

A Study on Factors Responsible For Success of E-Commerce

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ABSTRACT

This study was mainly focused on the E-Commerce activities which are involved in retailing. It gave especial emphasis on the online retailing as E-

Commerce facilitates the consumer to purchase the product online. There are too many pros and cons of purchasing the product online, like, online security, information security, customer privacy, facility for payment through credit and debit cards etc. Chaffey D. outlines the most essential aspects driving the competitiveness driver, such as increasing the range and quality of services offered while avoiding losing market share to companies who already use E-Commerce. However, cost efficiency is one of the most essential factors in a company's competitiveness. As marketing and advertising costs decrease, it becomes easier to compete with larger enterprises, and business ties with dealers and suppliers become more efficient. According to the CRISIL research report 2018, the market size of the e-retail sector has tripled in the last three fiscal years due to expanding internet penetration, increased awareness of online shopping, and tempting deals and discounts. Despite its rapid rise, e-retail only accounted for 1.5 percent of total retail sales (organised and unorganised) in the previous fiscal year, suggesting its significant growth potential.

KEY WORDS: Analytical research, Dichotomous questions, E-Commerce, Likert scale, website.

1. INTRODUCTION

E-Commerce is gaining traction as a new means of assisting businesses in competing in the marketplace and thereby contributing to their financial success. An information-based society, also known as a knowledge-based society, is made up of information technology (IT) goods and applications in society and the economy as a whole. A developing country can become industrialised and modernised if it can make substantial use of information technology to boost productivity and international competitiveness, as well as establish e-Commerce and e-Government applications. Many Asian countries are benefiting from e-Commerce through opening their economies, which is critical for boosting competition and the spread of Internet technologies. In developing countries, the Internet is increasing efficiency and facilitating market integration. The Indian e-commerce market has grown in recent years, with niche firms creating a plethora of new categories. In terms of e-commerce, India has come a long way, and the evolution has been lightning quick, as befitting the world's fastest growing big economy. Given that India has traditionally been a cash-based economy with offline retail establishments driving consumer purchases, the expansion of e-commerce has been phenomenal. Every month, India adds 6 million new customers to the e-commerce industry. This kind of

growth has never been seen in any other market, demonstrating the Indian e-commerce market's enormous potential. The success of e-commerce websites in India is due to a variety of variables. This paper is an attempt to assess these aspects through the use of a survey and statistical methods.

2. OBJECTIVE

To know about factors responsible for the success of E-commerce activities among respondents.

3. RESEARCH METHODOLOGY

Research is imperative to collect data. Descriptive and analytical research methods are used to conduct this study. This study was conducted in various head cities of Madhya Pradesh, like Indore, Bhopal, Jabalpur, Gwalior and Rewa.

4. DATA COLLECTION

4.1 PRIMARY SOURCES

The primary source for data was questionnaire which contained open ended, dichotomous, and multiple choice questions. In most of the close ended questions likert type scale was used to elicit the response from the consumers to facilitate better analysis of data.

4.2 SECONDARY SOURCES

The secondary sources of data were books, magazines, newspapers, and previous researches, and journals.

5. SAMPLE DESIGN

Two stage sampling was adopted for the study. Towns were selected on the basis of

Convenience sampling. Respondents were categorized on the basis of age, occupation, marital status and income. About 250 respondents were to be surveyed from each city and the same number of questionnaires was distributed among the respondents and due to various difficulties 200 questionnaires were received back. Of these 197 questionnaires were completed in all respect. First of all the filled up questionnaires were coded and the master data sheet was prepared. Final data was tabulated and analyzed using frequency, mean and percentage and other statistical tools.

6. OBJECTIVE OF THE STUDY

To know the motivation factors to purchase the product online among the respondents.

7. FREQUENCY OF RESPONSES

A survey conducted in order to check the response of respondents about awareness of website. As far as awareness is concerned about 142 respondents were aware of Ebay.com while 18 knew about Amazon.com. 18 knew about Myntra.com, 14 about Olx.com and 5 Quiker.com.

Table 7.1: Awareness about the websites

| | Frequency | Percent | Valid % | Cumulative Percent |
|------------|-----------|---------|---------|--------------------|
| E.Bay.com | 142 | 67.6 | 72.1 | 72.1 |
| Amazon.com | 18 | 8.6 | 9.1 | 81.2 |

| | | | | |
|------------|-----|------|-------|-------|
| Myntra.com | 18 | 8.6 | 9.1 | 90.4 |
| Olx.com | 14 | 6.7 | 7.1 | 97.5 |
| Quiker.com | 5 | 2.4 | 2.5 | 100.0 |
| Total | 197 | 93.8 | 100.0 | |

8. MOTIVATING FACTORS TO PURCHASE THE PRODUCT ONLINE

The study was conducted with an objective to know the motivating factors responsible for online shopping by the respondents. When it was asked from the respondents that what factors motivated them to purchase online, respondents told about many factors.

8.1 INTERACTION WITH THE SITE IS CLEAR AND UNDERSTANDABLE

First option available to them was whether their interaction with the site is clear and understandable, then 25 respondents were strongly agree with the statement, 11 were disagree with it. 28 respondents were neutral to this statement, 71 were agree with the same statement and 62 were strongly agreeing to it.

TABLE :8.1 MY INTERACTION WITH THE SITE IS CLEAR AND UNDERSTANDABLE

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------|-----------|---------|---------------|--------------------|
| Strongly Disagree | 25 | 12.7 | 12.7 | 12.7 |

| | | | | |
|----------------|------------|--------------|--------------|-------|
| Disagree | 11 | 5.6 | 5.6 | 18.3 |
| Neutral | 28 | 14.2 | 14.2 | 32.5 |
| Agree | 71 | 36.0 | 36.0 | 68.5 |
| Strongly Agree | 62 | 31.5 | 31.5 | 100.0 |
| Total | 197 | 100.0 | 100.0 | |

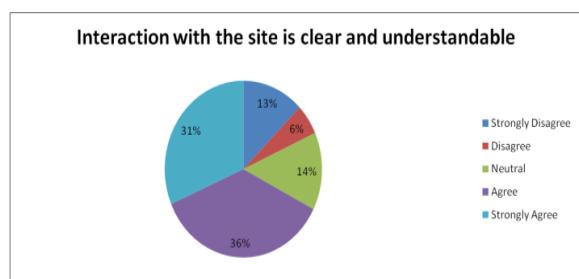


Fig. 8.1 Interaction with the site is clear and understandable

8.2 EASY NAVIGATION OF THE RESPECTIVE SITE

Mostly the respondents contacted were the persons who were the users of the internet. They said easy navigation of the respective site which they use is encouraging enough to purchase online. 27 respondents were strongly agreed to this statement. 34 respondents were disagreeing with it, while 66 respondents were neutral and 42 respondents were agreeing to it. 28 respondents were strongly agreed to this statement.

TABLE: 8.2 EASY NAVIGATION OF THE SITE

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------|------------|--------------|---------------|--------------------|
| Strongly Disagree | 27 | 13.7 | 13.7 | 13.7 |
| Disagree | 34 | 17.3 | 17.3 | 31.0 |
| Neutral | 66 | 33.5 | 33.5 | 64.5 |
| Agree | 42 | 21.3 | 21.3 | 85.8 |
| Strongly Agree | 28 | 14.2 | 14.2 | 100.0 |
| Total | 197 | 100.0 | 100.0 | |

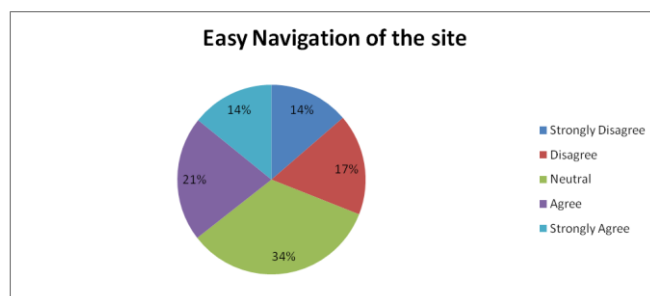


fig. 8.2 Easy navigation of the site

8.3 ATTRACTIVE APPEARANCE OF THE SITE

49 respondents said that attractive appearance of the site makes them to purchase online. 69 disagreed with this statement, 46 respondents were neutral to this statement. 21 respondents were agreeing to this while 12 respondents strongly agreed with the same statement.

Table: 8.3 Attractive appearance of the site

| | Frequency | Percentage | Valid Percentage | Cumulative Percentage |
|-------------------|------------|--------------|------------------|-----------------------|
| Strongly Disagree | 49 | 24.9 | 24.9 | 24.9 |
| Disagree | 69 | 35.0 | 35.0 | 59.9 |
| Neutral | 46 | 23.4 | 23.4 | 83.2 |
| Agree | 21 | 10.7 | 10.7 | 93.9 |
| Strongly Agree | 12 | 6.1 | 6.1 | 100.0 |
| Total | 197 | 100.0 | 100.0 | |

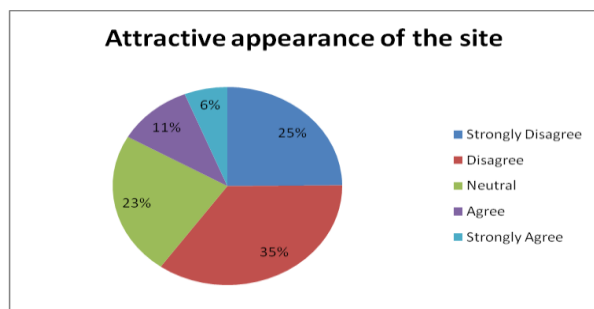


Fig. 8.3 Attractive appearance of the site

8.4 BUYING ONLINE IS A POSITIVE EXPERIENCE FOR ME

22 respondents were strongly agreeing on the statement that buying online is a positive experience for them and for 34 respondents it was not so. 46 respondents were neutral to this statement, while 56 respondents were agreeing to this statement and 39 respondents had strong agreement for this statement.

Table: 8.4 Buying online is a positive experience for me

| | Frequency | Percentage | Valid Percentage | Cumulative Percentage |
|-------------------|------------|--------------|------------------|-----------------------|
| Strongly Disagree | 22 | 11.2 | 11.2 | 11.2 |
| Disagree | 34 | 17.3 | 17.3 | 28.4 |
| Neutral | 46 | 23.4 | 23.4 | 51.8 |
| Agree | 56 | 28.4 | 28.4 | 80.2 |
| Strongly Agree | 39 | 19.8 | 19.8 | 100.0 |
| Total | 197 | 100.0 | 100.0 | |



Fig. 8.4 Buying online is a positive experience for me

8.5 IT PROVIDES TIMELY AND ACCURATE INFORMATION:

As per table 1.5, it is evident that 27 respondent were strongly disagree with the statement. 27 respondents were disagreeing with it. 46 respondents were neutral to this statement. 60 were agree to this statement and 37 respondents were strongly agree with the same statement.

Table : 8.5 It provides timely and accurate information

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------|-----------|---------|---------------|--------------------|
| Strongly Disagree | 27 | 13.7 | 13.7 | 13.7 |
| Disagree | 27 | 13.7 | 13.7 | 27.4 |
| Neutral | 46 | 23.4 | 23.4 | 50.8 |
| Agree | 60 | 30.5 | 30.5 | 81.2 |
| Strongly Agree | 37 | 18.8 | 18.8 | 100.0 |
| Total | 197 | 100.0 | 100.0 | |

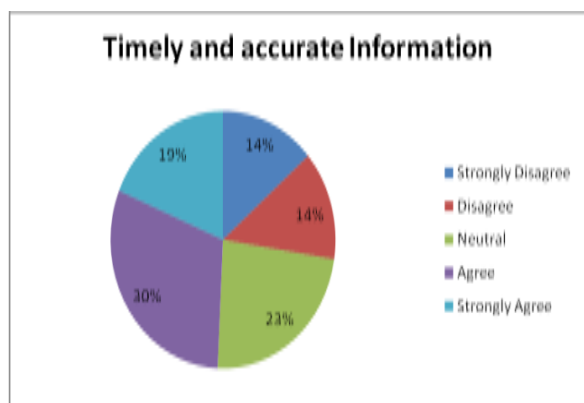


Fig. 8.5 It provides timely and accurate information

8.6 SITE HAS GOOD REPUTATION:

From the table 1.6 it is evident that if the reputation of the site is good then it motivates the respondents to make their purchases online. 25 respondents were strongly agreeing to this statement, 30 respondents were disagree with the statement, 46 respondents were neutral to

this statement, 55 respondents agreeing to this statement and 41 respondents were strongly agreeing to the same.

Table : 8.6 Site has good reputation

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------|-----------|---------|---------------|--------------------|
| Strongly Disagree | 25 | 12.7 | 12.7 | 12.7 |
| Disagree | 30 | 15.2 | 15.2 | 27.9 |
| Neutral | 46 | 23.4 | 23.4 | 51.3 |
| Agree | 55 | 27.9 | 27.9 | 79.2 |
| Strongly Agree | 41 | 20.8 | 20.8 | 100.0 |
| Total | 197 | 100.0 | 100.0 | |

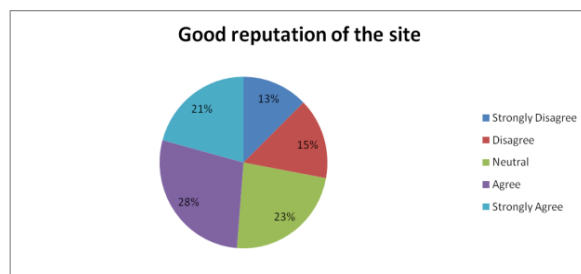


Fig. 8.6 Site has good reputation

8.7 SITE GIVES A SENSE OF PERSONALIZATION

6 respondents were strongly agreeing on the fact that site which they use for online purchase gives them sense of personalization. 42 were disagreeing with it. 63 were neutral. 48 respondents were

agreeing on this and 38 respondents were strongly agreeing upon the same statement.

Table: 8.7 Site gives a sense of personalization

| | Frequency | Percentage | Valid Percentage | Cumulative Percentage |
|-------------------|-----------|------------|------------------|-----------------------|
| Strongly Disagree | 6 | 3.0 | 3.0 | 3.0 |
| Disagree | 42 | 21.3 | 21.3 | 24.4 |
| Neutral | 63 | 32.0 | 32.0 | 56.3 |
| Agree | 48 | 24.4 | 24.4 | 80.7 |
| Strongly Agree | 38 | 19.3 | 19.3 | 100.0 |
| Total | 197 | 100.0 | 100.0 | |

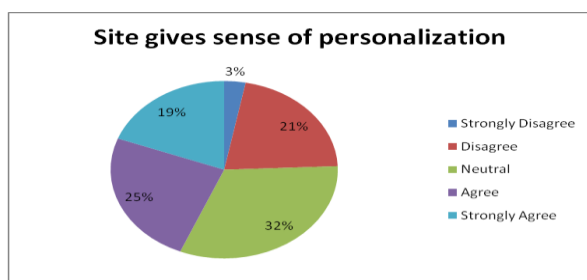


Fig. 8.7 Site gives a sense of personalization

As far as **awareness is concerned** about 142 respondents were aware of Ebay.com while 18 knew about Amazon.com. 18 knew about Myntra.com, 14 about Olx.com and 5 Quiker.com

When it was asked from the respondents that **what factors motivated them to purchase online**, respondents told about many factors. First option available to them was whether their interaction with the site is clear and understandable, then 25 respondents were strongly agree with the statement, 11 were disagree with it. 28 respondents were neutral to this statement, 71 were agree with the same statement and 62 were strongly agreeing to it.

Mostly the respondents contacted were the persons who were the users of the internet. They said easy navigation of the respective site which they use is encouraging enough to purchase online. 27 respondents were strongly agree to this statement. 34 respondents were disagreeing with it, while 66 respondents were neutral and 42 respondents were agreeing to it. 28 respondents were strongly agree to this statement. 49 respondents said that attractive appearance of the site makes them to purchase online. 69 were disagree with this statement, 46 respondents were neutral to this statement. 21 respondents were agreeing to this while 12 respondents were strongly agree with the same statement. 22 respondents were strongly agreeing on the statement **that buying online is a positive experience for them** and for 34 respondents it was not so. 46 respondents were neutral to this statement, while 56 respondents were agreeing to this statement and 39 respondents had strong agreement for this statement.

It is evident that 27 respondent were strongly disagree with the statement. 27

respondents were disagreeing with it. 46 respondents were neutral to this statement. 60 were agree to this statement and 37 respondents were strongly agree with the same statement. It is evident that **if the reputation of the site is good then it motivates the respondents to make their purchases online**. 25 respondents were strongly disagreeing to this statement, 30 respondents were disagree with the statement, 46 respondents were neutral to this statement, 55 respondents were agreeing to this statement and 41 respondents were strongly agreeing to the same.

6 respondents were strongly agreeing on the fact that site which they use for online purchase gives them sense of personalization. 42 were disagreeing with it. 63 were neutral. 48 respondents were agreeing on this and 38 respondents were strongly agreeing upon the same statement.

When it was asked from the respondents that what are the factors which contribute to the success of any E-Commerce website then respondents said that while making their purchase online, they have to provide their full information almost and sometimes it can be disseminated to public which is not always good but 10 respondents said that they are not too much concerned with the information security concerns. 41 respondents were disagreeing with the statement, 64 respondents were neutral to this. 38 respondents agree with it and 44 were strongly agreed with the same statement.

Information privacy was an important factor according to many

respondents for the success of any e-commerce website. 44 respondents were agree for this statement, 37 respondents were strongly agreeing and 22 were strongly agree and 35 respondents were disagree with the same statement. At the same time 59 respondents were neutral.

Trust belief of the vendors is also an important factor for the success of e-commerce website according to 40 respondents as they were strongly agreed for this statement. 43 respondents agree on this. 15 respondents were strongly disagreeing and 44 were disagreeing but only upto certain extent. If consumers are having welcoming attitude for risks while online purchase then it may be a factor for its success but 15 respondents were strongly disagree with the statement. 43 respondents were disagreeing. 52 respondents were neutral to this statement. 48 were agreeing and 39 respondents were strongly agreeing to this statement.

Economic incentives, like discounts, price cuts, buy one get one offer may attract more consumers online and it may be a critical factor for the success of online shopping for E-Commerce websites. 17 respondents were strongly disagreeing with this statement. 36 respondents were disagreeing to it. 61 respondents were not having any opinion regarding this and there was slight difference between number of people who were agreeing (41) and strongly agreeing (42) upon the same statement.

As per 18 respondents **consumer's trust is not a success factor for any e-**

commerce website. 41 were disagree for this statement. 54 respondents were neutral to it. 45 respondents were agree for the same statement and 39 respondents were strongly agree.

48 respondents said that **last product which they bought online was personal purchase.** 42 respondents said that for gifting purchase they purchased online product. 60 respondents made their purchase for company. 47 respondents projected it as some other purpose other than asked in the questionnaire.

As far as mode of payment is concerned it was found that **payment through credit card online is most favourite mode of payment** among the respondents. 118 respondents said that they use credit card for payment to these E-Commerce website. 38 respondents said that they use cheque for paying the same. 20 used PayPal and 21 paid cash on delivery.

Respondents were of the opinion that sometimes when they go to local shops, sellers do not understand their real needs and almost force their opinion to purchase the product which they have with them. But **online sellers are more aware of their needs.** 115 respondents nodded in 'yes' and 55 said that it is not so and 27 respondents were unable to form any opinion.

102 respondents said that product reviews given by people visiting the website impressed them to make their purchase online. 59 respondents said that they are never impressed by product reviews on the website to purchase the product as there may

be information asymmetry. 36 respondents were not sure about it.

117 people stated the product brand they bought online has a solid reputation online, which they can see from the reviews. Sixty-six people replied negatively, while twenty-four people said they had no opinion.

9. FACTOR ANALYSIS

This analysis was conducted to determine the factors responsible for the success of E-Commerce Website.

The KMO and Barlett's test determines whether the distribution of data is suitable for factor analysis. The result of Barlett's sphericity test is less than .05, indicating that these data do not create an identity matrix or diverge considerably from identity, and are thus close to a multivariate normal and suitable for factor analysis.

Factor analysis was conducted to determine the factors responsible for the success of E-Commerce Website. Here the value of barlett's test of sphericity is less than .05 which indicates that these data do not produce an identity matrix or differ significantly from identity and are thus approximately a multivariate normal and acceptable for factor analysis. As per the results of Factor analysis clear and understandable interaction with the site is most important factor for the success of E-Commerce website. Then next responsible factor for the success of E-Commerce website is sense of personalization given by the site, then higher quality, information security and so on. There were 13 factors with Eigen values

larger than 1.0 and they account for almost 60% of the total variance.

10. Some of the concluding points are

- 10.1 If the reputation of the site is good then it motivates the respondents to make their purchases online.
- 10.2 Information privacy is very important factor for the success of any E-commerce website.
- 10.3 Trust belief of the web vendors is also an important factor for the success of E-commerce website.
- 10.4 Economic Incentives, like, discount, price cuts, buy one get one offer may attract more consumers online and it may be a critical factor for the success of E-Commerce websites.
- 10.5 Payment through Credit card online is most favourite mode of payment.
- 10.6 Online sellers are more aware of the needs of the people.
- 10.7 Product reviews given by people visiting the website has positive impact on the respondents to make the purchase online.

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