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**RESEARCH PROJECT ON ONLINE SHOPPING ON
RETAILSECTOR (AMAZON)**



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Certificate From Faculty Guide

This is to certify that the project report on “**Online Shopping on Retail Sector (Amazon)**” has been prepared by **Lakshay Dagar** under my supervision and guidance. The Project report is submitted towards the partial fulfillment of 3-year, full time Bachelor of Business Administration.

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INTRODUCTION

The increasing adoption of the internet in India presents a burgeoning opportunity for online shopping. Understanding the factors influencing Indian online behavior and their correlation with different types of online shoppers enables e-marketers to refine their marketing strategies, converting potential customers into active ones while retaining existing ones.

This research project focuses on examining what consumers remember while shopping online. The study identifies perceived usefulness, ease of use, perceived enjoyment, and security/privacy as the predominant factors influencing consumers' perceptions of online purchasing.

Consumer behavior is considered an applied discipline as it significantly impacts decision-making. Utilizing insights from both micro and macro perspectives enhances its application.

The internet is revolutionizing the manner in which consumers purchase and obtain goods and services, evolving into a worldwide phenomenon. Many companies leverage the internet to reduce marketing costs, thus lowering the prices of their products and services to remain competitive. They also utilize the internet for information dissemination, sales, feedback collection, and customer satisfaction surveys.

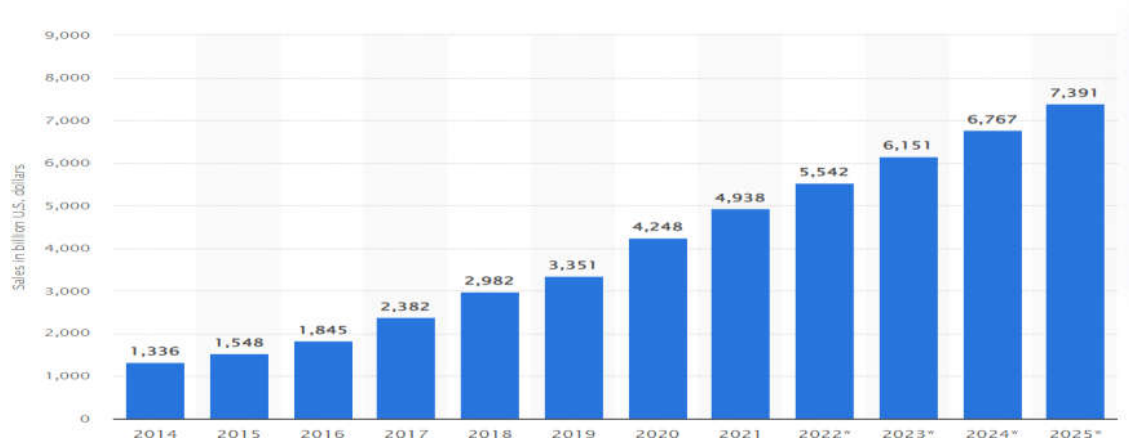
In the era of globalization, electronic marketing is a significant revolution. Over the past decade, major corporations have embraced technological changes. Online shopping or marketing involves the use of technologies, such as computers, for improved marketing performance. Retailers devise strategies to meet the needs of online shoppers, studying consumer behavior in the field of online shopping to understand attitudes towards it. We have chosen to explore consumers' attitudes towards online shopping, specifically focusing on the factors influencing buyers to shop online.

EVOLUTION OF ONLINE RETAIL

Thriving in a high-pressure business environment poses challenges for retailers. The internet emerges as an effective alternative sales channel, granting direct access to target customers. Online retailing, also known as e-tail, serves as a web-enabled interface between retailers and consumers, facilitating ecommerce transactions. E-tailers, as these retailers are known, have become ubiquitous on the World Wide Web. Since the advent of the World Wide Web in the 1990s and the subsequent release of the Mozilla Netscape Navigator in 1994, online retail has undergone significant transformations and continues to evolve diversely. E-tail has gained popularity across various sectors such as apparel, arts and handicrafts, books, car rentals, computers and electronics, cosmetics, financial services, gifts, and novelties. This retail format encompasses e-stores, internet shops, web shops, web stores, online stores, or virtual stores.

Key advantages of e-tail that contribute to its popularity among retailers include low investment costs, direct access to target customers, and quick returns on investment. This format enables retailers to efficiently serve customers by offering a comprehensive portfolio of products and services. Moreover, access to transaction data allows retailers to analyze and interpret their target customers, offering valuable information such as discounts, promotions, and new or existing products tailored to customer requirements and past shopping behavior. The abundance of product information has bolstered consumer confidence levels.

According to the Associated Chambers of Commerce and Industry of India, the online retail industry in India is projected to be worth ₹70 billion by 2015. The current online retail market stands at ₹20 billion and is growing steadily at an annual rate of 35%, as indicated by buying-selling trends from leading e-tail portals. Maharashtra boasts the best IT infrastructure among Indian states, both from the retail industry perspective and for consumers, with Mumbai accounting for 24% of India's e-commerce transactions. Some of the well-known online retailers in India comprise Staples Inc, Home Shop 18, India Plaza, eBay India, Future Bazaar, India Times, and Rediff. The proliferation of broadband services and increasing internet penetration support the growth of online retailing. The rising purchasing power of Indian customers is poised to fuel the online shopping boom in India. An emerging trend in online retail is advertising through social media platforms such as Facebook, Twitter, and Google+. Retail leaders are also adopting video, mobile, and social media strategies to enhance the customer experience, in addition to website technologies.



Growth of Online Retail:

In recent years, e-commerce has emerged as a vital component of the worldwide retail structure. Similar to numerous other sectors, the retail sector has experienced significant changes since the rise of the internet. With the continuous digitalization of contemporary life, consumers from almost every corner of the globe now enjoy the advantages of online transactions.

The report provides insights into eCommerce trends and statistics since 2014 and offers forecasts for the future of eCommerce up to 2025. Accumulated data from the latest monitored period suggests a substantial 276.9% surge in global eCommerce sales.

Asia and the US

E-commerce dominates the Asia-Pacific region, comprising more than 70% of global e-commerce activity. China leads the charge with \$740 billion in sales, while the US follows closely with over \$560 billion. Projections indicate that China's e-commerce sales will soar to \$1,086 billion by 2023, with the US also anticipated to reach \$735 billion in e-commerce sales by the same year.

Africa and the Middle East

Africa and the Middle East exhibit the lowest rates of e-commerce growth. This sluggish growth in Africa is attributed to limited Internet access and a gradual uptake of technology among its populace. E-commerce activities in this region contribute merely 1% to the total global e-commerce transactions. However, this figure is projected to see a slight uptick by 2021.

Various factors contribute to the global growth of e-commerce, including:

- Increased adoption of mobile devices
- Data-centric approaches
- Enhanced consumer satisfaction
- Cost-effectiveness

HISTORY OF ONLINE SHOPPING

Web-based shopping, a form of electronic commerce, enables consumers to directly purchase goods or services from a seller over the Internet without intermediary services. Terms like online shop, e-shop, e-store, web shop, web-store, web-store, online store, or virtual store mirror the physical act of shopping at a brick-and-mortar retailer or mall. This process is known as business-to-consumer (B2C) online shopping, while business-to-business (B2B) online shopping refers to businesses purchasing from other businesses.

- **1979**

Michael Aldrich introduced the concept of mail-order shopping, which later evolved into online shopping, revolutionizing business transactions. The same year saw similar innovations in the US with services like The Source and CompuServe.

- **1982**

Minitel superseded Videotext as an online service, allowing online purchases, stock market checks, phone directory searches, and even chat functionalities. Despite successful launches in France and the UK, its impact was limited.

- **1987**

Flood (a CompuServe subsidiary) provided an online marketplace for software developers and shareware creators to sell their products using a "Merchant account," marking the beginning of online shopping for the software industry.

- **1990**

Tim Berners-Lee developed the internet and created the first web browser, initiating a profound transformation that continues to shape our world today.

- **1992**

The book "Future Shop: How New Innovations Will Change the Way We Shop and What We Buy" by J.H. Snider and Land Siporin highlighted revolutionary concepts in shopping.

- **1994**

Netscape released the Navigator browser, which later introduced Secure Sockets Layer (SSL) encryption for secure transactions. Pizza Cottage initiated online ordering on their website, marking the beginning of online sales for various products including vehicles, bicycles, and adult content.

- **1995**

Amazon.com started offering a wide range of products online, while Jeff Bezos launched the first commercial-free 24-hour, web-exclusive radio broadcasts. Subsequently, Radio HK and Net Radio commenced broadcasting. Companies such as Dell and Cisco began integrating the internet into all their transactions. Additionally, eBay pioneered online auctions.

- **1998**

the US began selling Electronic Postal Stamps online, allowing users to purchase and download them for printing.

- **1999**

E-Companies acquired Business.com for \$7.5 million, while Napster launched peer-to-peer file-sharing software. Home decorating items began selling on ATG Stores.

- **2000**

Witnessed the dot-com bubble burst, which occurred over several years (approximately 1995-2000), during which the mere presence of the prefix "e-" or ".com" in names led to soaring stock prices for many companies. This period saw the rise and fall of numerous businesses.

- **2001**

Many entrepreneurs devised innovative ideas and attracted generous venture capital funding, with companies focusing on expanding the market with the expectation of future profits covering current debts and losses. However, this strategy ultimately led to a market downturn, resulting in the collapse of overvalued companies.

- **2002**

PayPal, a company providing an alternative (via the web) to traditional cash or check payments, was acquired by eBay for \$1.5 billion. CSN Stores and Net Shops were founded with the concept of niche-specific merchandise and launched numerous online stores, each focusing on a single item on every site.

- **2003**

Online shopping experienced significant growth as Amazon.com posted its first annual profit, solidifying its presence in the stock market once again.

- **2007**

The acquisition of Business.com by R.H. Donnelley for \$345 million paved the way for larger players in the technology industry.

- **2012**

Witnessed significant growth in US e-commerce, with marketing projections reaching \$204 billion, representing a substantial 17% increase from the previous year.

- **2014**

Online retailer Amazon.com reported an estimated daily turnover of over US \$2.5 trillion, with an annual growth rate of 14%. eBay also recorded sales of US \$1.89 billion, reflecting the significant impact of online shopping.

- **2015**

Consumers began integrating online shopping with physical retail experiences, utilizing Wi-Fi access and showrooming trends. A Forbes report revealed that 74% of people used their smartphones to assist them while shopping, with 79% making a purchase as a result.

- **2016**

Average online purchases were projected to increase by 78% compared to 2015, driven by enticing deals and aggressive marketing of an expanding range of products from clothing to jewelry, electronics, and books.

- **2017**

Marked the introduction of Shoppable Instagram, with Instagram Shopping launching in partnership with e-commerce platform BigCommerce. The service expanded to additional e-commerce platforms, allowing Instagram users to click on items and be directed to the product page for purchase.

ONLINE RETAIL INDUSTRY SEGMENTATION

Customer segmentation is crucial for ecommerce companies, as it allows them to group customers based on shared attributes such as age, gender, location, browsing habits, interests, and device usage, enabling the delivery of relevant and timely promotions. When combined with behavioral data, segmentation empowers online stores to offer personalized experiences akin to a customer's favorite neighborhood shop. While traditional market segmentation has focused on demographic, psychographic, geographic, and behavioral factors, modern marketers leverage a wealth of data to create micro-segments and deliver targeted experiences. By analyzing factors like products purchased, email engagement, viewed content, geolocation, demographics, and previous behavior, marketers can tailor promotions effectively, ensuring a seamless customer experience throughout the buyer journey.

According to Research Cape's survey, marketers utilize various customer attributes to provide personalized experiences. These include:

- products purchased (39%)
- email click-throughs (37%)
- pages/content viewed (36%)
- geolocation (35%)
- email opens (35%)
- demographics (35%)
- previous visit behavior (34%)
- customer journey (33%)
-

Additionally, data derived from on-site behavior and the customer's journey stage are two other segments that marketers should monitor closely.

REGULATORY FRAMEWORK FOR E-COMMERCE

E-commerce fosters competition, revenue, and profit while facilitating the exchange of goods and services and thereby generating traffic. This dynamic also serves as an incentive for investors to support local infrastructures, connectivity, and bandwidth. However, before this virtuous cycle can commence, a 'magic triangle' consisting of access, trust, and know-how—a vital prerequisite for the initiation and expansion of electronic commerce—must be firmly established between public and private partners. The success of this triangle hinges on receiving full and active support from various stakeholders.

Access to e-technology, such as the Internet, is necessary but not sufficient for the development and growth of e-commerce. The popularity of e-commerce in any economy depends not only on the cost, efficiency, and reliability of Internet technology but also on a supportive framework encompassing legal, financial, and technical infrastructure. To keep pace with the new era of globalization, Bangladesh's legal framework must ensure the presence of appropriate legislative, judicial, and administrative processes that uphold public interests and private economic rights. However, Bangladesh has made limited progress in this regard, with only minor updates to century-old laws, and recent legislative changes have been ineffective due to weak enforcement or provisions allowing for over-regulation (e.g., the Financial Loan Courts Act; the Securities and Exchange Commission Act).

Here are some acts and laws pertaining to consumer protection:

- The Act of Regulating Essential Commodities in 1956.
- The Pure Food Ordinance 1959.
- The Ordinance of 1970 on Essential Commodities' Pricing and Distribution.
- The Bangladesh Drugs Control Ordinance 1982.
- The Ordinance of 1984 Governing Marketing Regulations for Breast Milk Substitute.
- The Tobacco Goods Marketing (Control) Act 1988.
- The Penal Code 1860.
- The Special Powers Act 1974.
- The Dangerous Drugs Act 1930.
- The Trade Mark Act 1940.
- The Ordinance of 1982 on Standards for Weights and Measures

COMPANY PROFILE

ABOUT AMAZON

Amazon, founded in 1994 by Jeff Bezos, is a dominant force in cloud computing and the American e-commerce landscape. Initially recognized for its book sales and later digital offerings through the Kindle e-reader, Amazon has evolved into a comprehensive platform offering a wide range of products and services, from clothing to digital content. Its Amazon Web Services arm is a major provider of cloud-based solutions for millions of businesses worldwide, while its consumer electronics division offers popular devices like Fire tablets and TV boxes, alongside the Alexa AI assistant service. Despite its diverse ventures, Amazon remains committed to long-term customer loyalty and continual expansion into new ventures, guided by Bezos's business philosophy. Notably, Amazon has made significant investments in brick-and-mortar retail, including the acquisition of Whole Foods and the launch of Amazon Go grocery stores, showcasing its commitment to innovation and growth.

Amazon VS Flipkart

Amazon and Flipkart differ primarily in their corporate structure and global reach. While Amazon operates as a multinational company with a global presence, Flipkart is a Singaporean company primarily serving Indian users. Amazon offers international shipping for certain products, whereas Flipkart focuses exclusively on the Indian market and does not provide international shipping services. Despite the dominance of traditional brick-and-mortar retail in India, the rise of e-commerce giants like Amazon India and Flipkart has significantly expanded consumer access to a wide range of products. The growth of e-commerce has been further fueled by the widespread adoption of digital payment systems and experienced a substantial boost during the pandemic. Projections suggest that India's e-commerce market is poised to exceed \$200 billion by 2026, driven by a compound annual growth rate of 19%. Flagship events such as online festive sales contribute to the peak performance of e-commerce platforms, as consumers capitalize on substantial discounts offered during these periods. For instance, in the 2021 festive season, e-commerce sales surged by 23%.

Indian e-commerce Space In 2021: Flipkart Takes On Amazon

Established in 2007 and acquired by Walmart in 2018, Flipkart achieved several milestones amid the pandemic-induced lockdowns. It experienced a significant surge of nearly 50% in new user sign-ups following the initial lockdowns and a 35% increase in onboarded sellers throughout 2020. This growth trend continued into

2021, with Flipkart also recording the highest number of app downloads.

Strengths:

1. Amazon, as the world's leading online retailer, strategically focuses on cost leadership, differentiation, and market concentration, resulting in substantial shareholder value.
2. Leveraging advanced IT infrastructure and e-commerce scalability, Amazon maintains a competitive edge over rivals.
3. The brand enjoys global consumer recognition, facilitating entry into new markets previously inaccessible to many e-commerce players.
4. Superior logistics and distribution systems contribute to enhanced customer satisfaction, reinforcing Amazon's competitive position.

Weaknesses:

1. Amazon's diversification efforts, while mitigating risks, may dilute its core competence in online book retailing, potentially compromising its strategic advantage.
2. Offering free shipping risks eroding profit margins and limiting cost optimization opportunities.
3. Exclusive emphasis on online retailing may hinder expansion plans, particularly in emerging markets.
4. Amazon's near-zero margin business model has drawn criticism from analysts, as high revenues have not translated into significant profitable.

Strengths of Flipkart:

1. Flipkart's sustained leadership in the online retail sector stems from several internal strengths.
2. Exceptional Brand Recognition: Flipkart has achieved widespread brand recall through strategic online branding, social media engagement, and memorable television advertisements.
3. Whether it's the amusing TV commercials featuring children behaving like adults or the excitement surrounding events like 'Big Billion Day,' Flipkart's branding efforts have left a lasting impression.

Weaknesses of Flipkart:

1. Despite its position as an online retail giant, Flipkart contends with certain internal weaknesses.
2. High Advertising Expenditure: Flipkart allocates a significant portion, around

30% of its annual revenues, to marketing and advertising, surpassing benchmarks set by major corporations like HUL. This heavy investment is aimed at attracting and retaining customers through substantial discounts and extensive visibility across various media channels. However, despite a 32% revenue growth, Flipkart reported a substantial loss of Rs 1950 crores in FY2020, indicating that its current advertising strategy may not be sustainable in the long term.

3. While events like 'Big Billion Day' have become hallmark annual sale events for online shoppers, excessive spending on advertisements poses challenges to Flipkart's profitability in the future.

Industry consolidation: M&A alliances

MarketLine's report on Amazon.com, Inc. encompasses a comprehensive overview of the company's business activities, including mergers and acquisitions (M&A), partnerships, alliances, investments, divestments, capital raisings, venture capital investments, ownership transactions, and partnership transactions from January 2007 onwards. MarketLine's reports on company mergers and acquisitions, partnerships, alliances, and investments provide a detailed breakdown of both organic and inorganic growth strategies pursued by organizations to maintain their competitive edge. The report on Amazon.com, Inc. includes essential details such as contact information, business summary, tables, graphs, lists of partners and targets, breakdowns of financial and legal advisors, deal types, top deals by value, and detailed reports on all M&A, private equity, public offering, venture financing, partnership, and divestment transactions conducted by the company. These reports offer insights into target company financials, sources of financing, payment methods, deal values, and advisors involved. Additionally, the report provides intelligence on Amazon.com, Inc.'s M&A activities, strategic partnerships and alliances, capital raising, and private equity transactions, along with information on key financial and legal advisors for the company's financial deals.

Reasons for purchase:

- Gain access to extensive financial deal data, including charts and graphs, encompassing M&A, private equity, partnerships, and alliances.
- Develop an impartial perspective on Amazon.com, Inc.'s growth strategies by analyzing its organic and inorganic activities since 2007.
- Monitor competitors' business frameworks and growth tactics effectively. Porter's Five Forces Analysis of Amazon:

Amazon, headquartered in Seattle, is a prominent American multinational technology company established by Jeff Bezos on July 5, 1994.

Retail Industry Value Chain:

The retail value chain outlines the sequence of actions facilitating the sale of products to consumers, each adding value to the process. These steps include product creation, inventory management, distribution, and product availability to consumers. Understanding these processes is crucial for small businesses operating within the retail value chain.

Product Development:

The creation of a saleable product precedes its sale. Companies may utilize internal resources or source raw materials externally. Manufacturing firms employ workers to assemble various products, while software companies rely on programmers to develop software products.

Inventory Management:

Once products are manufactured, they require storage until they are ready for distribution. Inventory management involves tracking, storing, and preparing items for distribution. Cold storage facilities preserve perishable goods, while digital servers store digital content for online consumption.

Distribution:

Distributors are responsible for transporting goods from warehouses to retail outlets efficiently, ensuring timely delivery and product integrity. Retailers must manage inventory to meet customer demand adequately without overstocking or understocking shelves.

Flipkart Value Chain:

- Flipkart processes replacement requests within 30 days of delivery.
- The company coordinates with its logistic center via callback messages.
- Courier providers collect replacement products from customers and deliver them to Flipkart's facilities.
- In cases of transit damage, Flipkart initiates claims, and damaged products are replaced by producers via insurers.

Key Success Factors of the Online Retail Industry:

Branding:

Creating a memorable brand name like Amazon, eBay, or Flipkart is essential for establishing a strong presence. Consistency in branding, including domain names, builds trust and credibility with customers.

Store Design:

An attractive and user-friendly store design is crucial for engaging customers and facilitating easy navigation. Transparency in displaying product information and contact details enhances trust.

Search Engine Optimization (SEO):

Building an SEO-friendly website and using relevant keywords in product descriptions improve visibility in search engines. Ensuring mobile responsiveness is also vital for catering to mobile users.

Multichannel Marketing:

Utilizing social media platforms, content marketing, and email marketing helps in reaching a broader audience and promoting brand awareness.

Personalized Buying Experience:

Prioritizing customer satisfaction and simplifying the purchasing process enhance the overall shopping experience. Clear product information and well-defined details contribute to customer satisfaction.

Multiple Payment Methods:

Offering various payment options, including online transactions, third-party payment gateways, and offline payment methods like Cash on Delivery, reduces cart abandonment rates and caters to diverse customer preferences.

Easy Checkout Process:

Incorporating features like 'Add to Cart' and 'Add to Wishlist,' implementing a single-page checkout process, and integrating third-party shipping methods streamline the checkout process and improve overall efficiency.

Strategic Groups in Industry

In strategic management, the concept of strategic groups categorizes companies in an industry based on similar business models or strategies. These groups are defined as "organizations within an industry with comparable strategic characteristics, operating on similar strategies or competing on similar grounds." While each supermarket implements its unique strategy, it's essential to recognize commonalities among them. Research by the IGD reveals a decade-long stable growth trend in the UK grocery market. From £93.3bn in 1998, the market expanded to £146.3bn in 2008, encompassing 92,796 grocery stores across four sectors: Convenience stores, Traditional retail, Hypermarkets, supermarkets, and superstores, and Online channels. Notably, certain retailers excel within these sectors; for instance, Tesco operates over eight hundred stores across Europe. Tesco's success stems from its diverse business services, including distribution, warehousing, advertising, financial services integration, and transportation, enhancing overall service provision and customer interaction.

Strategic Planning

Strategic planning involves the concept of strategic groups, which categorize companies within an industry based on shared business models or similar strategies. For instance, in the restaurant industry, strategic groups like fast-food and fine-dining can be identified based on factors such as preparation time, pricing, and presentation. The number and makeup of these groups depend on the criteria used for classification. Typically, strategic management experts utilize two dimensions to define these groups.

Flipkart strategies

Flipkart employs segmentation strategies such as Behavioral and Psychographic to effectively target customers and address their evolving preferences. With increasing per capita income and shifts in purchasing behaviors, more customers are embracing online shopping.

Flipkart adopts an undifferentiated targeting strategy, making its offerings accessible to individuals across all demographics, as long as delivery is feasible. In the fiercely competitive landscape of national and multinational e-commerce, strategic positioning is paramount. Flipkart has positioned itself as a reliable and customer-centric brand in the e-commerce realm.

BCG Matrix in Marketing strategy of Flipkart

In Flipkart's marketing strategy, its merchandising division (including Myntra) and electronics segment are classified as Stars in the BCG matrix. This classification is due to the segments' rapid growth and the increasing adoption of online purchasing for clothing and electronic items in India. Despite the vast market, each e-commerce player contends for a smaller market share, intensifying competition.

Looking ahead, the industry faces both challenges and opportunities amidst the digital revolution. While digital technologies have ushered in the Fourth Industrial Revolution, the Infrastructure and Urban Development (IU) sector has lagged behind. Many companies in various IU sectors still rely heavily on manual methods, offer traditional products and services, and adhere to established business models, hampering productivity. Despite the IU sector's significant contribution to global GDP and employment, negative perceptions hinder talent attraction, exacerbating a talent shortage.

LITERATURE REVIEW

Sharma and Mittal (2009) point out the significant growth of e-commerce in India, driven by the country's large population and increasing adoption of online shopping. Today, e-commerce has become an integral part of everyday life in Indian culture, with numerous websites offering a wide range of products and services. These platforms cover various categories such as clothing, health and beauty products, books, electronics, automotive, software, consumer electronics, household appliances, jewelry, entertainment, real estate services, and more.

Ramírez Nicolas (2010) highlights the transformative impact of the internet on daily life, including how people communicate, engage with banking services, consume news, and conduct commerce. The emergence of innovative business models, like discount coupons, has played a significant role in attracting new customers and fostering loyalty by encouraging repeat purchases. This led to the establishment of platforms like "The Point" and "Groupon," which have gained widespread popularity and expanded globally, attracting substantial investments from industry giants like Yahoo! and Google.

Donald Rogan (2007) emphasizes the link between consumer behavior and marketing strategy, stressing the importance of understanding and meeting consumer needs to drive desired behaviors. The expectation confirmation model, proposed by Oliver (1980), focuses on post-purchase behavior and highlights the significance of satisfaction, which is influenced by the alignment between perceived performance and expectations. Bhattacharjee (2001) further supports this idea, suggesting that satisfied customers are more likely to continue using information systems, with factors like trust and satisfaction playing crucial roles.

Venkatesh (2000) discusses the positive impact of perceived convenience offered by web merchants on consumers' attitudes towards online shopping, emphasizing its potential for youth marketers. Hristopoulos et al. (2001) and Dholakia's study highlight the preference of younger consumers for online shopping, citing its convenience and broader product selection as key drivers.

Benedict et al. (2001) delve into perceptions towards online shopping, noting that factors like usability, usefulness, and enjoyment, as well as external factors like customer characteristics, situational factors, product attributes, past online shopping experiences, and trust, influence attitudes and intentions towards online shopping.

In the realm of online shopping, customer online purchase intention is a critical aspect that researchers like Sharma and Mittal (2009) have explored extensively.

This concept, often associated with the theory of reasoned action proposed by Arjen, suggests that consumer behavior can be predicted based on their intentions. It is believed that deliberate actions are more influential in attracting new customers compared to social cues, as highlighted by Day (1969). Customer online purchase intention refers to the inclination or readiness of a consumer to make a purchase online (Salisbury, 2001). Palou (2003) emphasizes that online purchase intention is a more accurate measure when evaluating online consumer behavior, given the involvement of information sharing and transactional activities.

Studies, such as those by Chang et al. (2005), have attempted to identify the factors influencing customer online purchase intention, categorizing them into perceived characteristics of the internet as a business channel, website and product attributes, and buyer characteristics. Despite the numerous factors identified, research has focused on understanding the impact of shopping orientations, prior online purchase experience, online trust, and demographics on online purchase intention, especially within the Indian context.

Online trust is deemed essential in online shopping due to its inherent risks, as highlighted by McCole and Palmer (2001). Trust plays a crucial role in facilitating online transactions and contributes positively to their success (Järvenpää). It is particularly important when sensitive information is shared during online purchases (Egger, 2006). In India, studies like Ganguli's have examined the mediating effect of online trust on customer online purchase intention, with findings suggesting a positive correlation between consumer trust and purchase intention.

Prior online purchase experience also influences customer online purchase intention, with past satisfactory experiences increasing the likelihood of future purchases (Shim and Drake, 1990). Conversely, negative experiences can decrease purchase intention (Shim et al., 2001a, b). This relationship holds significance in the Indian context, where the propensity to purchase online is influenced by prior experiences.

Shopping orientations, defined as predispositions toward shopping activities, are considered prime indicators of online purchasing behavior (Swaminathan, 1999). Various studies have segmented shoppers into distinct categories based on their shopping behaviors, with some orientations like impulse purchase, brand orientation, and quality orientation being particularly relevant in the context of online shopping. These orientations have been identified as significant factors affecting customer online purchase intention (Gehry et al., 2007).

OBJECTIVE OF THE STUDY

The study seeks to accomplish the following goals:

- Investigate the behaviour of customers engaged in online shopping.
- Explore the factors that influence online shoppers and consumers.
- Assess the level of customer satisfaction regarding online shopping experiences.
- Determine customer preferences between online shopping and physical stores.
- Evaluate customer satisfaction levels with online purchases.
- Identify the specific reasons prompting customers to engage in online shopping.
- Enable companies to gain insights into current trends and customer requirements.

SCOPE OF THE STUDY

- Assessing their perceived brand value.
- Examining preferred modes of purchase among individuals.
- Determining the motivations behind purchasing products.
- Identifying the preferred price range for products.
- Understanding the features that customers value in their products.
-

In the dynamic online landscape, with millions of potential customers browsing the internet at any given moment, companies engaged in e-commerce must continuously seek an advantage amidst fierce competition. Rapid advancements in web-related technologies demand that businesses selling online stay ahead. Understanding the desires and preferences of consumers is paramount due to the vast potential consumer base. Analyzing the factors influencing consumer decisions in online purchases is crucial, as the internet introduces new dynamics in consumer behaviour. With online retailing diverging from traditional retail practices, it is imperative for online retailers to grasp the factors shaping online consumer behaviour.

SWOT ANALYSIS OF ONLINE SHOPPING

Strengths:

- Complete control over inventory.
- Quality control is feasible for products.
- Inventory levels can be accurately monitored.
- Access to global markets.
- Time-saving.
- Comparison of prices/items.
- Cost-effective.
- Flexible target market segmentation.
- Rapid exchange of information.
- Expedited purchasing process.

Weaknesses:

- Accumulation of inventory leads to increased stock costs.
- Higher packaging and procurement costs.
- Increased operational expenses.
- Security concerns.
- Presence of fake websites.
- Risks of fraud.
- Limited discounts and bargaining.
- Longer delivery times.
- Inability to physically inspect products.
- Limitation of product variety.
- Lack of personalized services.
- Limited exposure.
- Restricted advertising.
- Customer satisfaction challenges.

Opportunities:

- Improved customer satisfaction through better delivery.
- Effective utilization of return policies.
- Better discounts through bulk purchases.
- Opportunities for stronger partnerships with businesses.
- Possibility of customer pick-up from warehouses.
- Changing trends.
- Growing customer base.
- Global expansion opportunities.
- High availability (24/7).
- Extensive business growth.
- Advertising possibilities.
-

Threats:

- Limited price discounts due to high overhead costs.
- Long-term profitability challenges.
- Potential manipulation by supplier companies.
- Necessity for exclusive service stations to maintain stocked products.
- Competitive pressures.
- Changes in environmental, legal, and regulatory conditions.
- Technological advancements.
- Privacy concerns.
- Fraud risks.
- Security risks.

RESEARCH METHODOLOGY

Descriptive research is a method intended to accurately depict participants. It encompasses observational methods, involving viewing and recording participants, as well as case studies, which delve deeply into the study of individuals or groups.

TYPE OF RESEARCH- Descriptive Research

Introduction to Research Methodology

This chapter seeks to elucidate the research methodology, establishing a framework for evaluating primary and secondary research. Techniques and concepts employed during primary research, aimed at deriving findings, are discussed, leading to logical deductions regarding analysis and results.

Research Design

The purpose of the methodology is to outline the research procedure, encompassing overall design, sampling procedures, data collection methods, and analysis procedures. Marketing research entails the systematic collection, recording, and analysis of data related to the marketing of products and services. Its primary aim is to provide information facilitating the identification of opportunities or problems, aiding managers in making optimal decisions.

There are two general types of research: exploratory and conclusive.

Exploratory Research Design

Also referred to as qualitative research, aims to uncover new relationships. Its goal is to define the main problem, identify relevant variables, and explore potential alternative solutions. It can be further categorized into three parts.

Conclusive Research

Also known as quantitative research, is intended to assist executives in decision-making. When marketing executives make decisions, they must choose a course of action from a range of options. These alternatives may be few or numerous, well-defined or vaguely understood.

Descriptive Research Design

This type of design is employed for precise investigation or developing working hypotheses from an operational standpoint. It offers inherent flexibility necessary for transforming broadly defined research problems into more precisely defined ones, which may require changes in research procedures.

❖ Study

"A Study on Customer Satisfaction Towards Online Shopping"

❖ Population Size

The total population size is indefinite.

❖ Sampling Units

Sampling units are selected from the Greater Noida and Delhi (NCR) area.

❖ Sample Size

The sample size is 310 units, referring to the number of items selected from the total population to constitute the sample.

❖ Sample Design

It constitutes a definite plan for obtaining a sample from a given population, indicating the technique the researcher adopts in selecting sample items. Respondents are chosen based on convenient sampling.

❖ Sampling Method

The sampling method employed for the project was "Random Sampling," also known as probability sampling, where each item in the population has an equal chance of inclusion in the sample. This ensures that each item has an equal probability of selection.

DATA COLLECTION

Data analysis primarily relied on customer-collected data, with supplementary insights gleaned from secondary sources for a specific parameter. Qualitative analysis encompassed both primary and secondary data.

STATISTICAL TOOLS UTILIZED:

The primary statistical tools employed for data collection and analysis in this project were:

- Pie Charts
- Tables
- MS Excel

DATA COLLECTION

INFORMATION SOURCES:

The information for this project primarily originated from Greater Noida residents exclusively.

METHODS OF DATA COLLECTION:

❖ PRIMARY SOURCES

Primary research involved the direct use of data to assess market viability. Common methods included surveys, interviews, and focus groups, facilitating a direct interaction between potential customers and companies.

- Questionnaires

❖ SECONDARY SOURCES

Secondary research involved the reuse and reinterpretation of existing information to guide product or service improvements.

- Newspapers
- Magazines
- Internet sites

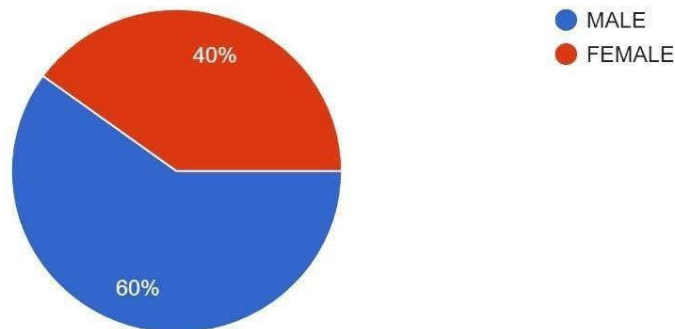
While both primary and secondary data are valuable for businesses, they may vary in several aspects.

DATA COLLECTION

DATA ANALYSIS AND INTERPRETATION

GENDER

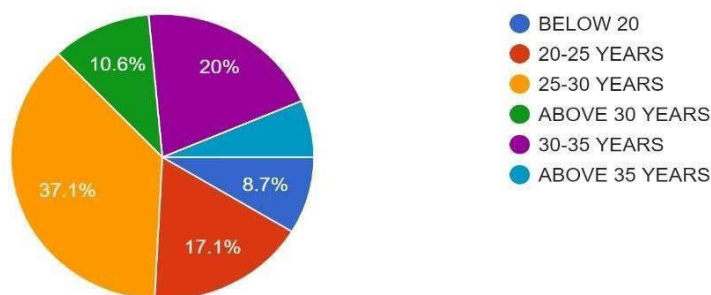
310 responses



This pie chart clearly indicates that 60% of the respondents are male, while the remaining 40% are female.

AGE

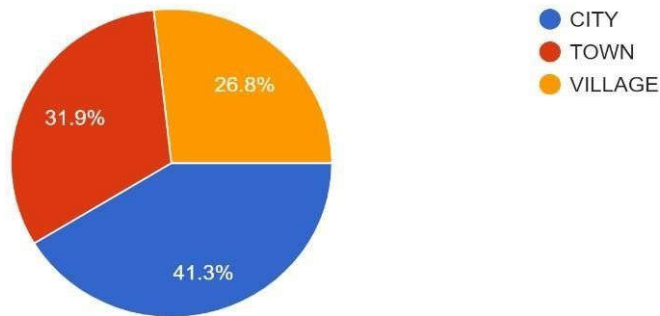
310 responses



37% of respondents fall into the age group of 25 to 30, while 20% belong to the 30 to 35 age bracket. Additionally, 17% fall into the 20 to 25 age range, with 10% falling into an age group above 30, and 8% belonging to the below 20 age group.

LOCATION

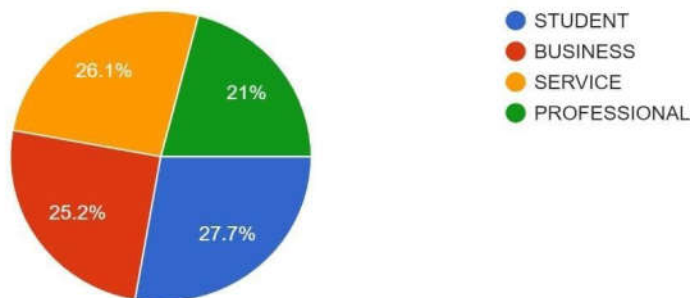
310 responses



Therefore, the majority (26%) of respondents are categorized as residing in rural areas.

PROFESSION

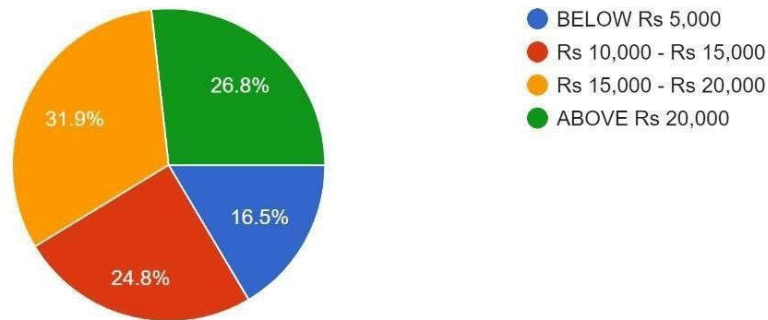
310 responses



When analyzing the professions of the respondents, it's observed that (27%) are students, (26%) are employed in the service sector, (25%) are involved in business, and the remaining (21%) are classified as professionals.

MONTHLY INCOME

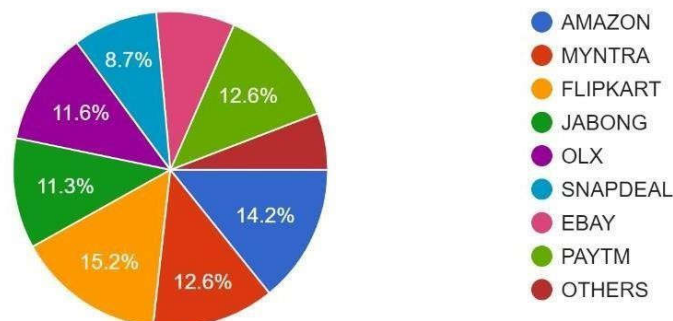
310 responses



The depicted graph illustrates the distribution of monthly income among respondents. It indicates that individuals earning between 15,000 to 20,000 tend to purchase more online products. This trend can be attributed to a higher proportion of graduates in this income bracket, who commonly purchase electronic items such as music CDs, mobile phones, laptops, and fashionable clothing online.

Which Online Shopping website you like the most ?

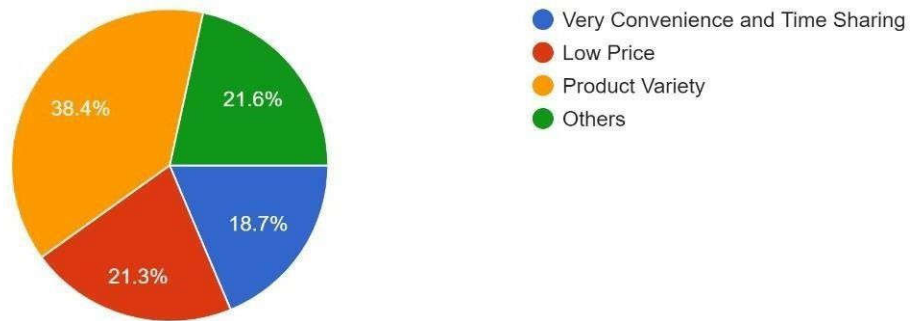
310 responses



The graph illustrates the online shopping preferences of individuals, indicating that (15%) opt for Flipkart, (14%) choose Amazon for electronic goods, (12%) prefer MYNTRA and Paytm for budget-friendly offers, (11%) frequent JABONG and OLX, while the remaining (8%) favor Snapdeal for competitive pricing, with the rest opting for other platforms.

Why are you choosing Online Shopping ?

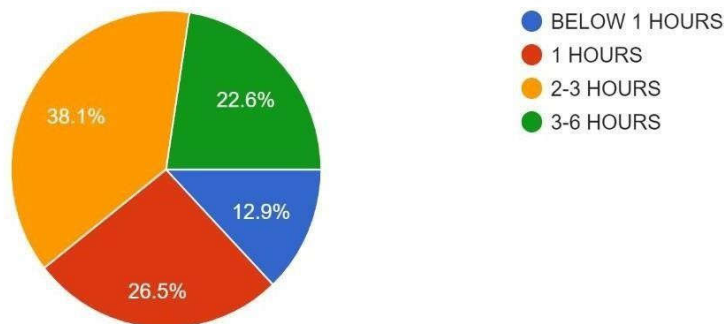
310 responses



In response to this question, (38%) of people shop online for a diverse range of product options, (21%) seek lower prices and other benefits, and (18%) prioritize convenience and time-saving aspects when engaging in online shopping.

How much time do you spend on internet everyday ?

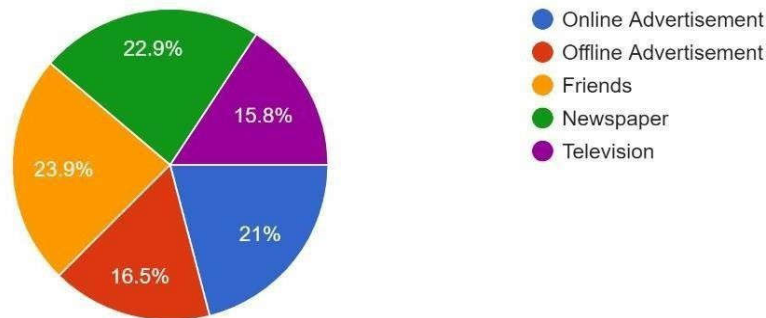
310 responses



The graph illustrates the amount of time individuals spend on the internet. It reveals that (38%) of people allocate 2 to 3 hours daily, while (26%) spend 1 hour. The majority, comprising (22%) of respondents, dedicate 3 to 6 hours, with the remaining (12%) using less than 1 hour.

SOURCES OF AWARENESS

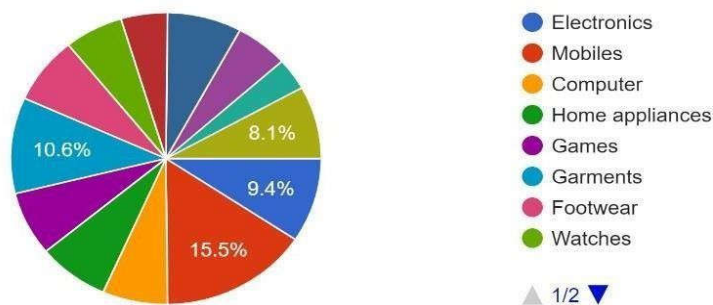
310 responses



The largest portion (23%) of respondents become aware of websites through friends, followed closely by (22%) who discover websites through newspapers. Additionally, (21%) gain awareness through online shopping, while (16%) do so via offline advertisements. The remaining (15%) become aware of websites through television advertisements.

PRODUCTS PURCHASED

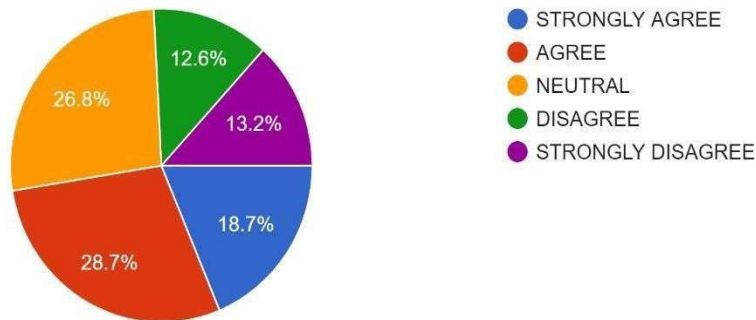
310 responses



The largest proportion (15%) of respondents made their mobile phone purchases through online channels, followed by (10%) who bought garments online. Additionally, (9%) purchased electronics online, while (8%) opted for online channels for watch purchases. The remaining respondents made online purchases for other products.

The speed of delivery is important to you

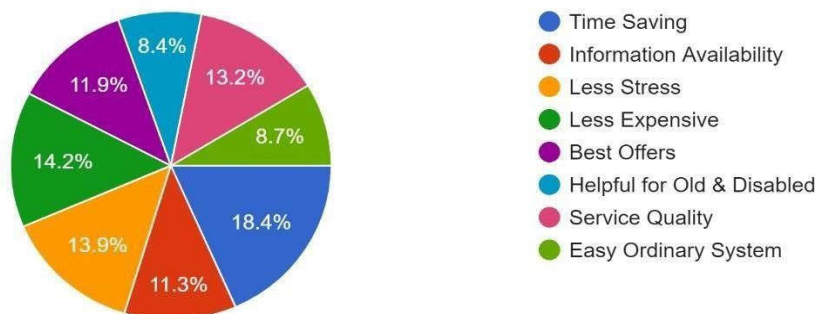
310 responses



According to respondents, speed is deemed crucial for online shopping. (28%) agree, (26%) remain neutral, (18%) strongly agree, (13%) strongly disagree, and (12%) disagree with this notion.

PREFERENCE

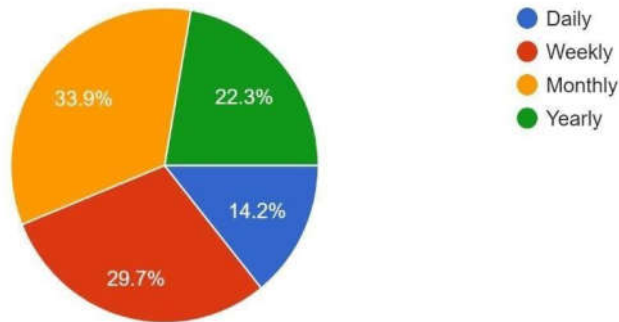
310 responses



The largest portion (18%) of respondents favors online shopping for time-saving benefits. Additionally, (13%) prefer it for service quality and reduced stress, while (14%) opt for online shopping due to lower costs. Moreover, (11%) prioritize online shopping for information and availability, and (8%) choose it for its user-friendly system, particularly beneficial for older adults and individuals with disabilities.

Frequency of Purchase

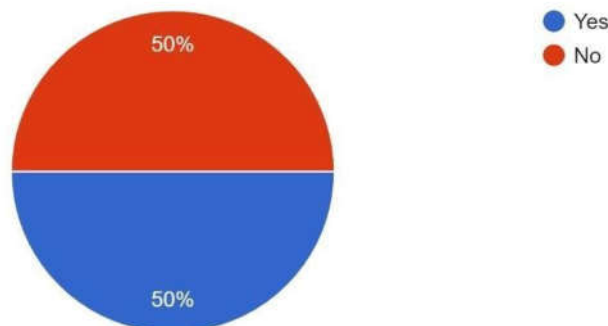
310 responses



Most respondents (33%) shop online monthly, with a significant portion (29%) shopping weekly, followed by those who shop yearly (22%) and daily (14%).

Visiting Retail Store

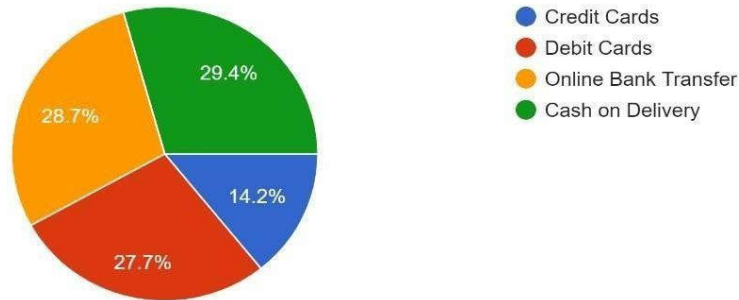
310 responses



Half of the respondents who answered affirmatively visit retail stores before engaging in online shopping, while an equal percentage of those who answered negatively also visit retail stores prior to online shopping.

Mode of Payment

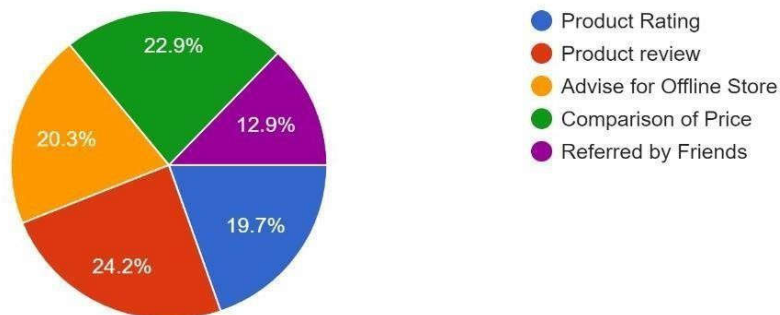
310 responses



Regarding payment methods, preferences vary among individuals: 29% opt for cash on delivery, 28% choose online bank transfers, 27% use debit cards, and 14% make payments via credit cards.

Facts Consider Before Online Shopping

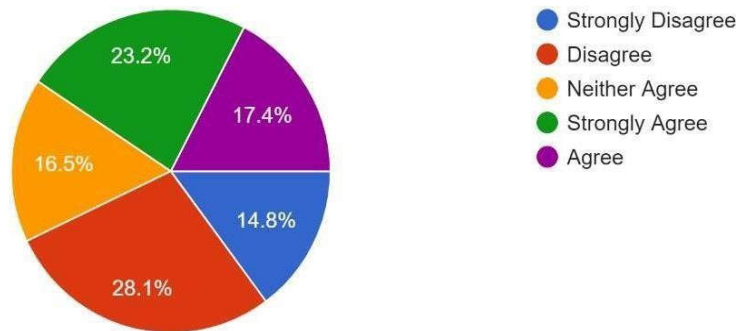
310 responses



The largest portion (24%) of respondents prioritize product reviews prior to online shopping, followed by 22% who prioritize price comparisons, 20% who consider advice from online stores, 19% who focus on product ratings, and 12% who take recommendations from friends into account before making online purchases.

Choice of Availability of Products

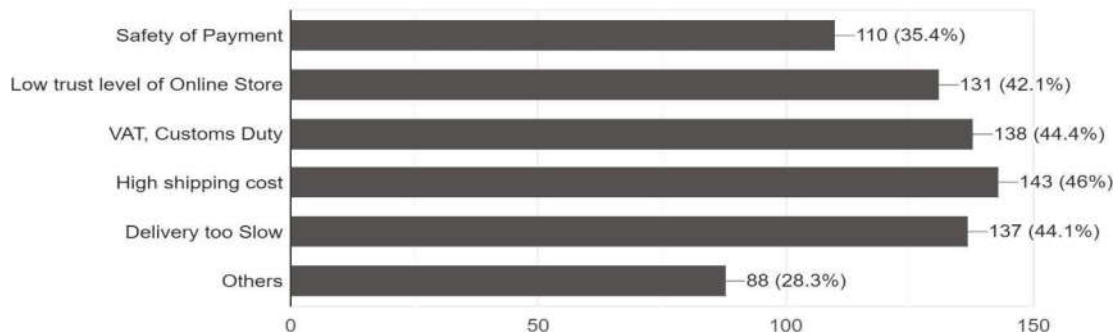
310 responses



The largest portion (28%) of respondents express disagreement regarding the ease of selecting and comparing products in online shopping. Following closely, 23% strongly agree with the ease of choosing and comparing products, while 17% agree with this notion. Additionally, 16% neither agree nor disagree, and 14% strongly agree with the ease of selecting and comparing products online.

Barriers which keep respondents away from Online Shopping

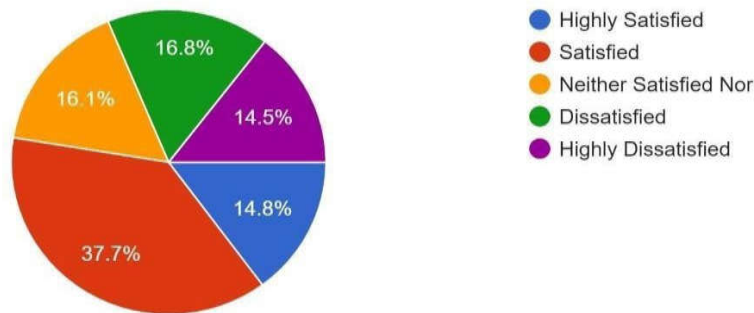
311 responses



The largest portion (46%) of respondents encounter the barrier of high shipping costs in online shopping. Close behind, 44% face challenges related to VAT and custom duties during delivery, as well as issues with slow delivery times. Additionally, 42% express concerns about the low trust levels of online stores, while 35% worry about the safety of online payment methods during delivery. Finally, 28% encounter other barriers during the delivery process in online shopping.

Shopping Experience

310 responses

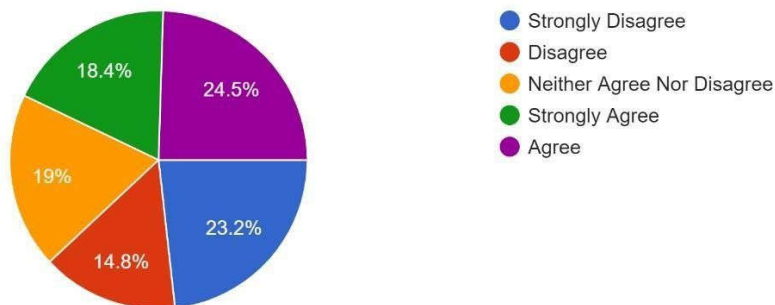


The highest rank, given by 37% of respondents, indicates satisfaction with their shopping experience. Conversely, 16% of respondents rank their experience as neither satisfied nor dissatisfied. Furthermore, 14% of respondents each rank their experience as highly satisfied and highly dissatisfied.

Top of Form

Easy to choose and make comparison with other Products

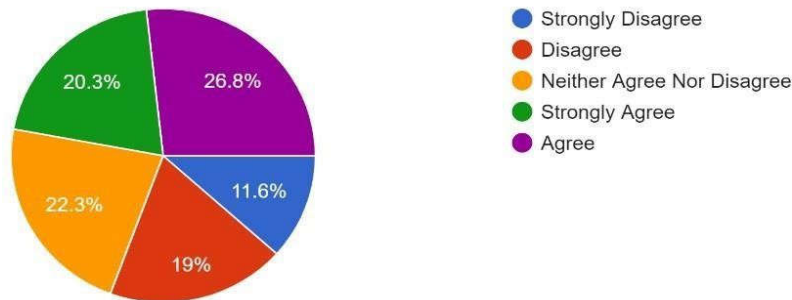
310 responses



The largest portion (24%) of respondents agree with the variety of products offered in online shopping. In contrast, 23% strongly disagree with the available choices. Additionally, 19% neither agree nor disagree, while 18% strongly agree with the range of products available. Finally, 14% strongly disagree with the available product choices in online shopping.

Safe and Secure with Online shopping

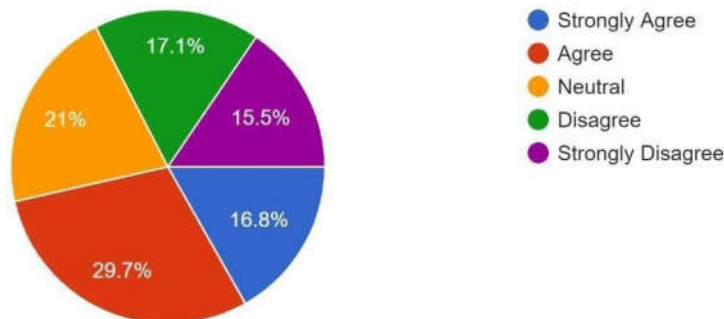
310 responses



The largest portion (26%) of respondents agree that online shopping is safe and secure. Following closely, 22% neither agree nor disagree with this statement. Additionally, 20% strongly agree with the safety and security of online shopping, while 19% disagree. Finally, 11% strongly disagree with the notion that online shopping is safe and secure.

The Service Quality of Seller is Important ?

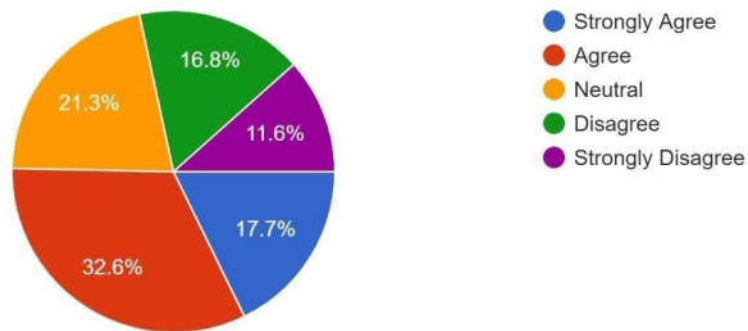
310 responses



When questioning respondents, 29% express agreement with the service quality of the seller, while 21% remain neutral. Additionally, 17% disagree, 15% strongly disagree, and 16% strongly agree.

The Price is Important when you Shopping Online?

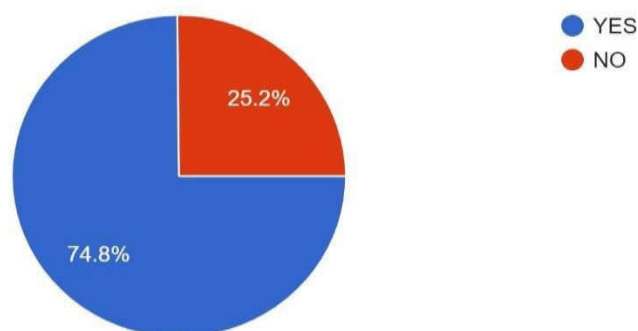
310 responses



In this data, it's evident that 32% strongly agree that they are influenced by price factors, while 21% remain neutral. Furthermore, 17% disagree, 17% strongly agree, and the remaining 11% strongly disagree.

Will You Recommend other to Use Online Shopping ?

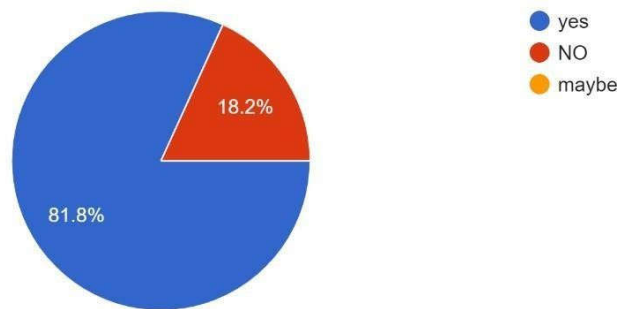
310 responses



From the data presented in the chart, it is observed that 74% of online shoppers are inclined to recommend it to others, while only 25% refrain from making such recommendations.

Did online shopping in the retail sector affect the traditional market?

11 responses



In the pie chart, it's evident that 81.8% of respondents agree that online shopping impacts the traditional market.

LIMITATIONS

In my research study, I encountered several issues, which I've summarized below:

- One challenge was the difficulty in engaging users' cooperation. Many respondents did not see the significance or usefulness of the project and therefore were reluctant to provide information.
- The unpredictable behaviour of customers could lead to inaccuracies in the data.
- The survey's sample size was relatively small, consisting of only 310 customers, which could introduce some errors in the results.
- The information collected relied solely on Primary Data provided by the respondents.
- The accuracy of the study depends on the respondents' responses.
- The survey was limited to Greater Noida, Greater Noida, and Delhi (NCR) only.
- The study focused on customer satisfaction with online shopping.
- The data collected relied entirely on Primary Data provided by the respondents.

FINDINGS

- Presently, there is a growing trend of both buyers and sellers turning towards online shopping. This preference stems from people's inclination to save time, as well as the convenience of having products delivered to their doorstep for a nominal fee, which outweighs the appeal of physical stores.
- Online stores operate round the clock, accessible to consumers with internet connectivity across various devices such as mobile phones, tablets, PCs, and laptops, allowing them to shop at their convenience.
- Thus, it can be inferred that the majority (60%) of respondents are male.
- Furthermore, the highest proportion (37%) of respondents falls within the 25-30 age category.
- Similarly, the largest percentage (41%) of respondents reside in urban areas.
- Notably, the majority (27%) of respondents are students.
- Additionally, most respondents (26%) earn a monthly income exceeding 20,000.
- When it comes to online shopping platforms, a majority (15%) of respondents prefer Flipkart.com.
- Majority (23%) of respondents discover new websites through recommendations from friends.
- Mobile phones are the preferred item for online purchase among the majority (15%) of respondents.
- Time-saving convenience drives the preference for online shopping among the majority (18%) of respondents.
- Before making purchases, most respondents (50%) visit a retail store.
- A majority (33%) of respondents make monthly purchases through online shopping.
- In terms of product selection, the majority (28%) of respondents express

dissatisfaction with the available choices in online shopping.

- Before making purchases, most respondents (24%) consider product reviews.
- Similarly, a majority (24%) of respondents find it easy to compare products online.
- The majority (29%) of respondents agree with the service quality provided by sellers in online shopping.
- A significant portion (32%) strongly agree that price significantly influences their online shopping decisions.
- Most users of online shopping (74%) are likely to recommend it to others.
- Additionally, the majority (26%) of respondents believe online shopping to be safe and secure.
- Satisfaction with online shopping experiences is expressed by a majority (37%) of respondents.
- High shipping costs pose a barrier to online shopping for the majority (46%) of respondents.
- Cash on delivery is the preferred payment method for a significant portion (29%) of respondents.
- Speed of delivery is considered important by (28%) of respondents.
- The majority of respondents (38%) spend 2 to 3 hours daily on the internet.
- When it comes to product variety, a majority (38%) shop online for a wide range of products.

CONCLUSION

The popularity of online shopping is steadily increasing alongside the widespread use of the Internet, known as the World Wide Web (www). However, understanding the needs of consumers in online selling poses a challenge for marketers. Specifically, comprehending consumer perspectives on online shopping, enhancing the factors influencing online shopping, and addressing issues impacting online shoppers can give marketers a competitive advantage. Overall, the advent of online shopping has significantly transformed and impacted our society. This technological utilization has created new opportunities for a more convenient lifestyle. Variety, fast service, and discounted prices are three significant ways in which online shopping has influenced people worldwide. However, the concept of online shopping has also led to concerns regarding fraud and privacy breaches. Fortunately, with the latest technological features, measures are being taken to prevent unauthorized access to private databases. Through privacy and security policies, web developers are striving to curb unethical practices. Consequently, society will continue to rely on online shopping, ensuring its continued success in the future. Increased internet penetration and the convenience of one-click shopping with home delivery have led more Indians to prefer online shopping. Nevertheless, companies need to mitigate risks associated with consumer dissatisfaction by simplifying website navigation and introducing web kiosks, computers, and other aids in stores. The goal is not to convert all consumers to online shopping but to present it as an option. Furthermore, efforts should be made to educate online shoppers on the steps to follow when making online purchases. Additionally, capturing the feedback of online shoppers can help identify service delivery flaws. This can be achieved through online communities and blogs, which serve as advertising and marketing tools as well as sources of feedback for industries. Therefore, online retailing presents more challenges than the benefits it currently offers. Product quality and service delivery methods are yet to be standardized. Until this is achieved, consumers are at a higher risk of encountering fraudulent practices.

SUGGESTION & RECOMMENDATIONS

After researching this topic, I would like to recommend several suggestions, outlined as follows:

- Firstly, I suggest that online sellers should ensure transparent payment transactions to address the issue of hidden costs, as online customers are often unaware of such charges. Therefore, there should be clarity regarding costs between online merchants and customers.
- Online sellers should also work towards increasing awareness among people about the risks associated with online shopping, as online customers often encounter fraudulent activities.
- Another important aspect is to make the money transaction process efficient and quick to avoid inconvenience for customers. If customers face difficulties in making payments, they may refrain from visiting our website and purchasing products.
- Online merchants should provide more incentives to their customers to encourage them to visit their website repeatedly.
- Additionally, online sellers should implement certain measures to enhance customer satisfaction, such as offering discounted prices, cashback offers, ensuring fast transactions, and prioritizing customer satisfaction.
- In summary, these recommendations aim to improve the overall online shopping experience for customers and strengthen the relationship between online sellers and consumers.

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