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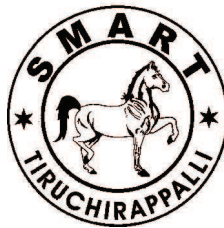
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**ONLINE SHOPPING BEHAVIOR OF THE MILLENNIAL
GENERATION: AN INVESTIGATION INTO THE MAJOR FACTORS
AFFECTING ONLINE SHOPPING BEHAVIOUR**

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Abstract

The e-commerce business has experienced significant growth over the previous decade, and the pandemic situation, caused by COVID-19, has only served to strengthen this trend. The young generation is the most significant customer segment in this market and they are the ones who shop online most regularly. Although this generation is stereotyped as being carefree, frivolous, and irresponsible, it is also the generation for whom convenience may be the most essential reason for engaging in online buying. The current study debunks this misconception, by employing regression analysis and structural equation modeling, to rank the most essential elements for this generation while engaging in online purchasing. A survey of 532 young shoppers demonstrated that time and security in the transaction are much more essential to this generation. Convenience and price had a considerably less influence in their decision-making than security did.

Keywords: *E-commerce, online shopping, young generation, pricing and COVID-19*

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1. Introduction

At a time when the world is gripped by a recessionary trend caused by the **COVID-19** pandemic, businesses around the world are looking to India and China as the growth engines of the world economy, that will, through their consistently increasing consumer spending, pull the world out of the recessionary cycle that the world is about to enter. In both countries, electronic trade played a large role prior to the outbreak. The consumer market of online shopping segment has altered drastically in the recent decade due to multinational corporation giants and domestic entrepreneurs. Because the outbreak blocked physical market access, people had to rely solely on e-commerce channels. The Indian e-commerce business is currently worth \$55 billion and it is expected to reach \$350 billion by 2030 (**IBEF, 2021; Invest India National Investment Promotion & Facilitation Agency, 2021**). An estimate by **MINT (2021)**, with over 500 million internet users by 2030, any company with products or services in India, will have a significant market. The youth, greater internet and smartphone use, and improved economic performance boost this sector. In addition, accessibility and discounts entice buyers to e-commerce sites. Hence the Indian e-commerce businesses are rapidly expanding, driven by the country's youth. However, convenience and cost may not be the key drivers of internet purchasing among millennials. There are other factors which are as significant for online buyers and require further investigation. Company must acknowledge the relevance of these other variables also because discounting cannot be sustained for long and convenience will soon become generic and lose consumer attraction.

2. Review of Literature

An online shopping experience is appealing to millennials for various reasons, including

apparent savings, convenience, and risk tolerance (**SivaKumar and Gunasekaran, 2017**). According to **Lee and Lin (2005)**, website design influences user satisfaction, service quality and purchase intent. However, for customers determined to buy something specific, prior experience has a mediating effect on their online shopping behavior. Design aspects for online purchasing were determined to be important by **Hassanein and Head (2007)**. Socially rich language and image design increase online shoppers' likelihood to purchase. Moreover, in contrast to external criteria like technological acceptability and website service quality, internal considerations like hold up cost could affect consumer loyalty but not satisfaction (**Vadivel et al., 2019; Lin and Sun, 2009**). Website design, transaction capabilities, customer service, delivery, security, item characteristics and information quality, all affect consumer satisfaction. Buyers choose to buy online because of five important factors: convenience, search, evaluation, transaction and possession (**Jiang and Rosenbloom, 2005; Lin and Sun, 2009**).

Further, people, who are impacted by their past internet usage and perceived self-efficacy, do not differ in their online purchase behavior, based on age, gender, or wealth (**Sudhahar et.al., 2019 and Hernández et al., 2011**). According to **Chiu et al. (2009)**, perceived utility, simplicity of use, trust, and enjoyment, influence customer repurchase intentions. Customer satisfaction and the quality of e-services influenced customer loyalty and trust while shopping online. Customer satisfaction is influenced by e-service quality and perceived value. Hence customers, who feel valued, are happier and more loyal. Online shopping requires a high level of privacy and security. Customers' offline trust in an online store influenced their perceived internet confidence and intent to buy

from that brand (Hahn and Kim, 2009). Bigné-Alcaiz et al., (2008) discovered that information dependence and website innovation have direct and significant effect on purchase intent, with shopping information reliance modulated by perceived utility. Liu et al. (2008), studying humanizing online shopping websites on customer buying intent, found electronic and social presence enhanced website stickiness, such as visit frequency and length.

3. Statement of the Problem

While companies devise new methods and tactics to take advantage of the migration of their various customer bases to the ‘online mode’ of shopping, little is known about the motivations and concerns of customers while shopping online. To compete for market share, companies must fight blindfolded because they do not understand the aspects that encourage or deter their customers, from engaging in online purchasing.

4. Need of the Study

Majority of studies have looked into aspects influencing people’s online shopping behaviour. As a result, investigations have been undertaken in the US and Europe. However, this sector is not new to India but its online shoppers and market have not been extensively examined. It is the country’s youth, the millennial customers, who are driving the rise of the online shopping business. Until now, no research has been done on this section of India’s consumer market.

5. Objectives of the Study

The author proposes a study, with the following objectives, to understand the major factors that affect the online shopping behaviour of Indian millennial customers.

- To study the factors, that affect the online shopping behaviour of young consumers in India

- To study the effect of these factors, on the online shopping behaviour of young consumers in India

6. Hypotheses of the Study

NH1: Time, convenience, security, and price have no impact on the intention to purchase.

NH2: Intention to purchase has no statistically significant effect on customers’ actual purchasing behavior.

7. Research Methodology

7.1 Sample Selection

Sample selection was done by using stratified random sampling, keeping the target of the sample size above 700. This was achieved as the questionnaire was sent to 782 youngsters, among the age group of 18–25, comprising members of both the sexes, of which 532 responses were received, thus achieving a 68.03% response rate.

7.2 Sources of Data

The respondents were selected from different colleges, universities (government and private), along with the coaching and study centers, representing all major streams of studies and backgrounds.

7.3 Period of Study

The study was planned in January 2021 and after the finalization of the questionnaire and the pilot study, the actual data collection started from April 2021 and continued for three months, culminating by the end of June 2021.

7.4 Tools Used in this Study

To measure the impact of factors on millennial customers’ intention to purchase and ultimately their actual purchase through e-commerce websites, a structured questionnaire, with closed-ended questions, was devised. The data thus collected were subjected to regression

analysis, for evaluating the effectiveness of the chosen factors on the intention to purchase. The effect of intention to purchase on the actual purchase, was further analyzed by using the regression analysis again. Structured Equation Modeling (SEM) was used to estimate these two separate models and partial Least Square (PLS) was used, to create a path diagram.

8. Data Analysis

According to **Table-1**, that all four factors, taken for the study, exercised considerable impact on the intention to purchase, as shown by an adjusted r^2 value of 62.7 percent. Further, the ANOVA analysis results, depicted in **Table-2**, revealed a significant probability value ($p = 0.000$) for the impact of factors, considered on purchasing intention. This means that the null hypothesis, H_{01} : Time, convenience, security, and price have no impact on the intention to purchase was ruled out. In other words, time convenience, security, and price did have significant impact on the intention to purchase was accepted. Hence a product's or service's purchase intention was influenced by time, convenience, security and cost. **Table-3** shows the relationship between time, convenience, security and price as well as the intention to purchase a product or service.

$$\text{Intention to Purchase} = 0.458 \times \text{time} + 0.061 \times \text{convenience} + 0.321 \times \text{security} + 0.004 \times \text{price} + 0.818$$

The next step was to analyze the relationship between intention to purchase and actual purchase, in order to fully understand the impact of these factors on purchase intention. The intention to purchase significantly predicts the actual purchase, according to the regression analysis. **Table-4** shows that the actual purchase accounted for 58.9 percent of the total. **Table-5** showed the ANOVA analysis results, in conjunction with the regression model

summary, contained a p-value, that was statistically significant ($p = 0.000$). The result of **Table-5** shows that the null hypothesis, H_{02} : Intention to purchase has no statistically significant effect on customers' actual purchasing behavior, may be rejected. In other words, the intention to purchase has a statistically significant effect on customers' actual purchasing behavior, was accepted. In addition, the model coefficients, presented in **Table-6**, indicated a significant relationship between actual purchase and intention to purchase, by providing the following regression equation between actual purchase and intention to purchase, indicating the relevance of the latter on the former factor.

$$\text{Actual Purchase} = 0.878 \times \text{Intention to Purchase} + 0.519$$

A unified conceptual model was further designed and verified, to explain the impact of different conditions on intention to purchase and intention to purchase on actual purchase. Using partial least squares, a structural equation model was created. As shown in **Figure -1**, all four factors did have an impact on the actual purchase while buying online since they influenced the intention to purchase. However, the time and security exercised much bigger impact on purchase intent and completion than convenience and price.

9. Findings of the Study

The regression analysis showed that factors, selected from the literature study, were all important in young customers' decision-making when it comes to online buying. The LSM path and subsequent model, demonstrated that these young consumers did not value all four factors equally. Time and security mattered more than convenience and price in influencing purchase intention and actual purchase. While online purchasing saved time, the convenience factor

did not be important. This study challenged the idea that younger generations did not value money as much as older generations.

10. Suggestions

The E-Commerce companies should realize the importance of these findings and start conveying the security features of their websites to these consumers, as they valued security and its absence may result in consumer loss. The study also indicated that online shopping companies should keep an eye on the economics and price portions of their offers and build ways and processes to keep the discount strategy running.

11. Conclusion

The misconception, that millennials are distinct from previous generations in terms of values and importance, was disproved by this study's findings, which revealed that saving time and money are still essential to Indian customers of all ages. Increasing online fraud incidents and overall suspicion toward machine-human transaction persisted, with respondents placing a weightage on security. Online shopping platforms and companies planning to sell their products or services online, should consider these points and design their policies to appeal to young, tech-savvy buyers.

12. Limitation of the Study

Since this work was done with the younger generation, without segregating them based on other demographic factors like occupation, education levels, and employment status, the future study may include these factors as segregating factors. Moreover, one more important extension of this study could be comparing the factors, that may be chosen among the customers of different age groups, which might show a difference in the importance that they give to these factors.

13. Scope for Further Research

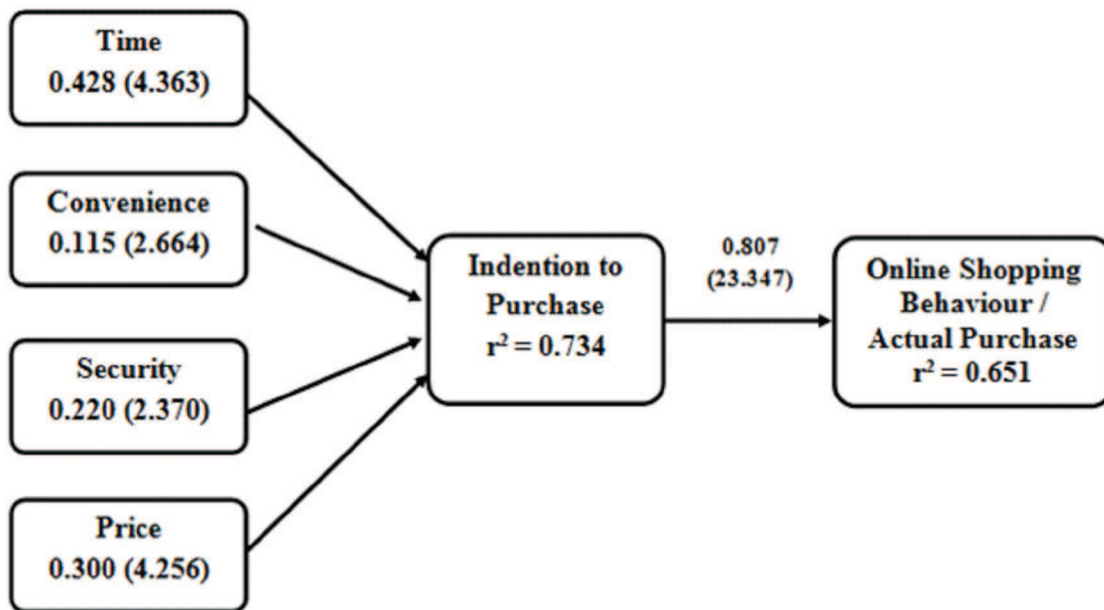
The advent of Covid has further increased the people's propensity to use online shopping for their day-to-day needs and other shopping needs. A comparative study of the changes in the preferences of the customers, in pre and post-Covid time, could yield useful insights into developing the online presence of businesses hitherto absent from it.

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Figure-1: Estimated Model using PLS



Source: SPSS & Partial Least Square Output

Table-1: Results of Model Summary for Analysing the Key Factors of Intention to Purchase

Model	1
Multiple R	0.823
R Square	0.678
Adjusted R Square	0.627
Standard Error	0.24837

Source: Primary Data computed using SPSS

Table-2: Result of ANOVA Test for Multiple Regression for Analysing the Key Factors of Intention to Purchase

Model		df	SS	MS	F	Significance F
1	Regression	4	17.563	2.489	43.23	0.000
	Residual	139	8.067	0.057		
	Total	146	25.630			

Source: Primary Data computed using SPSS

Table-3: Result of Coefficients for Analysing the Key Factors of Intention to Purchase

Model		Unstandardized Coefficients		Standardized Coefficients		Significance
		B	SE	β	t	
1	(Constant)	0.818	0.21		3.887	0.000
	Time	0.458	0.084	0.53	5.503	0.000
	Convenience	0.061	0.091	0.074	0.71	0.479
	Security	0.321	0.087	0.36	3.623	0.000
	Price	0.004	0.09	0.003	0.023	0.982

Source: Primary Data computed using SPSS

Table-4: Result of Model Summary for Analysing the Actual Purchase

Model	1
R	0.768
R Square	0.587
Adjusted R Square	0.589
Standard Error	0.30284

Source: Primary Data computed using SPSS

Table-5: Result of ANOVA Test for Multiple Regressions for Analysing the Actual Purchase

Model		df	SS	MS	F	Significance F
1	Regression	1	20.315	20.417	221.271	0.000
	Residual	148	12.768	0.092		
	Total	149	33.083			

Source: Primary Data computed using SPSS

Table-6: Result of Coefficients Results for Analysing the Impact of Intention to Purchase on Actual Purchase

Model		Unstandardized Coefficients		Standardized Coefficients		Significance
		B	SE	β	t	
1	(Constant)	0.519	0.428		2.118	0.036
	Intention to Purchase	0.878	0.06	0.774	14.875	0.000

Source: Primary Data computed using SPSS