

# Influence of Demonetization on Consumer's Buying Behavior towards Online Shopping - With Special Reference to Ghaziabad City

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**Abstract:** After almost two months of the boldest step taken by the central government in the form of Demonetization, this study examined its impact on the people's online buying behavior with reference to city of Ghaziabad. Although previous studies have examined the factors that influenced online shopping behavior of the people, there is limited work done to analyse the changing scenario after Demonetization. The study found that with the initial sharp decline in cash on delivery purchases, gradually it forced the people to opt for online shopping through e-payment mode. It has further increased the overall percentage of online shopping in the total individual's purchase.

**Keywords:** Online shopping, Demonetization, Reasons to shop online, Online shopping behaviour

## 1. INTRODUCTION

We have no doubt that Indian Consumer Internet space is increasing at a very high rate. With more than 200 million Internet users and estimated to likely have the second-largest Internet user base in the world, the market is here to grow. Broadband penetration to semi urban areas has also increased with the growth and development in both fixed and wireless broadband connections. Apart from internet penetration, the rise in smartphone usage, digital literacy, and purchasing power have seen online retail growth exponentially.

Few years ago, consumers used to buy goods from different stores respectively, but Internet has made it so convenient to get your desired product at their doorsteps.

The previous studies examined variables like technological awareness, perceived use and acceptance of new technologies, demographic profiles etc. In order to investigate consumer's attitude towards online shopping, we need to understand consumer characteristics. Attitude for online shopping can be positive or negative depending upon consumer's feeling towards online shopping. There are very few researches on online shopping in Indian context with respect to Demonetization.

The growth of online shopping is a result of development of Internet. However, it depends on so many other factors also like products marketed through Internet.

People in Ghaziabad were earlier also aware of Internet but their shopping was limited with Movie-tickets, Railway and Air tickets and to some extent apparels, but the new policy have increased the items which are being purchased through online.

Cash on Delivery being a more preferred mode of payment for e-shoppers, the business has taken initially a hit. With around 60-70% of orders being COD, it showed almost 20% fall in purchase. But with the time the customers tend to depend upon more on web sopping for items apart from apparels and tickets, like kitchen groceries, and other day to day items of consumption. Sites like Big basket and Groffers have given greater opportunities to the customers to satisfy their needs during past one month. This study shows the change in the overall purchasing pattern of the customers during last one month.

## 2. LITERATURE REVIEW

The internet has become a new platform for electronic transaction throughout the world, and it has revolutionized the way consumers buy goods and services. According to a study conducted by Karayanni (2003), web shoppers tend to benefit from online shopping in three ways. Benefits from possibility of shopping on a 24-hour basis, time efficiency and the avoidance of queues in shops. However, the study done by Curtis (2000) highlights that people tend to browse and surf the internet more for getting information and not for shopping. Hoffman et al. (1999), highlighted in his study that there is a fundamental lack of trust between most businesses and consumers on the internet. This acts as a major reason why people do not tend to provide information to web providers and online sellers in exchange for access to information and also do not prefer to shop online.

Although a lot of research has been undertaken on online shopping throughout the world, there is a need to conduct closer examinations on the online shopping behaviour of consumers in city like Ghaziabad.

**3. OBJECTIVE OF STUDY**

The primary objective of the study is to analyse the changes in online shopping behavior of the people of Ghaziabad with special reference to Demonetization.

**4. RESEARCH METHODOLOGY**

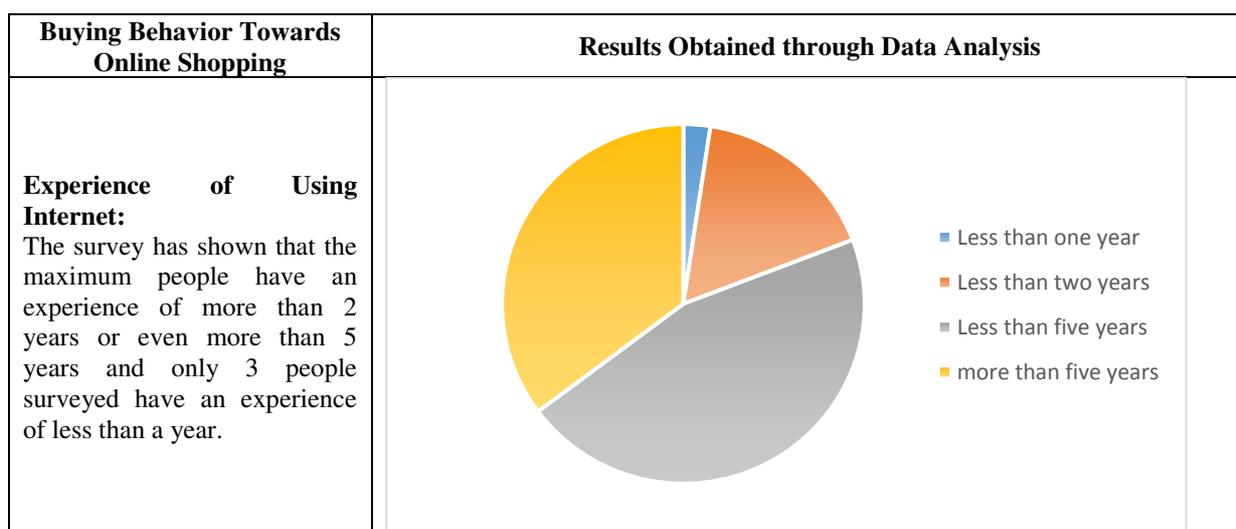
This study is based upon primary data. The primary data was collected through a questionnaire

**7. DATA ANALYSIS AND INTERPRETATION**

The following table shows the demographic profile of the respondents:

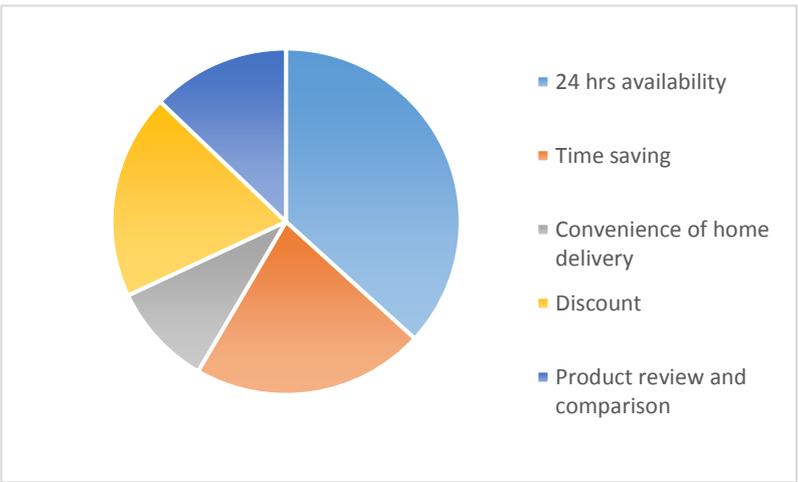
Basic Information	Category	No of respondents
Gender	Male	73
	Female	52
	<b>Total</b>	<b>125</b>
Age	18-30	57
	31-40	38
	41-50	22
	Above 50 years	8
	<b>Total</b>	<b>125</b>
Monthly family income (in Rs.)	<20,000	12
	20,001-40,000	43
	40,001-60,000	34
	Above 60,000	36
	<b>Total</b>	<b>125</b>

**NOTE:** The questionnaires were given to only those people who are already familiar of online shopping and are using this mode of shopping.



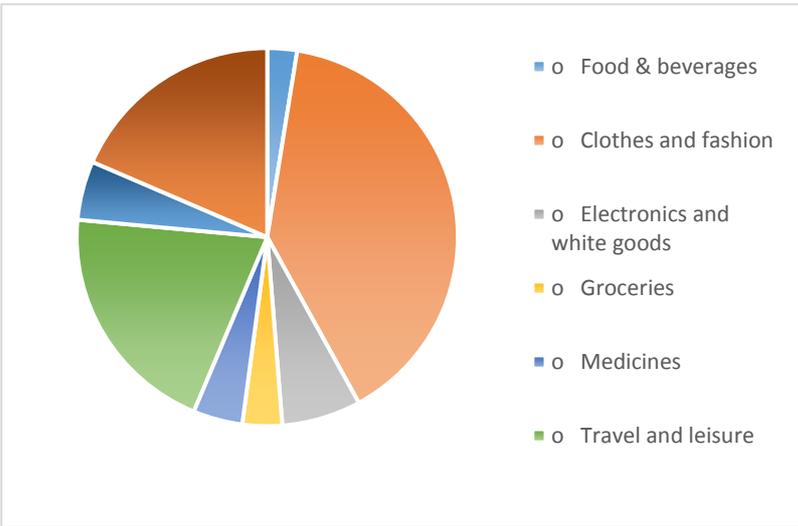
**Search for Product Information:**

It has been documented that out of 125 people, 46 people are using the internet very often, as it gives the facility of 24 hrs availability and time saving. Many people use it due to the discounts provided on almost every product. People also use e-commerce for product review and comparison.



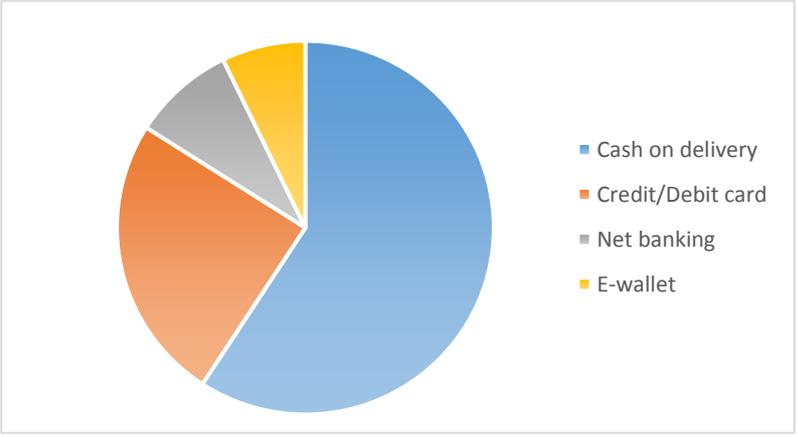
**Products Preferred in Online Shopping before demonetisation:**

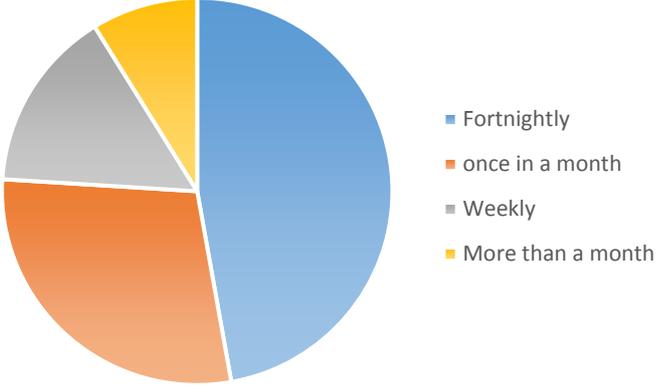
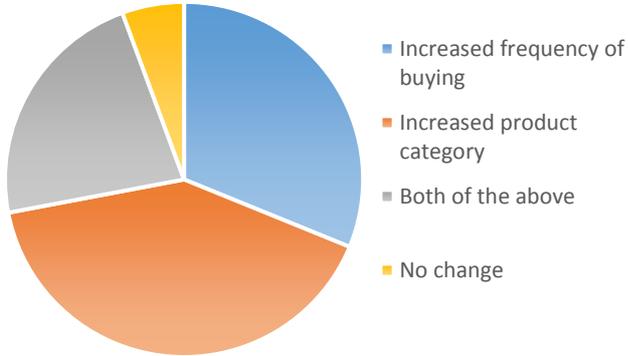
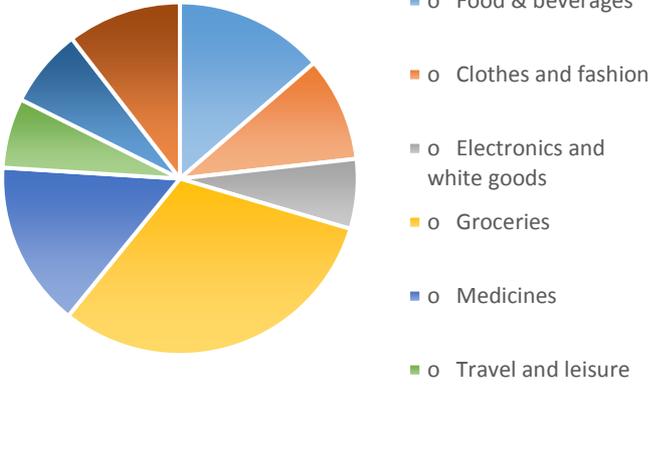
It has been depicted that majority of the people bought online tickets and insurance, followed by buying clothes and fashion items. It was observed that many of the respondents bought other items like clothes, shoes and bags online. Few people even used to buy medicines also. The least wished item for buying online was furniture, food and beverages, groceries etc.

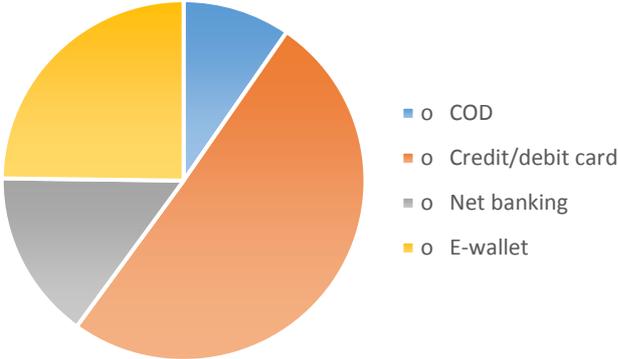
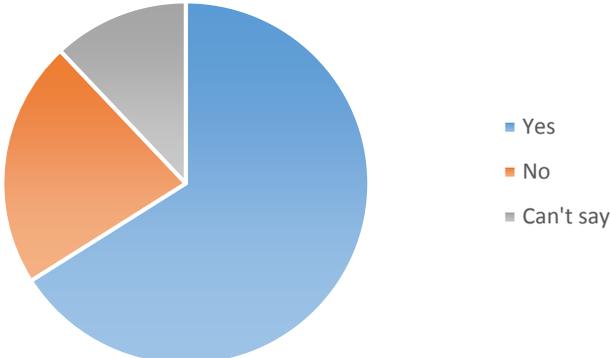
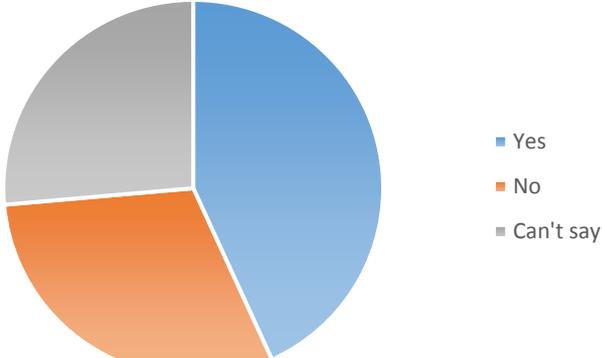


**Payment Mode:**

Before demonetization maximum people used 'Cash on Delivery' as mode of payment, followed by Credit/Debit card. Very few people used net banking as mode of payment and E-wallet was the least preferred mode.



<p><b>Frequency of shopping before demonetization:</b>                  Out of 125 people maximum people used to shop online fortnightly, followed by people shopping on monthly basis. Quite a number of people do shop online once in a while few people were not so comfortable so did not shop even on monthly basis.</p>	 <table border="1"> <caption>Shopping Frequency Before Demonetization</caption> <thead> <tr> <th>Frequency</th> <th>Percentage (approx.)</th> </tr> </thead> <tbody> <tr> <td>Fortnightly</td> <td>45%</td> </tr> <tr> <td>once in a month</td> <td>30%</td> </tr> <tr> <td>Weekly</td> <td>15%</td> </tr> <tr> <td>More than a month</td> <td>10%</td> </tr> </tbody> </table>	Frequency	Percentage (approx.)	Fortnightly	45%	once in a month	30%	Weekly	15%	More than a month	10%				
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<p><b>After demonetization:</b> More no. of people now started to buy online, but even more increased the items purchased online. Only 7 people are still in the opinion that the tradition way of shopping is a better method and as they don't have any problem so there is no change in their purchase behavior.</p>	 <table border="1"> <caption>Changes in Online Shopping Behavior After Demonetization</caption> <thead> <tr> <th>Behavior Change</th> <th>Percentage (approx.)</th> </tr> </thead> <tbody> <tr> <td>Increased frequency of buying</td> <td>40%</td> </tr> <tr> <td>Increased product category</td> <td>35%</td> </tr> <tr> <td>Both of the above</td> <td>15%</td> </tr> <tr> <td>No change</td> <td>10%</td> </tr> </tbody> </table>	Behavior Change	Percentage (approx.)	Increased frequency of buying	40%	Increased product category	35%	Both of the above	15%	No change	10%				
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<p><b>Products Preferred in Online Shopping after demonetisation:</b> It has been depicted that people have started buying more of groceries and medicines online. Expenses on furniture and furnishing have also increased. It depicts that more no. of people are depending on online shopping for their daily needs and percentage of online shopping out of total purchasing has increased.</p>	 <table border="1"> <caption>Products Preferred in Online Shopping After Demonetization</caption> <thead> <tr> <th>Product Category</th> <th>Percentage (approx.)</th> </tr> </thead> <tbody> <tr> <td>Food &amp; beverages</td> <td>15%</td> </tr> <tr> <td>Clothes and fashion</td> <td>10%</td> </tr> <tr> <td>Electronics and white goods</td> <td>10%</td> </tr> <tr> <td>Groceries</td> <td>25%</td> </tr> <tr> <td>Medicines</td> <td>20%</td> </tr> <tr> <td>Travel and leisure</td> <td>10%</td> </tr> </tbody> </table>	Product Category	Percentage (approx.)	Food & beverages	15%	Clothes and fashion	10%	Electronics and white goods	10%	Groceries	25%	Medicines	20%	Travel and leisure	10%
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<p><b>After demonetization,</b> for online shopping now Credit/Debit card has become the most used mode of payment for online shopping followed by E-wallet. Net banking also becoming popular among the buyers, while Cash on Delivery is now least preferred mode of payment.</p>	 <p>Legend:          o COD          o Credit/debit card          o Net banking          o E-wallet</p>
<p>The <b>satisfaction level</b> of the people has increased with online shopping.</p>	 <p>Legend:          ■ Yes          ■ No          ■ Can't say</p>
<p><b>Intention of continuing buying online</b> even after easing out of the cash crunch shows a positive trend.</p>	 <p>Legend:          ■ Yes          ■ No          ■ Can't say</p>

**8. FINDINGS AND CONCLUSION**

- ❖ Before Demonetisation goods were purchased online according to consumers preference and risk bearing capacity, but after Demonetisation it became almost mandatory to look for maximum possible payments through e-wallet for all kinds of goods and services purchased.
- ❖ Before Demonetisation people used to buy online either rare goods or goods which are not easily available in the nearby market, but after Demonetisation they are purchasing goods of their daily needs too.

- ❖ Earlier people also liked to buy items online for which satisfaction gained was assured, but now as the different sites are providing the facilities like ‘TRY and BUY’ they are ready to take up the risk also.
- ❖ Before Demonetisation maximum online purchase was done through the modes like COD and Debit/Credit card, but now people have started to shop online by using modes like Net Banking and e-wallet also.
- ❖ Before Demonetisation the shopping bag included movie tickets, Air and Railway tickets, Hotel bookings and to some extent

Apparels and Accessories etc. but now they are buying more of Groceries, Medicine, Insurance policies, Home Furnishings etc.

- ❖ We can conclude that earlier online shopping a showing a casual buying behavior while now it shows a serious buying behavior.
- ❖ The facilities like 'Price comparison and Customer's review' has motivated the people to buy online with confidence.

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## APPENDIX

### Questionnaire

#### **A survey for online shopping after partial demonetization in Ghaziabad city.**

The purpose of this questionnaire is to find out the impact on online shopping behavior of consumer after Demonetization. Please spare a few minutes of your valuable time to answer the following questions. Please read the questions carefully and respond by marking the option that represents your opinion. Remember there are no wrong or right answers. We are only interested in your opinion. Just answer as honestly as you can. Your responses will remain anonymous and confidential. Thank you very much for your valuable time. Your help is appreciated.

Name: .....

#### **Gender**

- Male
- Female

#### **Age**

- 18-30 years
- 31-40 years
- 41-50 years
- Above 50 years
- 

#### **Your current occupation?**

- Self-Employed
- Student
- Employed
- Retired

#### **Your monthly family income**

- Less than 20000/-
- 20000/- to 40000/-
- 40000/- to 60000/-
- more than 60000/-

#### **5. For how long you have a customer of online markets?**

- Less than a year
- Less than 2 years
- Less than 5 years
- More than 5 years

#### **6. Why did you start buying online?**

- Convenience of home delivery
- Product review and comparison
- Discounts
- 24 hour availability
- Time saving

#### **7. What are the categories of products that you had been buying from online markets before Demonetization?**

- Food & beverages
- Clothes and fashion
- Electronics and white goods
- Groceries
- Medicines
- Travel and leisure
- Furniture and furnishings
- Financial and Insurance products
- Any other

#### **8. What was mode of payment for your online purchase for such transactions?**

- COD
- Credit/debit card
- Net banking
- E-wallet

**9. How often did you used to buy online pre-demonetization?**

- Weekly
- Fortnightly
- Monthly
- More than monthly

**10. Has your online purchase behavior changed due to demonetization?**

- Increased frequency of buying
- Increased product category
- Both of the above
- No change

**11. What are the additional product categories that you have started buying post demonetization?**

- Food & beverages
- Clothes and fashion
- Electronics and white goods
- Groceries
- Medicines
- Travel and leisure
- Furniture and furnishings
- Financial and Insurance products
- Any other

**12. What has been the change in online payments post demonetization?**

- COD
- Credit/debit card
- Net banking
- E-wallet

**13. Has your satisfaction level gone up with online purchases?**

- Yes
- No
- Can't say

**14. With the cash crunch easing out, will you still continue to buy things online?**

- Yes
- No
- Can't say