Factors Affecting the Online Shoppers' Satisfaction: A Study of Indian Online Customers

Sumanjeet Sumanjeet
sumanjeetsingh@gmail.com

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Sumanjeet

The growth of E-Commerce as a business technology has been phenomenal. The Internet and its enabled technologies are just few years old and is already being viewed as the world's most revolutionary development. It has created a universal platform for buying and selling goods and services and driving important business process inside the organization. Small and large companies are using the Internet to make their product information, ordering, and customer support immediately available to help buyers and sellers to make contact. Not only organizations, but customers are also finding some of the greatest of this computer technology come from the E-Commerce application that significantly lower purchase transaction costs by eliminating middlemen in the distribution channels, saves time and energy, wider choices and price comparison. The growing use of Internet and online banking facilities in India provides a developing prospect for the e-marketers. If the marketers know the factors affecting online buyers' behavior and buying habits, then they can further develop their marketing strategies to convert potential customers into active ones, while retaining the existent online customers. Therefore, it is very important for the e-marketers to find out what factors make the customers satisfied and what makes them unsatisfied. This paper empirically examines a survey of 200 customers located in Delhi, Haryana and Noida. The study examines the factors affecting satisfaction level of online customers. Added to this, the study also try to find out what Indian online customer prefers to buy and what is most preferable mode of payment.

Keywords: e-Commerce, online shopping, customers, Indian

Introduction

Shopping has always been a curious activity. It means physical, mental and financial and psychological involvement. The most conventional form of shopping has been traveling away from to house to a retail shop to purchase the desired goods. To ease this process, concept like direct marketing, malls shopping, TV marketing and tele shopping were introduced. But the revolution in this direction with the introduction of internet and its enabled technologies. These new technologies as ever has brought together all of the best features of the above mentioned selling methods, wrapped it up in high-tech internet and its enabled technologies. Shopping using the internet opens up a whole new world of home shopping which is going

to become far more widespread. Numerous companies around the world have been selling via the internet for the years. E-Bay Inc. used auctions to sell more than $20 billion worth of goods in 2005. Ford Motor Co. sold more than $50 million worth of automobiles in North America with demand based in 2003, exceeding the profit targets by $1 billion (Sahay, 2007). According to a recent study conducted by AC Nielsen, more than 627 million people have shopping online (ACNielsen, 2005). Of them, over 212 million online shoppers mentioned books as among the top three items they purchased online. Thus, globally, e-commerce growth has been led by the popularity of the online shopping portals like amazon.com and e.bay. com but in India that has not been the case. In India, it is mainly driven by the travel industry and banking sector. For instance, 29 % of the Indian Internet users book airline tickets and this figure is expected to touch 46 % in the next year. Online ticket booking stands at 39 % of the total bookings. As far as banking sector is concerned, there are about 4.6 million online banking users in India. This figure is expected to touch upto over 16 million[1] by 2007-2008. Further, the total number of Internet users, which are right now is 3.85 million-is expected to reach 100 million by the year 2008. The growing use of Internet and online banking facilities in India provides a developing prospect for the e-marketers. If the marketers know the factors affecting online buyers' behaviour and buying habits, then they can further develop their marketing strategies to convert potential customers into active ones, while retaining the existent online customers. Therefore, it is very important for the e-marketers to find out what factors make the online customers satisfied and, what makes them unsatisfied.

Review of Literature

The explosive growth in usage of the Internet provides a great number of potential customers to the e-marketers. Whether or not marketers can convert their potential into real ones and retain them depends, to a very large extent, on the service they offer and on the perceived customers' satisfaction of consumers (Churchill and Surprenant, 1982; Oliver, 1980; Luarn and Lin, 2003). In fact, the level of satisfactions significantly affected consumer's attitudes and their intention to purchase (Bearden and Teel, 1983). Several researchers proposed that consumers shopping behaviour in online shopping may be fundamentally different from that in the traditional environment (Alba et al., 1997, Winer et al., 1997). Jarvenpaa and Todd (1997) proposed a model for attitudes and shopping intention towards the internet shopping in general. The model included several indicators, belonging to four major categories: the value of the product, the shopping experience, the quality of service offered by the website and the risk perceptions of the internet retail shopping. In the research conduct by Velido et al (2000), nine factors associated with users' perception of online shopping were extracted. Among those nine factors the risk perception of users was demonstrated to be the main discriminator between people buying online and people not buying online. Study of Wolfinbarger and Gilly (2002) found that the website design quality was an important issue in customer satisfaction. Ho and Wu (1999) found that homepage presentation is a major antecedent of customer satisfaction. Study of Bakos (2001) found that the lower search costs in digital markets will make it easier for the buyers to find low cost sellers. According to Verdict (2000) 'cost effectiveness' (rather

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[1] That will include both Internet and Mobile banking.

than just low prices) is the key reason for the shoppers to buy online, followed by convenience and ease of purchase. Study of Shergill and Chen (2005) revealed that reliability; customer services and security are other important factors affecting the online shopping.

The adoption of e-commerce is widely studied in the industrialized world, only a small number of these studies focus on the developing countries (Thyagarajan, 2002). To study e-commerce in the Indian context we will have to move beyond these global concepts and review the harsh realities of a developing nation. E-commerce is still in its infancy in India (Mukhopadhyay, 2002). For the reasons just started, growth has been slow, confined to few major cities and some industries, usually multinational companies (Niles, 1999). Indian customers are still hesitant and anxious to purchase goods/services online (Sumanjeet, 2004). By using a sample of 214 online shopers, Ranganathan and Ganapathy (2002) found four key dimensions of B2C website; the information content, design, security and privacy. They concluded that

though all these dimensions have a n impact on the purchase intention, security and privacy were found to have greater impact on the purchase intent of online buyers. The caution customer obviously has many doubts, apprehensions and under fear while using the internet services for accessing company's websites with the purpose of online shopping. As a result many online shopping sites are now offering cash on delivery to retain the customers (Mishra, 2007).

Objectives and Methodology

The present paper aims to study what Indian Indian online customer prefers to buy over internet and what is their mode of payments. But the main objective of the present study is to find out what factors make the online customers satisfied and what makes them dissatisfied. On the basis of review of literature, a null hypothesis was also formulated. It was hypothesized that customers are not satisfied with the services of dot com companies. To attain these objectives and test the hypothesis, a survey of 200 customers located in Delhi, Haryana

Table 1. Sample profile of the respondents[2]

	Categories	Count	Percentage
Gender	Male	109	54.4
	Female	91	45.5
Age	Under 21	54	27
	21 to 29 years	59	29.5
	30 to 39 years	46	23
	40 to 49 years	24	12
	Above 50 years	17	8.5
Education Level	Did not completed secondary school	10	2
	Completed secondary school	34	17
	Completed trade training	40	20
	Completed under graduation equivalent	50	25
	Completed post graduate	66	33

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[2] Please note that, the result of this table can not be generalized in the Indian context. It is just the manipulation of limited data to reveal some estimation. The reason, in the present study researcher did not use these categories as base of research. Therefore, the estimations are based on the available profile of customers.

Table 2. Items purchased over the Internet

Variable Name	Items	Count	Percentage	Rank
I_1	Book	13	6.5	7
I_2	Videos/DVDs/Games	19	9.5	5.5
I_3	Airline/Railway ticket reservation	31	15.5	1
I_4	Clothing/accessories/shoes	22	11	2
I_5	Music	20	10	4
I_6	Online subscription of magazines, journals	21	10.5	3
I_7	Electronic equipments	19	9.5	5.5
I_8	Computer hardware	11	5.5	9
I_9	Computer software	12	6	8
I_{10}	Event tickets	6	3	11.5
I_{11}	Cosmetics/nutrition suppliers	8	4	10
I_{12}	Groceries	2	1	15
I_{13}	Sporting goods	4	2	14
I_{14}	Toys/dolls	5	2.5	13
I_{15}	Automobiles	6	3	11.5
I_{16}	Other items	1	.5	16
Total	Total	200	100	

and Noida were administered. The target sample population drawn from customers who have experienced online purchasing in India. To collect the necessary information, various parameters were developed with the help of literature. The responses to these parameters were gathered through a well structured comprehensive questionnaire. A pilot survey was also conduct with five people to evaluate how well the questionnaire was understood. During the interview process, some weaknesses in design were found. The ambiguity of several questions was criticized by the respondents. Thus the questionnaire was amended in the light of confusion and suggestions. Further responses were coded, tabulated and analyzed. To measure the intensity of parameters Likert 5 point scale was used. To test the hypothesis χ^2 test was applied. Table 1 indicates the profile of respondents.

Table 1. indicates that majority of the respondents belonged to the male category. Maximum number of respondents belongs to the age group of 21 to 29 year. However, the difference with other age group except last two is not very significant. Therefore, it can be said that majority of the respondents belong to the age group of below 21 to 39 year[3]. It is also observed that higher academic level customers are more interested in online shopping than the lower. Table indicates the positive relationship between academic level and online shoppers.

Items Purchased over Internet by Indian customers

Buying habits/patterns of customers' across the globe is not same. In fact, it widely varies with market. In order to study the most

[3] An overall weight of these three is 79.5 percent of the total surveyed customers. It is really very significant. Another thing, it is very difficult to say that this age group people buy more over net as the difference is not very significant between these three.

Table 3. Payment method used

Variable Name	Systems	Count	Percentage	Rank
P_1	Credit card	70	35	1
P2	Debit card (Smart Card)	53	26.5	2
P_3	Cash on delivery	47	23.5	3
P_4	Bank transfer	18	9	4
P_5	Money transfer	10	5	5
P_6	Postal transfer	2	1	6
P_7	Prepaid card	0	0	*
P_8	Payment through convenience store	0	0	*
	Total	200	100	*

Note: *did not use by the respondents as payment methods

preferred items of purchase over the Internet among the Indian customers, 15 items were identified on the basis of literature review. The responses to these items were gathered from 200 respondents, which is shown in the Table 2.

Table 2- depict that airline/railway tickets is the most preferred items of purchase over the Internet among the Indian customers. Clothing/accessories/shoes are followed by purchase of airline/railway tickets. It is also revealed that purchase of online subscription of journals and magazines is high in India, which is ranked at number 3. Purchase of electronic equipment and DVDs/Videos/Games are ranked equally.

Modes of Payment

For an online buyer, many types of payment system are available in the market. But, the usage of these systems widely varies with the market and individuals. Many studies revealed that credit card is the most popular method of payment in developed countries; whereas cash-on-delivery is most popular method of payment in the developing countries. To study the most popular methods of payment among the Indian online customers, 8 types of payment systems were identified on the basis of literature review. The responses to these systems where gathered from 200 respondents and shown in Table 3.

Table 4. Customers Satisfaction towards the Services of DotCom Companies

Responses (Coding)	Delhi	Nodia	Haryana	Total
Yes (R_1)	42	17	22	81 (40.5)
No (R_2)	58	33	28	119 (59.5)
Total	100	50	50	200 (100)

Calculated Value of χ^2 : 7.22
Table Value of χ^2 at 5 % Level : 3.84
Degree of Freedom (df) : 1

Table 3. depicts that for most of the Indian online customers credit card was the most used methods of payments, which is ranked at number 1. Debit card was also highly used method of payment after credit card. Cash-on-Delivery was also found very popular among the Indian online customers.

Satisfaction Level of Online Customers towards Services of Dot Com Firms

Several studies indices that online customers are not very satisfied with the services of dot com companies. To test this assumption empirically, a null hypothesis was formulated. The responses to this hypothesis was gathered and tested empirically by applying Chi Square (χ^2) Test. The result is given as under:

H1: *Customers are not satisfied with the services provided by the Indian Dot Com Companies*

Result: Since the calculated value of χ^2 (7.22) is much larger than the table value of χ^2 at 5 % level of significance for 1 degree of freedom (3.84), therefore the null hypothesis is rejected and its is *concluded* that: customers are satisfied with the services provided by the Indian Dot Com Companies.

Further to study the satisfaction level of customers regarding the services offered by the dot com companies, 16 key factors were identified on the basis of review of literature[4]. Factor one (A) is loaded on the first 7 variables. This factor can be labeled as 'website design factors', factor two (B) loaded on the next three variables. This factor can be labeled as 'reliability and fulfillment factor'. Factor three (C) is loaded on the next three variables. This factor can be labeled as

'customer services' factor. Last factor four (D) loaded on the last three variables and this factor can be labeled as 'security and privacy factor'. The responses to these factors were gathered on the 5 point Likert scale. Score 5, labeled, for the respondents who were strongly agreed; 4 for who were agreed; 3 for neither agreed nor disagreed; 2 for disagreed and 1 for strongly disagreed. The responses gathered from the respondents is reflected in the table 6.29 (II).

From the ranking of the mean score in the table 6.17, top 5 factors were identified regarding which, the Indian online customers were highly satisfied. These are: (1) the dot com companies provide in depth information of product and services they offered (2) The company is willing and ready to respond to customer needs (3) the website understands the customers needs (4) online customers feel comfortable in surfing and (5) Enquiries are answered promptly. Table depicts that all three variables related to privacy security are having least mean score. Therefore this problem is considered as most important. 'The product that came was represented accurately by the companies' this variable is ranked at 15 on the basis of mean score and the variable 'the website has adequate security features' is ranked at 16 on the basis of man score.

From the raking of the total mean score of each factor, following conclusion are drawn. First, online Indian buyers rated the website design factors the highest mean score, which implied that online buyers were highly satisfied with this area of service. The factor had, as stated in the table very high mean score of 3.88 than the overall mean score of 3.785. Second, website reliability and fulfillment factors rated at 3.77, which was slightly lower than the overall mean score of 3.785. The satisfactions level regarding this factor is ranked at number 3. Third, customer service

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[4] Fourteen out of sixteen factors borrowed from the scale measured 'the four factors at a global level' (Wolfinbarger and Glly, 2002) Please see Wolfinbarger, M. and Gilly, M.C. (2002), ".com Qs Dimensionalisating, Measuring and Prediciting Quality of E-Tail Experiences",CRITO, University of California: US.

Table 5. Perceived factors affecting the online purchase by online buyers

Variable Name	Parameters	Mean Score	IR*	ICR**	Rank
1. Website Design Factors (A)					
F_1	The dot com companies provides in deapth information of product and services they offered	4.27	1	1	
F_2	It is quick and easy to complete a transaction at website of theses companies	3.79	9	6	
F_3	These sites does not waste my time	3.78	10.5	7	
F_4	The sites has competitive prices	3.80	8	5	
F_5	The level of personalization of these sites is about right, not too much or too little	3.81	7	4	
F_6	The website understand my needs	3.89	3	2	
F_7	You feel comfortable in surfing	3.87	4	3	
Overall mean of Website Design Factors (27.21/7)- 2. Reliability/Fulfillment Factor (B)		3.88			1
(F_8)	The product that came was represented accurately by the companies	3.68	15	3	
(F_9)	You get what you ordered from the website	3.85	6	1	
(F_{10})	The product is delivered by the time promised by the company	3.78	10.5	2	
Overall mean of Reliability/Fulfillment Factors (11.31/3)- 3. Customer Service Factor (C)		3.77			3
(F_{11})	The company is willing and ready to respond to customer needs	3.91	2	1	
(F_{12})	When you have problem, these companies shows a sincere interest in solving it	3.73	12	3	
(F_{13})	Enquiries are answered promptly	3.85	5	2	
Overall mean of Customer Service Factors (11.43/3)- 4. Privacy/Security Factor (D)		3.83			2
(F_{14})	You feel that your privacy is protected at the sites of these companies	3.71	13	1	
(F_{15})	You feel safe in transactions with the website of these companies	3.70	14	2	
(F_{16})	The websites has adequate security features	3.57	16	3	
Overall mean of Privacy/Security Factors (10.98/3)- Overall mean socre of all four factors (A+B+C+D)-----3.785		3.66			4

Notes: *individual ranking of all the facilitators based on mean scores; **Individual ranking based on the mean score of cluster ;***Ranking based on total mean score of each cluster

factors rated at 3.83, which was slightly higher than the overall mean score of 3.785, which implied that the customers are, satisfied wit this area of service. Fourthly, compared with the perceived overall perception of a website with a mean score of 3.785, online Indian customers rated the website privacy and security factor at a considerable lower mean score of 3.66. The considerably lower mean score of the privacy and security factor suggest that consumers considered that factor to be possible obstacles in their online purchasing.

Discussion of Results

There has been a tremendous surge in consumer interest in online shopping over the last three or four years. Several factors have brought about this change. The present study observed that with the Internet usage growing, Indian consumers have got used to the online interface and technology growth has made online shopping more convenient. The range and availability of thousands of products at great price is one of the biggest drivers. Beside this, various payment modes beyond online credit cards, net banking and cash on delivery have made the Indian consumers comfortable with the purchase online.

The study tested the hypothesis at 95% level of confidence, which clearly indicates that Indian online customers are satisfied with the services of dot com companies. Despite the high level of satisfaction among the online shoppers, compared to many other countries, online shopping in India is far below the level of satisfaction. There are many stumbling blocks in the growth of online shopping in India. The key problem that needs to be countered by the sector has more to do with the consumer mindset than a change in business model. The biggest barrier is lack of trust. In this highly technologically advanced market, people do not trust the payment mechanisms and are skeptical about online

transactions. The present study also disclosed that fact that the security is not a concern for the companies, but the perception about the security is concern. Companies have all the security measures, but to make the customers understand this is problem. The third parties like banks and the government should have an awareness campaign for this which would make online customers feel more comfortable and confident about buying online. Another mindset problem that e-retailers are facing is that of touch and feel. The mindset of touch and feel of Indian customers reflects in the product categories. Those products, which do not require the consumers to touch and feel do very well online. Indians are used to buying products after feeling it with their hands. They buy clothes after verifying the quality by touch and, this becomes a bottleneck for the apparel sales online. Although all these problems are fading with generation change and youth confidence, there are few other hindrances- low PC and Internet penetration, flawed or untimely delivery of products, and extreme competitiveness due to falling prices. In short, a successful online selling strategy is need for the success of online shopping in India, which may not be the same like traditional selling strategy. With the smart strategies, the right use of technology and internet penetration will help this market grow at a much faster pace, which in turn will benefit not only vendors and consumers in metros but those living across the country.

Concluding Remarks

Past studies clearly revealed that Internet is changing the way customers shop and buy goods and services, and has rapidly evolved into global phenomenon. India is also not legged behind in the race of using Internet for buying and selling goods and services. Indian customers are also realizing the benefits of online shopping and using internet not only to get the product information and price but

also buy the products online compare prices, product features and after sale services. The present study made an attempt to study the various dimensions of Indian online shoppers. This section highlights some of the important findings of the study. The present study revealed that Indian customers prefer to buy most standardize items/service like airline/railway tickets, clothes and online subscription of journals. It is interesting to reveal that Indian customers are following the trends of items purchased especially in case of tickets reservation. As a result, Indian railway has become the top organizations offering B2C services. It is revealed that for online buying, most of the customers use

electronic method of payment[5]. Cash-on-Delivery is most popular method of payment among the non-electronic payment methods. As far as the satisfaction level of online customers is concerned the study revealed that Indian online customers are satisfied with the services provided by the dot com companies. According to Indian customers website design factor is major issue to decide their level of satisfaction. The study also revealed a very interesting result; the security is not a very important factor to make Indians customers satisfied. In fact this finding is not amazing, as various studies revealed that security is not a real problem, but psychological in the age of e-commerce.

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[5] Credit and Debit card both are very poplar method of electronic payment all over the world. Total weight of these two variables is 61.5 percent which is really significant to generalize that this both are the most popular method of payments among the Indian online customers.

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About the Author

Sumanjeet (sumanjeetsingh@gmail.com) earned his M.Com, M.Phil (E-Commerce) and Ph.D in the field of e-commerce. He has authored more than 60 papers for various national and international journals of repute. He is serving as a member of editorial board and review board of three international journals including international journal of e-commerce research. He has participated in more than 30 national and international levels of conferences. He was honored with two national awards in the year 2007 and 2008 for his contribution in the chosen field. His areas of interest are: E-Commerce, Marketing, IPRs.