

E-commerce And Brick-and-mortar Retail – A Study for online purchase of Smartphones

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Abstract

The topic for research, “E-commerce And Brick-and-mortar Retail – A Study for online purchase of Smartphones” is to understand the consumer behavior towards the changing trends from brick and mortar to e-commerce. The objective of this study is “To study the concept of brick-and-mortar retail and e-retail (e-commerce) and “To compare the opportunities and challenges of brick-and-mortar retail and e-retail commerce in smartphone space.”

Keywords: e-tailing, brick and mortar

1. INTRODUCTION

Traditional brick-and-mortar stores are giving way to internet malls and this increase in expansion of a range of e-commerce products has a direct impact on the existence of many shopping centres. There is a drastic change in consumer behaviour observed due to the major shift observed in retail business witnessed in the recent times. E-commerce provides easy shopping method, variety of products and convenient home deliveries making it a satisfying experience for the consumer. Although traditional stores provide the much needed tangibility for the products but due to the advent of ecommerce, physical stores have faced stiff competition from the same.

The proposed research is an attempt to draw comparison between brick-and-mortar i.e. the traditional stores and the e-commerce offerings on various parameters such as ease of purchasing in terms of availability of products, time saved, customer reach, competitive pricing offered by the e-tailers specifically for smartphones. The study also presents customer preferences on the basis of gender on factors such as discounts, refund policy, convenience and warranty.

2. RESEARCH METHODOLOGY

The topic was selected keeping in mind the effect caused on the consumer behavior and preferences towards the ever growing E-commerce and the numerous opportunities it

offers while comparing the advantages as well as the challenges faced by both, e-tails and traditional stores. Researchers performed random sampling and tried to target 10% of the census individuals comprising of graduates, post graduates, working professionals will be carried out through both offline and online medium.

To test the feasibility of the tool of data collection a pilot study was conducted on 50 respondents. Reviews were taken from the respondents who comprised of batch mates and seniors and based on the suggestions of the respondents, changes were incorporated. The conclusion derived from the study was that respondents had mix perception about the brand and study could further be conducted

3. ANALYSIS AND RESULTS

3.1 Purchasing behavior of consumer before purchasing a Smartphone online

As per the survey conducted it was found that 64% of the total sample visits a brick and mortar retail store while the remaining 36% do not before their final purchase online. Majority of the respondents' i.e. 66% preferred both, visit to retail outlet and visit to various ecommerce sites. While 24% of them preferred to visit only ecommerce sites and 10% preferred to visit retail stores.

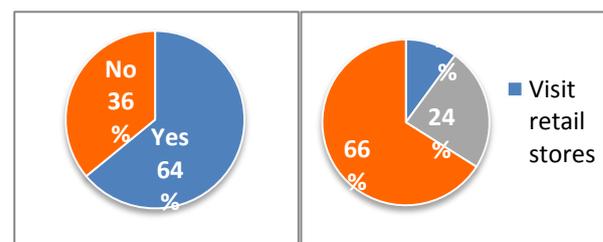


Figure 1 (a) Visit to Brick and Mortar Store (b) Preference of stores before final purchase

It is observed that 58% (39/67) of the male population visit retail store before doing a final purchase online whereas,

76% (25/33) of the female population actually visit retail store before doing a purchase online

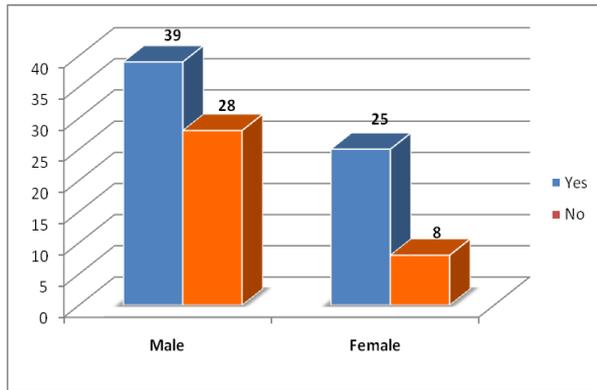


Figure 1 (c) Gender wise purchase behavior

3.2 Reasons for purchasing smart phones online

It was observed that discounts were the main reason people shopped for smart phones online. This was after they were asked to rank factors such as Convenience, Fast shipping, Trust, Brand consciousness and Friend referral.

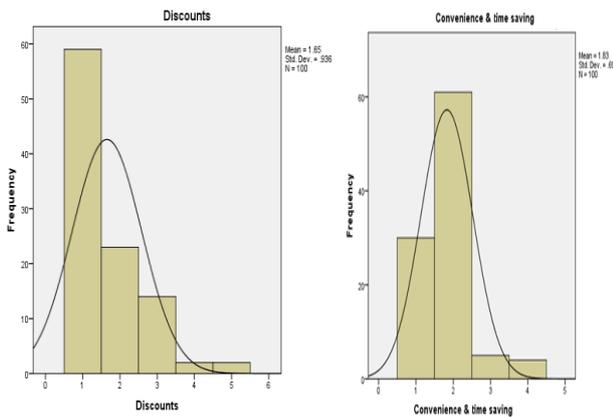


Figure 2 Main reasons for purchasing smart phones online

Using SPSS, the above graphs were obtained wherein the mean values are compared. Lowest mean values are considered. Thus, it can be said that “Discounts” is the most preferred factor for purchasing smart phones online as it has least mean value. “Convenience and time saving” is the second most preferred factor

3.3 Main barriers for online purchase of smart phones

It was observed that refund policy of online stores was the main reason that stopped people from purchasing smart phones online. This was after they were asked to rank factors such as safe payment, trust issues, VAT customs duty, shipping cost, refund policy, warranty, slow delivery.

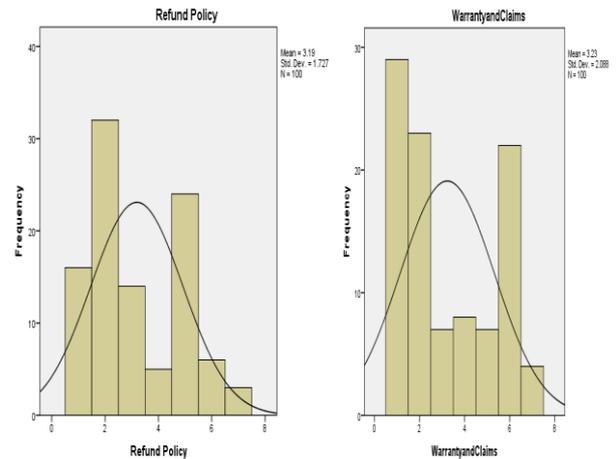


Figure 3 Main reasons for not purchasing smart phones online

Using SPSS, the above graphs were obtained wherein the mean values are compared. Lowest mean values were considered. Thus, it can be said that majority of the respondents due to issues related “Refund policy” the customers do not prefer buying smart phones online. “Warranty and claims” is the second most preferred reason by respondents to not purchase smart phones online

4. Conclusion

The objective of the study was to gain insights on the concept of brick-and-mortar retail and e-retail (e-commerce) by way of understanding customer preferences along with comparing the opportunities and challenges of brick-and-mortar retail and e-retail commerce. The survey has proved a variety factors that impact consumer preferences towards purchasing smart phones online. Majority of the population believes that ‘discounts’ are the main criteria that customers look out for while making online purchases of smart phones followed by ‘convenience and time saving’. The same was also observed in the pilot study wherein the most preferred factors for shopping online were found to be ‘flexibility of price’ followed by ‘saves time’.

The survey also brought forth that bulk of the respondents visit the retail store prior to making their online purchase. In order to understand the factors that kept customers away from shopping online, it was observed that respondents feel refund policy to be a deterrent. Further, the gender wise analysis suggests that both males and females weigh similar opinions towards purchasing smartphones online. From this study it can be concluded that customers avail a mix of both brick and mortar and e-commerce, exploiting the best of opportunities they provide when it comes to shopping electronic gadgets such as mobile phones. With very limited literature available on demographics preferences such as gender, age, income, occupation for online purchasing of smartphones the study additionally presents a comparison on the basis of gender on factors

that influence buying decisions of smartphones. The gender preference similarity is evident in terms of 'discounts' to be the major reason for purchasing smartphones online. However, the gender differences were very conspicuous in 'core technical features' & 'brand' [7]

5.Recommendations

It is seen that majority population prefers to shops online due to various benefits such as discounts, convenience however certain other population is hesitant to shop online due to factors like refund policies inconvenience faced in return of items etc. It is often seen that in such issues the customer has to go through the process of approaching the product company itself which is problematic. If e-tailers make changes to their policies to fit these problems then that would encourage rise in the population shopping online.

It is observed that majority people like to visit offline stores to physically check the products that they buy. In case of smart phones people prefer to check the attributes (GUI, Design) before buying. These attributes cannot be understood online. It is recommended that companies sell their products in offline stores as well so that the customer can physically check and make a decision. The same is also now observed to be done by giants such as Amazon, seen to venture the brick and mortar space by introducing 'Amazon Go' first in the United States of America with India to be the next market to follow the same model. The smaller Indian players such as 'Lenskart' too is seen to have opened multiple outlets to encapsulate the brick and mortar space while having a decent presence on e-commerce.

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