult than developing offline trust.

Vendors could reflect their trustworthiness to consumers by convincing them about the reliability of their systems and processes to manage tasks they are designed to fulfill. Consumers are willing to try out e-commerce only after they believe they have secured control over their own personal data within the system.

Researchers Ang, Dubelaar and Lee (2001) identified three factors which are important for enhancing the consumer’s perception of trust in website. The first is the delivery process for the product and services; the second is the willingness to rectify should the purchase not meet the customer’s satisfaction and the third is the presence of a privacy policy or statement on the website. Customers online shopping will be dependent upon the degree of satisfaction of the above factors.

Another study on consumer satisfaction factor argues that trust in e-commerce could be increased, if vendors can create the perception that a system is trustworthy and can be used with confidence. Sometimes trust is used synonymously with security, but security and trust are in fact two distinct concepts. Security in the internet based business refers to enabling protected transactions between consumer and vendor. Trust does not depend on technical security measured alone. The feeling of trust experienced by a user is determined by the user’s feeling of control of the system. Consumers are satisfied with an online
experience when the virtual business environment gives them a feel of comfort, safety and security. The success of e-commerce depends heavily on establishing a trusted path between parties and future e-commerce systems must support trust services to gain loyalty at both ends.

A study by Marios Koufaris reveal that the main reason that only a small percentage of Web users buy products or services online is their lack of trust in online companies and the Web in general as a safe place to make purchases. He discusses how customer perceptions about a company, its website and the web in general as well as individual customer characteristics affect and how customer trust develops in online companies. He also offers a number of guidelines for companies to help them increase their customer’s trust in them.  

Loyalty

An expectation of e-businesses has changed to disappointment, many e-business companies are trying to survive in internet markets. As a way to survive in internet markets, they try to build customer’s loyalty. A study by Chang Soo Sohn and Dong – Ilee indicates two critical components to build customers loyalty such as trust and switching costs. According to them e-business companies need to enhance high trust levels with setting up of high switching costs. Thereby customer’s loyalty to the company will be improved. 

Loyalty indicates customer’s behaviour to prefer specific brands or companies to other alternatives. Oliver (1999) generally explained that loyalty is “a deeply held commitment to rebuy or repatronize preferred products / services consistently in the future. Dick and Basu (1994) defined loyalty by illustrating loyalty conditioning with repeat patronage and relative attitude. Based on the idea,
loyalty can be classified into four different categories: loyalty, latent loyalty, spurious loyalty and no loyalty. 

**Searchability**

Retailers provide special offers, product and brand varieties to give customers incentives for returning to their website. To make it easier for shoppers to find relevant information about products, promotions and store locations websites may provide site maps, search engines and store finder features. All these will enhance the satisfaction of the online buyers.

As Internet user’s adoption of broadband connectivity increases, the use of multi-media such as streaming videos by e-tailers is becoming more prevalent. The convergence function involves the ability “to see a product larger or from different angles, change its colour, check out specs and options, view an interactive buying guide, read articles and reviews, browse among similar products and show the item to a friend via e-mail.” When these multimedia features are incorporated by an online seller it increases the level of customer satisfaction to buy online.

Iifeld and Winer (2001), in exploring the decision making process behind consumers’ website choices concluded that high brand awareness is essential for an Internet firm’s survival once the prospective customer has visited a website, managers should maximize the breadth and depth of site visits. This makes it convenient for customers to shop online and reduces the problem of intangibility of the product.

Presently, technological advances offer consumers unmatched opportunities to locate and compare product offerings, but that price competition may be mitigated.
by the ability of consumers to search for more differentiated products better fitted to their needs.

**Novelty**

Innovative consumers are more likely to shop on the internet. Innovativeness is defined as the degree to which consumers possess a favourable attitude towards trying new ideas or different practices. Cognitive innovators who prefer new experiences that stimulate the mind are thinkers and problem solvers. These consumers by their unique character are able to surf the net and have access to latest products and achieve good satisfaction.

Complexity refers to the number of different elements or features of a site, which can be the result of increased information diversity. Novelty involves the unexpected, surprising, new or unfamiliar aspects of the site. A research by Huang (2000) showed that the novelty dimension kept consumers exploring the shopping sites whereas complexity dimension has the potential to induce impulse purchases. Novelty and complexity elements make the consumers online shopping experience interesting.

**Grievances and Redressal**

Lots of researchers state that even when a site was “top rate” it would go nowhere if the organization failed to live up to common etiquette such as returning e-mails within a stipulated time, notifying customers of problems, being honest and being good stewards of the customer’s data. (Louis. K. et. al). Organizations that want to keep their customers or gain new ones should try to get rid of all mistakes and be more appealing to be more desirable for online shoppers.
In the event of a problem with the item, consumers are concerned with the ease with which they can return an item for the correct one or for a refund. Online shops in U.K. are prohibited from charging a restocking fee, if the consumer cancels their order in accordance with the Consumer Protection (Distance Selling) Act 2000. Therefore, good service is associated with an increased likelihood of online patronage. Online shoppers very often draw clues about service quality based on intangible attributes such as store operations policy, lenient return policy, provision of 24/7 service etc.

**Other Factors**

It is important to take the country and customers into account for better trade practices. For example, in Japan, privacy is very important and emotional involvement is more important on a pension’s site than on a shopping site.

One of the main issues of concerns in buying through the net is the intangibility of the purchasing process. Therefore, improving trust and reducing concerns are two distinct approaches to managing consumer information. Nitin et.al argues that the key to reduce intangibility is creating tangible cues that the customer recognizes. Buying a product that has a quality image will reduce the risk for customers. This enhances the reliability factor which leads to satisfied experience for the customers.

A study conducted by Del Guidice focuses on how website elements such as interface design, tools provided, usability and information may influence customer satisfaction and switching behaviours. He discusses the strategic role played by a well designed website in creating a positive switching barrier in both the traditional sectors and the expanding networked environment. Further, he develops a model...
which estimates customer switching costs to help better understand and manage this phenomenon.  

All the above research references indicate that certain factors influence the satisfaction of online consumers while purchasing goods online. Some of the factors which influence are good security measures which protect the personal and financial information of the online customer, integrity of the data, trust imposed by the vendors that the products would be delivered as per specification and redressal mechanisms provided by the vendors. If the online customers are satisfied with a particular brand of product they become loyal to that particular product. This leads to higher retention rate of the customers which in turn leads to higher profits. The link between the customer satisfaction and the profits for a company is shown in the following figure:

**Figure - 2.2 - Customer satisfaction and Profit**

![Diagram showing the link between Customer Satisfaction, Customer Commitment, Customer Retention, and Profit.]

Therefore, online customer satisfaction is very important to promote online sales.

2.7 OVERALL ASSESSMENT OF ONLINE BUYING EXPERIENCE-A REVIEW

A research study shows that satisfied online customers shop more, spend more and buy more frequently and across more categories. A satisfied customer is more likely to return to a website for additional purchases and recommend the site to others. The study also found that there was a positive correlation between the level
of customer’s overall satisfaction and the likelihood that he would recommend that site.  

Well designed, user friendly websites help increase consumer satisfaction with online purchase experience. A recent study conducted by Allurent, reported that 82% of shoppers were less likely to return to a site where they had a frustrating shopping experience. About a third of the shoppers stated, that a frustrating experience when shopping online would also make them less likely to shop at the retailer’s physical store.  

A study concludes that all the best elements of e-commerce, does not guarantee consumers will visit a site or remain loyal. But looking at what they want and their satisfaction levels with other well established e-tailers like Amazon and e-bay it would be wise to incorporate the established e-tailers features in any company’s websites.  

### 2.8 BARRIERS AND RISKS IN ONLINE BUYING  

While India’s Internet adoption rate has been projected to grow rapidly, significant barriers limit the growth of future adoption and e-business. A recent report conducted by Nasscom and Boston consulting group outlines the following barriers:

* P.C’s and other devices to access the Net for individuals are less than 1%.  
* Telephone and line penetration is limited to less than 3% of the population.  
* Poor telecom and communications infrastructure for reliable connectivity.  
* Internet connectivity is very slow and access costs are still very high.  
* High legal and regulatory barriers.  
* Safeguards to protect privacy of personal and business data not in place.
* Low penetration of credit cards.

There are many barriers such as lack of security, privacy, reliability and adoption of technology which influence the growth of the B2C e-commerce from the consumers’ perspective. According to Ratnasingham (2005) uncertainties are inherent in the current B2C e-commerce partnerships, thereby reducing confidence and creating barriers to trade. 105 Factors such as privacy, security, brand, attitude, navigation and knowledge affect consumer perceptions of trust in a website.

According to the survey conducted by the Computer Security Institute and the Federal Bureau of Investigation in 2002, 90% of the respondents indicated that they had detected security breaches over the past 12 months. The survey also showed that 80% of the respondents acknowledged that they had experienced financial losses due to various cyber attacks. These cyber attacks can be made either through the network or through unauthorized access by means of false or defective authentication. The survey findings suggest that 80% of the U.S. respondents felt that they had no control over how personal information is collected and used by internet based companies. Seventy eight percent declined to provide personal information because they believed that it was inappropriate in the circumstances. 54% decided not to purchase a product online, because of concern over the use of their information collected in the transaction. Another study by Forrester Research (Johnson, 2005) supports those findings, revealing that 2/3 of consumers are worried about protecting personal information online. 106

Gaertner and Smith (2001) concluded that security concerns have been the most important reason for internet users not shopping online. 107

A study by Ratnasingham (1998) has revealed that the fear of online credit card fraud has been one of the major reasons for them avoiding online shopping. 108
Benedict et al (2004) found from their study that the need to touch, feel, smell or ability to try a product influences customers’ decision whether or not to shop online. Miyazaki and Fernandez opined that one of the main reasons for which customers hesitate to shop online is that online shoppers are unable to touch, feel or see real products in order to evaluate the quality. A study undertaken by Jones and Vijayasarathy (1998) revealed that the absence of touch and feel in the online purchase process and concerns about the chances of receiving defective or unspecified goods increase the perceived risk in the minds of the customers.

Researchers indicate that consumers’ online buying behaviour may be radically different from that in the traditional environment. The risk perception associated with internet shopping affects online buyers’ purchase decisions. Culnan (1999) found that perceived risk has been a primary hindrance to the growth of e-commerce. Therefore, safe and responsible handling of online buyers’ information is the key to attract and retain those customers.

Electronic commerce environment is virtual and most consumers are uncomfortable with virtuality. If they go to a physical store, they can touch and feel the product and talk to a real person right away. Thus, e-shopping has deficiency of environmental richness that a physical store enjoys. This deficiency might cause delay in decision, confidence and lack of purchase intention.

Another concern, among the internet users, is regarding the security of financial information transmitted over the internet. Doney and Cannon (1997) label trust as an order qualifier for purchase decisions. Trust is a belief or expectation that the word or promise by the merchant can be relied upon and the seller will not take advantage of the consumers’ vulnerability. The issue of security and privacy over the internet is the most overwhelming barrier facing the
adoption of electronic commerce that caused them not to make any purchase on the internet. Widely publicized security lapses on the internet, where hackers have accessed personal financial information being sent electronically, have done little to boost consumer confidence in the internet as a conduit for commerce. 117

There are various transactional and non transactional issues involved such as internet users being uncomfortable while giving their credit card numbers on the internet, internet merchants’ misuse of users’ personal information, lack of help from sales representatives whilst purchasing online and offer of products in different currencies. In other words, electronic commerce has implications for all stages in an economic exchange, including search and evaluation in the pre purchase phase, ordering and delivery in the purchase and after sales service in the post purchase phase. 118

According to a survey conducted by James Christopher most of the people had a favourable experience with shopping online. Very few had merchandise delivered that was not what was originally expected. New entrants into the realm of shopping online were initially hesitant to commit to a purchase using a new medium for transactions but, overcame those anxieties after the new users successfully completed transaction and satisfaction of item delivered. According to the same survey many of the respondents displayed more comfort and satisfaction with well known and established e-tailers like Amazon. On the other hand, the experience of shopping at other, lesser known e-tailers was a little more agonizing to a few of the sample members. The distressing experience was partly due to merchandise availability, poor site layout to search for items and questionable delivery times.

Respondent’s also had anxiety based on the unknown reputation of the website visited. The unknown reputation of an online e-tailer links to security issues.
The risk of submitting sensitive, confidential personal information, credit card or bank account information when committing to the transaction to an unidentified party was the single most issue the respondent’s pointed out in the survey. Yet after the transaction and delivery the respondents had a general level of satisfaction on the experience.  

The factors hindering the diffusion of online purchasing in India are unreliable payment mechanisms, security issues, improper delivery mechanisms and poor infrastructural facilities. Studies conducted by D.Baskar, say that absence of bargain, lack of touch and feel experience of the products, lack of trust with the e-tailers about the safe and secured delivery of products are the major barriers of online shopping in India. He asserts that Indian consumers have the custom of bargaining especially female consumers in every purchase and it is not possible in e-tailing business.

Likewise, a 2003 nationwide survey of customer experience for a cross-section of 1,100 internet users conducted by Genex/Synovate found that 65% of e-shoppers indicated that they would not shop on a poorly designed web site and 30% indicated that an inferior site would also keep them away from the retailers bricks and mortar store.

According to a study conducted in Punjab, only 5% of internet users conduct business on net and the remaining use it only for e-mail facility, to seek information concerning them. Others confine themselves to chatting or seeking jobs etc. The study has revealed that many internet users hesitate to conduct business online due to security and payment problems. The study has revealed that many internet users get affected by web-advertisements and are willing to conduct business on net provided the security and payment system is made fool proof.
According to a survey study conducted in institutions involved in export activities and registered in the Abu Dhabi Chamber of Commerce in the United Arab Emirates, they found out that the main challenges to e-commerce in the Arab world are

* Lack of law awareness and low education levels.
* Unskilled human resources.
* Thin market size and content.
* The inability to maximize e-commerce infrastructure such as telecommunications usage.
* Internet environment and legal system control.
* Pricing policy.

The study also concluded that there is a huge market in e-commerce potential in the Gulf region and there is a definite need for effective management. The Government’s role particularly will be essential in promoting e-commerce in the region in terms of ensuring coherent IT and e-commerce policy for consumer protection.

A study conducted in Malaysia shows that Internet Marketing may relate to underlying uncertainty of customers as to the security of transactions on the Internet. Customers are not yet ready for the transactional purposes and security issues are the main concern. Malaysian customer is afraid of doing transaction online due to security reason. They believe that online transactions are not secured enough to protect the payment method such as the credit card and also disclosure of personal information. But the government is playing a major role to increase the usage of internet among Malaysians. The theme ‘one house one computer’ is a good idea
from the government to make the Malaysian cope with the growth of new technologies and able to compete in digital world.  

Marious Koufaris argues that the main reason that only a small percentage of web users buy products or services online is their lack of trust in online companies and the web in general as a safe place to make purchases. He discusses how customer perceptions about a company, its website and the web in general as well as individual customer characteristics affect and how customer trust develops in online companies.

Recreational shoppers are less likely to be internet shoppers. Recreational shoppers do not view store shopping as a waste of time. Instead they shop with a feeling of gratification, fulfillment and satisfaction. Malls are viewed by such consumers as a place not only for shopping but also for other activities such as entertainment.

Consumers need to socialize has a negative influence on the probability of online shopping. Retail stores offer a chance for human interactions. That is some consumers enjoy talking to and socializing with others during a shopping visit and they are seeking “social experience outside the home”. Some of this interaction is with fellow shoppers and some are with sales personnel. Non store retailers may inadvertently create a sense of isolation and a feeling of loneliness among their customers.

An analysis of the above research references indicate that a major barrier which prevents people from shopping online is the security and payment problems. People are afraid that their credit card information would be stolen or frauds committed while making online payment. Therefore, any business whether it is a traditional brick and mortar business, a brick and click e-business or a pure play e-
business has to be concerned about network security. By carefully planning its network and website security system, an e-business can protect itself against many known and unknown threats. Many internet users perceive that there is a huge risk to their privacy and security when they buy products online and submit personal information online. Although the perception of risk may be greater than the actual risk still it is a cause for concern and an e-business must address customers’ perceived risk just as they address any actual risks. Therefore, the important issue for an e-business is to have adequate security to protect its assets, revenues, customer privacy and its own reputation.

2.9 FUTURE TRENDS

As per the Digital Economy fact book, 2006, business e-commerce will grow at a compound annual growth rate (CAGR) of 59.1% in Asia pacific (excluding Japan) over the next four years. And according to International Data Corporation (IDC), India is expected to show the highest CAGR of 83.7% in B2B commerce revenue ahead of a CAGR of 81% of China. According to Internet and Mobile Advertising Association of India- IAMAI (2006), 40 million Indians are online and estimated to be 100 million by 2007-08. About 93% of the 40 million online Indians today belong to the age group of 18-45 years, which has the maximum buying power.

As per a study made on behalf of Google India in November 2012, online shopping in India saw 128% growth in interest of the consumers in the year 2011 to 2012 in comparison to only 40% growth in 2010 to 2011, making 2012 as the tipping point for online shopping in India. 131

An analysis of a sample of 149 firms in UK and New Zealand reveals four combinations of marketing practices viz. Transaction, Data base, Interaction and
Network marketing in relation to e-marketing. While one third of firms emphasize either a Traditional Transactional or Traditional Relational approach to their markets, another third practice, e-marketing in combination with Transaction and Database marketing and a final third integrate all of Transaction, Database, Interaction and Network marketing. The findings show that for most firms, the level of e-marketing practice reflects the extent to which information technology plays either a reinforcing, enhancing or transforming role in the organization.\textsuperscript{132}

E-Commerce is the future of shopping. The internet economy will continue to grow robustly, internet users would buy more product and buy more frequently online, both new and established

Companies will reap profits online. As the internet becomes a safer place to transact, the amount spent by the internet users online is bound to increase. As the internet users progressively mature, the demand for customization will increase. More niches will be formed. By the end of year 2007-08 the contribution from the Non-Metros is expected to increase. This change would be brought by higher penetration of internet in the small towns coupled with higher disposable income would compel the internet users in these towns to buy online. The user base for E-Commerce is expected to grow exponentially.\textsuperscript{133}

Jupiter Research is expecting online retailing to dip below double digit percentage growth rates sometime by around 2010. Analysts also expect that traditional store based retail will continue to dwarf online retailing. Forrester Research expects US online sales to grow from $132 billion in 2006 to $271 billion in 2011- but still to comprise just 9% of overall retail sales. Most main stream retailers maintain a web presence, but many of those online shopping experiences are woefully inadequate said Forrester analyst Sucharita Mulpuru.
Patti Freeman Evans, senior retail analyst with Jupiter Research says online retailing growth slows when physical stores will gain a competitive edge, if they can get better at integrating their online and brick and mortar operations. Already some stores are experimenting with things like ordering online for in store pickup or offering a limited assortment in stores combined with a wider online selection.\(^{134}\)

The total size of business of selling retail goods on the internet commonly known as e-tailing is said to touch US$ 70 billion mark by 2020 in India, according to estimates of consulting firm Technopak. E-tailing is around 6% of the total e-commerce, is estimated to be around US$ 0.6 billion in 2011. It is growing at a compounded annual growth rate (CAGR) of 70% as per Technopak.\(^{135}\)

Indian e-tailing market leader is flipkart.com, whose value is 1 Billion US$. Flipkart’s revenues were US$10 million in 2010-2011 and US$ 150 million in 2011-2012. It is greater than 20% of Indian online retail market.

Going at the current rate of growth in the internet users transacting online, the user base for e-commerce is expected to rise exponentially. A large portion of the internet population is young and their purchasing power is also increasing. The internet is constantly upgrading itself to make e-spending experience hassle free and memorable by improving on its security measures.

2.10 E-TAILING PRESENT SCENARIO

As the name suggests, e-Tailing is the web version of ‘Retailing’. In other words these are online shops where a customer can choose from a variety of items like apparel, accessories, mobiles, cell phones, cameras, computers, books,
magazines, music, CD’s and DVD’s, electronic goods, shoes, furniture, health equipments, flowers, jewellery etc.

The two popular models that exist in the e-tailing market place are online retailers and online auctions. The website of an online retailer is used as a storefront to sell physical goods that are then delivered by a third party. The online auctions, on the other hand, serve as a platform where a seller can offer to sell his products to interested buyers and provide the enabling infrastructure for electronic transactions.

After collating the responses from various players in the industry according to IAMAI and IMRB report the size of e-tailing market for the year 2006-07 was computed to be Rs.850 crores. E-tailing contributes around 12% to the total E-Commerce market size in the year 2006-07. With branded stores coming online, providing consistent service on delivery in both online and offline, this segment is expected to rise by 30% to Rs.1105 crores at the end of 2007-08. 136

Thus, growth in the e-tailing market is driven by:

* Increase in the number of buyers and sellers
* Change in the customer’s attitude

According to a leading e-tailer, “there has been a significant change in the attitude of an average internet user. He is ready to experiment to suit his convenience.”

* Convenience- As rightly pointed out by an e-tailer, “a 15 minutes trip online can save a two hour trip to the mall. We offer widest variety, the best deals and option for buying and paying online that won’t take more than 5-6 clicks.”
* Better bargains: According to an industry player, “online retailers can manage to offer attractive offers as they operate out of websites and thus save on inventory handling and maintenance costs.”

Barriers to growth of e-tailing market:

i) Consumer Bias: Products of brands with a favourable bias will score over the products of less popular brands. A few would risk to buy expensive jewellery from an unknown jeweller online adds an industry expert.

ii) Lack of touch-feel-try experience: Lack of ability to try a product before buying acts as a barrier for some internet users. In addition, often the product or the service delivered differs from the standards displayed on the website.

iii) Mounting competitive pressures: The market for online buying is still at a nascent stage. However, at this early stage too, the market is swarmed by the players selling their or third party’s products online.

iv) Seasonality: E-tailing market is faced by seasonal fluctuations. Occasions that drive the sales are Diwali, Rakhi, New Year, Christmas, Friendship day, Valentine’s day etc. On these occasions younger generations prefer buying and sending gifts online.

v) Credibility in payment system: According to a leading e-tailer, “online frauds and breach is the biggest barrier to online sales.” As a result, prospective buyers prefer staying away from revealing their credit card and bank details.

vi) Untimely delivery of products: It might take a few minutes to search, book and pay for products and services online but the delivery of the product may
take unreasonable time. Thus the online retailing raises more issues than the benefits it currently offers.

In addition to above, efforts need to be taken to educate the online buyers on the steps that need to be undertaken while making online purchase. Moreover, the feedback of an online buyer should be captured to identify flaws in service industry. This can be done through online communities and blogs that serve as advertising and marketing tools and a source of feedback for enterprises.

Since e-mails are sent to individuals after taking their authorization, the probability of people reading the mails are usually much better. If e-tailers buy email lists from reliable brokers who have taken prior details from the individuals regarding e-mails to them rather than going for very inexpensive lists which are basically junk e-mail lists sold by frauds, they would definitely see their online business grow.137

Internet retailing is quickly becoming both an art and a science. In the past, most e-tailers have focused on building awareness of their sites and bringing traffic to them. Now with the changing e-tailing scenario, what matters is the quality of the day-to-day experience. E-tailers who meet the challenge of consumer’s rising expectations will create a virtuous cycle of higher purchase and conversion rates, increased loyalty and greater advocacy – all of which can substantially enhance the brand and improve the bottom line. Consumers are becoming increasingly intolerant of slow downloads, inconvenient navigation, limited selection and checkout failure. Online retailers must produce an experience that is as good as or better than the familiar one of shopping in a bricks and mortar store. E-tailers should note that success depends on improving performance on all dimensions at the same time.
Increasing the number of unique visitors or the proportion of repeat customers will improve results.  

**Steps to build relationships**

Daryl Clark the founder of e-marketing Man.com has recommended seven steps to build relationships with people or customers, for e-tailers successful business:

i) Make the website easy to use.

ii) Provide the customers with a confirmation message that the order has been received.

iii) Provide the customers with a tracking number.

iv) Provide the customers with the phone numbers to help them have immediate contact. This is how relationship is being built.

v) Provide details of customer service policy and response time. If the response is faster to their queries, it can also build relationships faster.

vi) Have a process for handling problems with customer orders.

vii) Make sure the website has complete and current technical information. Offer easy to read and easy to follow technical advice.

Therefore, the online service providers are advised to provide a wide range of information, variety and also enable a speedy processing of the entire transaction. They are also advised to install reliable payment mechanisms, look into safety and security concerns of the customers and establish and improve the delivery mechanisms and to strongly communicate the same. These measures will go a long way in the diffusion or proliferation of online purchasing in India.
Katerattancakul declared that “in the highly competitive internet commerce environment, the companies that offer the best customer experiences are the ones that will gain the trust from customers and are more likely to succeed.”

City’s youngsters give crowded shopping stores a miss and choose online shopping avenues instead. Are the internet retailers outshining the traditional multi-channel ones? “Online shopping today is a total convenience package. Everything is at your doorstep and just a click away, “exclaims Vishnu Panicker an online shopper. “The social aspect of traditional shopping is the kind of experience you wouldn’t want to miss! Stopping for tea breaks, lunch breaks, laughing, teasing…. its all part of shopping being a therapeutic process. What’s the fun in sitting behind the safety of your computer screen?” asks Divya, an online shopper. Well it looks like a clear case of tradition vs. technology.

Online marketing offers the customer the opportunity to understand the product better, say retail websites. When it comes to launching or promoting businesses the internet seems to be the ideal medium for maximum reach and quick dissemination of information. Understanding the potential of online promotion, retailers have graduated from posting trade links on individual sites to launching them on social networking pages. Though today’s generation is net-savvy and is open to buying products online, how much of actual sales happen online? Kiran Nadkarni CEO of Kaati Zone- a quick service restaurant replies that, ‘presently, we receive 10% of our delivery orders online. However, the growth we have noticed in online ordering during recent months gives us confidence about the relevance of this medium to our business.”Dr. Rupali Ambegaonkar, Founder, “Tea culture of the world” an online tea shop says “the overheads of the shops are cut down, so that we can give clients a good deal as well.”
Flea markets both real and virtual are gradually finding buyers and sellers in Chennai city. Social networking and the growing trend of sustainability and recycling has led to the rise of different kinds of flea markets- online and offline. There is a lot of value in extending the life span of certain products like babies’ clothes and toys. These products can be recycled or free cycled to someone who is in need. An online portal ‘Reuse Sandhai’ was started in February 2012 for promoting the online sales of used products in the spirit of leading a more environmentally sustainable life. Social media has made this whole movement extremely accessible and has also added a layer of trust to these transactions. Trust is important in flea markets because online buyers should be assured of the quality of the products they are buying.  

Analysts tracking the industry feel that at least for now, e-retail is not creating new customers, just weaning away existing customers from a physical retail shops to online boutiques, where the range of products is increasing every passing day, ranging from mobile phones and gizmos to books, designer wear and lingerie. Silently, e-retail has been gaining ground steadily and is expected to touch a market size of around $70 billion (Rs.3, 56,000 Crores) by 2020 from the present Rs.2700 crores. In fact, the industry is upbeat and feels these estimates are conservative and the growth and market size could be even higher by 2020. Leading brands such as Woodland, Samsung and Nokia among others have woken up to the potential of online retail shops. Harkirat Singh, MD of woodland said online sales via the company owned website is doubling every month and expects it to total around Rs.20 cr within a year. The same is true for Samsung, which expects around 5% mobile handsets sales to come from its online retail store within a year. 

As for trends in internet usage, a study shows that the growth rate of the internet audience is starting to slow down in the United States.” Online retailers will
have to provide significant incentives to encourage dropouts to buy online again”, says Lohse. “The research shows that the internet population is already starting to look more and more like the general population. Therefore, companies will have to plan their Web site design for an audience that has a lower income, is less tolerant of new technology.”

According to recent data from the ‘Wharton Forum on Electronic Commerce’, their findings indicate that the rate of growth of online spending per person is declining even though total online retail spending is increasing.

Britain witnessed a shopping frenzy on Monday December 2nd 2013, with people spending close to Rs.3 crores per minute or £ 5208 per second online on that day. Transactions top 7.7 million making December 2nd 2013, the busiest online shopping day in the history of Britain. Mobile orders were more than double compared to previous year, currently at 114% with 42% of online traffic involved in purchasing smart phones and tablet computers. The IMRG Capgemini e-retail index revealed that mobile accounts for 27% of all online spend- a rise of 2000% since the start of 2010.

Amazon CEO unveils service that could transform online shopping. Amazon’s CEO Jeff Bezos revealed an experimental drone-based home delivery service that can deposit a package at the door front or roof top in as little as 30 minutes from the time an order is placed online. These octocopter drones can carry packages up to five pounds and deliver within a radius of 10 miles from Amazon’s fulfilment centres. This door step delivery service by drones will begin as soon as Federal Aviation Administration gives permission said the CEO of Amazon.

The above observations pertaining to U.S.A. and U.K. show that the internet marketing has reached unimaginable heights. But, the e-tailing scenario in India
suggests that internet retailing is still in its nascent stages. The future is very promising but, it needs to be exploited. Indian consumers are not very enthusiastic about online purchasing. Issues related to cumbersome returns and cancellation processes seem to be some of the key factors that keep them away from shopping online, as they fear that the products offered online are not standardised. Therefore, the organisations involved in e-retail business need to lay down effective procedures in order to build trust with e-buyers. Many companies prefer to adopt a mix of online and offline retailing to combat this challenge.

Lack of physical touch and inspection, security and privacy concerns are plaguing the growth of e-market. Customers rely on purchasing familiar brands in order to reduce the risks associated with their purchases. Privacy issue is one of the main factors which have dampened the online consumer enthusiasm in India. There are issues concerning security and transaction frauds. High occurrence of failed payments deters customers to revisit the portal for shopping. Customer trust is extremely crucial for any online business to succeed. Gaining loyal e-customers has become a matter of rising concern to e-retailers. An effective website design, trust programmes, an efficient customer relationship, testimonials etc are some of the means to ascertain trust in an online retail business.

2.11 RESEARCH MODEL

The detailed survey of literatures on core dimensions of online buying reveal that demographic factors like age, gender, income, marital status and education affect online buying. Various reasons like speed, accessibility, convenience, saving of time and availability of information are cited as causes for online buying. Similarly, the analysis of various studies identified certain core factors which
influence online buying. Some of them are reliability, searchability, convenience, trust, security, website design etc.

But, there are certain additional questions which arise to merit further investigation into the research study. They are, identifying certain important features which make websites attractive for online buying. Identifying factors which promote satisfaction to online customers and also accessing the overall satisfaction of online buying experience. Hence, the present study is designed to consider certain variables like website features, customer satisfaction and online buying experience. Further analyses of the reasons for online purchases are also made.
Hence, the main focus of the study is presented as follows:

**Figure - 2.3**

**Flow Chart of the study**

- Website features
- Online buying of consumer goods
  - Consumer satisfaction
  - Online buying experience

The research model presented shows that the dependent variable is effectiveness of online buying of consumer goods and the independent variables chosen are website features, customer satisfaction and online buying experience.
CHAPTER 2 - END NOTES

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