

# BUYING EXPERIENCE IN PHYSICAL STORES AND ONLINE STORES IN BENGALURU

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**Abstract:** The retail sector is a current flourishing sector of Indian economy, and retailers are becoming multi-channel as they are opening an online alternate next to their old traditional physical stores. The survival of retailers in the competitive retail scenario has to adapt the customers' way of behavior towards the market. This research aims to find out the comparison between the buying experiences in physical stores and online stores. By comparing the in-store experiences in both the stores and knowing which are the experiences influencing the customer to prefer the physical stores or online stores? And by running principal component analysis tool for the comparison of online and physical stores experience we found that there are three major components for each online and physical store as major loadings. Each component describes the experience of customers and in online and physical stores it was found that the major loadings are information experience, service experience and spending experience for online stores and financial experience, buying experience and in-store experience for the physical stores.

**Indexterms** - Buying experience, physical store, online store and in-store experience

## I. INTRODUCTION

The buying experience in sales and marketing are the most important thing. There are things which can be very important but we might not see or understand in marketing. In marketing, we have to work on customer experience first and then on the technology keeping the customer experience as a reference, not the other way around. (Albro, n.d.) To understand buying experience at initial stage first, it's really important to understand buyers' perspective. As we say "how you target buyers perceive", only the buyers we can let you know the steps that we must take to get buyers to a purchase, what they need for good experience at each step and their satisfaction levels throughout during the buying experience.

Buying experience describes the buying process, where buying process is a part of buying experience. And buying process is the stage from where the buyer moves from quo to purchase. In quo stage, a buyer is at the very initial stage where a buyer is not an actual stage of buying and purchase stage is the final stage where buyer completes his/her process and becomes consumer to a customer. The steps from quo to purchase is not permanent or same for all the buyers, it differs from buyer to buyer and product to product. Some take few steps to finish from quo to purchase and some take longer and more steps to finish the process.

### 1.1 Online stores

An online store is a website application where transaction enables the visitors to find, order and pay for products and services that they are receiving from the online stores. To run a successful stores it involves a certain criteria, such as you must encounter with qualified buyers to visit your store and, you must help them to understand their needs, problems, pains, and desire with the evidence and solution to solve their problem with the ease of your understanding and providing relevant information and services required. (Althos, n.d.) Online stores are very much different from the physical stores and in online stores, people can easily access the products they are looking for in numbers with different brands and varieties.

### 1.2 Physical store

Physical stores are places where a customer makes a decision to purchase goods and services from the stores. (Merriam-Webster, 1828) Physical stores are owned and operated by retailers, where customer and retailer are connected and communicated directly unlike online stores. In physical stores, a customer gets greater satisfaction as they can have a feel and touch advantage.

### 1.3 Comparison

There are similarities and differences between the online and physical stores but as per peoples thinking it's not true that there are more of differences than similarities as there are more similarities than differences than people think. Though it's not at all similar in a physical sense but then when it comes to customer experience there are lots of common factors. Both the online and physical stores they both spend enough time and conduct researches on what products to sell and what products to avoid from the customers for greater sale and customer experience. (Wong, n.d.)

## II. REVIEW OF LITERATURE

(Wallace, 2015) In this paper, the author wants to tell us the current state of retail existence. In current society, the standard of technology has developed so much and people's way of purchasing and choice of goods and services are changing rapidly. Moreover, the expectation for customer experience is at very high point so retailers must realize that they should provide a

superior customer experience in order to survive. A sample of 1,029 consumers was conducted in this paper and it was found that there is still a greater favour for the physical stores as physical stores provide the in-store experience to help them to make the final purchase. In this study, it also shows that there is a difference in shopping habits among the various demographics such as millennial shopping habits are different from the baby boomers or Gen Xers. And from the findings it's clear that the state of a retail store is still relevant; 87% still wants to shop from retail shops, 65% respondent says they will prefer from retail shops when there is an option from the both of online and nearby stores are available. And moreover, 42% of respondent have never shopped from online.

(Gupta, May 2015) Explains that the using of technology in selling the product gives greater opportunities to the marketers to reach their customer with wider and faster rate as compared to physical stores an economic way. As online is emerging rapidly in last few years, which makes internet being the new source of marketing for the retail market, the behaviour of shoppers has changed as they started shifting form physical to online shopping as millions of people shop online. And on another hand, we have physical stores which have been continuing since years. People shop offline because they can have the experience, to understand and feel the product and have a possession over the product, to maintain the ownership after the payment is done. In both the physical stores and online stores, it's important to have customer loyalty and to maintain the customer loyalty it's important to provide them consistent good quality products, value and satisfaction. In this study, it reveals that male customers are less likely to shop online as compare to female customers. And on other demographic difference is that, younger generations are more likely to shop online than older generation because of the era in which the older generation lived, they don't know much about technology and online websites as compare to present condition, but younger generations have been living in this environment of technology and quite sure youths are frequent user and more able to use this technology. As far as physical stores and online stores are being compared, it's shown that online shoppers are increasing as there are more options in products and numbers of youth shoppers are increasing as well.

(Westland & Au, 1997/1998) Examines the three characteristics in digital retailing approaches which can make a difference to the online shoppers and they are catalog search, in which its product and under that their descriptions are labelled, second approach is bundling, where the group of products are bundled together for customer for convenient purpose and lastly the virtual reality storefront in which the products are sold with 3D virtual to give the actual measurement and feeling. Since two decades the digital retailing has become a major growth in present scenario, and it offers a great customer experience as compare to physical stores. In this paper the result was found that out of three digital shopping experience, there is no actual impact or difference on items being purchased or there is no difference in the spending of money on shopping. Only time that are utilise on shopping or time spent was the major difference where in virtual reality storefront it takes more time than rest of two. Since the virtual reality storefront is more complex and visually rich, it tends to take more time for the customers to visualise and make a purchase.

(Pandey & Chand Rai, April, 2014) Describes, retailing in India is at major growth today. The footfalls of foreign retail giants are increasing in numbers and the unorganized retailers in India are facing difficulties in survivals. Retailing in today's India is considered to be the major pillars of the economy and around 15 percentage of GDP of India are reliable on the Indian retailing. The customer preferences changes as the change in the environment of the world retailing. As the Indian organized retailing sector is emerging in fast pace, it is to keep in mind that the small and unorganized retailers to keep matching up the pace and follow the below mention points and formulate new strategies for the survival in the retailing line. The seven important points to be followed are; 1.Range of prices, 2.Quality and availability of fresh groceries, 3.Hygiene and cleanliness of product, 4.Delivery at home & credit facility on product, 5.Variety of products, 6.Services and 7.Suitabe ambience. Since the organized retailers are increasing in numbers the youth or younger generation of Indians prefer more of organized retailers.

### III. RESEARCH OBJECTIVE:

- To compare the buying experience between the physical stores and online stores

### IV. RESEARCH METHODOLOGY:

The survey of the research is a descriptive study and the data is collected through primary data through a questionnaire. Questionnaire where done with the probability sampling (clustered sampling). The Geographical coverage of this survey is based on the millennial group in Bengaluru.

In this survey, the sampling size is 390, only millennials are targeted. The data were analyzed using IBM SPSS Statistics. To study demographic profile descriptive statistics were used. The principal component analysis is being used for data reduction method which helps in identifying the most important factors from the loading in the questionnaire.

### V. DATA ANALYSIS:

Data analysis has been classified into two stages as stated as below:

1. Demographic profile
2. Objective: To compare the buying experience between the physical stores and online stores

### 5.1. Demographic Profile

Table 1: Demographic Profile

Demography	Categories	Frequency	Percentage
Gender	Male	142	36.4 %
	Female	248	63.6 %
	<b>Total</b>	<b>390</b>	<b>100 %</b>
Age	Less than 20 years	130	33.3 %
	20 to 29 years	248	63.6 %
	30 to 39 years	12	3.1 %
	<b>Total</b>	<b>390</b>	<b>100 %</b>
Qualification	Higher secondary/Diploma	39	10 %
	Under Graduation (UG)	252	64.6 %
	Post-graduation (PG)	84	21.5 %
	Higher than PG	15	3.8 %
	<b>Total</b>	<b>390</b>	<b>100 %</b>
Buying Preference	Online stores	66	16.9 %
	Physical stores	324	83.1 %
	<b>Total</b>	<b>390</b>	<b>100 %</b>

Table 1 shows the demographic profile of 390 respondents. The samples comprise of respondents from different age group, gender, qualification and buying preferences.

### 5.2 Objective: To compare the buying experience between the physical stores and online stores

#### Factor Analysis Result:

Factor analysis is a method of data reduction. To purify the data and to extract the factors, an exploratory factor analysis was conducted. The total of 390 respondents was analyzed as a comparison for online stores and physical stores. From which three components were extracted and done a factor loading, which is a correlation between the factors and variables and it shows variables of different factors. This judgment is done by using the rotated component matrix.

Table 2. Reliability Statistics

Cronbach's Alpha	N of Items
.894	12

Before we conduct exploratory factor analysis, Cronbach's Alpha is used to measure the reliability of the questionnaire. From table 2, we got Cronbach's Alpha value .894, which is more than 0.7, that means we are measuring the right thing and we can proceed. The Cronbach's value usually lies in 0 to 1. If the value is nearer to 0, the internal consistency of the questionnaire indicates poor scaling. If the value is nearer to 1, then the internal consistency of the questionnaire indicates perfect scaling.

Table 3. KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.897	
Bartlett's Test of Sphericity	Approx. Chi-Square	1980.729
	df	66
	Sig.	.000

The KMO and Bartlett's test is conducted to check the suitability of data for the factor analysis. From table 3, we can say that it's significant as P value (.000) which is less than 0.05 and Kaiser-Meyer-Olkin is .897 which shows that the samples used for collecting data are good for factor analysis.

Table 4. Rotated Component Matrix<sup>a</sup>

	Component		
	1	2	3
Promotion of products	.719		
Information about the product	.675		
Variety of product brands	.622		
Browsing and searching for products	.607		
Quality of products		.821	
Customer services from the online stores		.777	
Delivery of products		.643	
Price of the products			.779
Payment for the products			.775
Total	3.075	2.273	2.218
% of Variance	25.624	18.945	18.485
Cumulative %	25.624	44.569	63.054

It's important to apply rotation to find out the set of loadings if we couldn't reveal the hypothesized structure of loadings in the first solution. Varimax rotated matrix is used to maximize the loadings for each factor. The varimax rotation finds each of the factors relating to few variables, making loading as large as possible. It reduces the factors which are reliable or influencing ever variables.

Table 5. Explorative Factor Analysis

Name of the component	Total Variance Explained (TVE)	List of Factors	Rotated Component Matrix (RCMV)
Information experience	5.584	Promotion of products	.719
		Information about the product	.675
		Variety of product brands	.622
		Browsing and searching for products	.607
Service experience	1.165	Quality of products	.821
		Customer services from the online stores	.777
		Delivery of products	.643
Spending experience	.817	Price of the products	.779
		Payment for the products	.775

From the analysis, it was found that there are nine factors which contribute to the main reason for experience in online shopping.

#### Component I

Information experience being the main component for the online store experience, where the customer would like to get their information regarding the products, which is were, they are happy with the online browsing and searching of the products. Customers in online stores are satisfied with the variety of products and promotion of the products.

### Component II

Service experience also defines the experience of the customers in online shopping. Online customers are getting proper delivery of the products from online stores and services provided by the online stores are satisfactory to them. The product qualities are also highly considered in the terms of customer experience in online stores, where they provide different product brands, sizes, colors and designs.

### Components III

Spending experience is also one of the components in which the customers are very much concern and satisfied with the price of the products provided by the online stores. The payment for the products is also a factor which is considered by the online customers and happy with the different mode of payments. Such as, cash, card payment and payment before product delivery or after product delivery.

Table 6. Reliability Statistics

Cronbach's Alpha	N of Items
.878	11

To conduct an exploratory factor analysis, Cronbach's Alpha is used to measure the reliability of the questionnaire. From table 6, we got Cronbach's Alpha value .878, which is more than 0.7, that means we are measuring the right thing and we can proceed.

Table 7. KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.904	
Bartlett's Test of Sphericity	Approx. Chi-Square	1550.203
	df	55
	Sig.	.000

The KMO and Bartlett's test is conducted to check the suitability of data for the factor analysis. From table 7, we can say that it's significant as P value (.000) which is less than 0.05 and Kaiser-Meyer-Olkin is .904 which shows that the samples used for collecting data are good for factor analysis.

Table 8. Rotated Component Matrix<sup>a</sup>

	Component		
	1	2	3
Ordering of products	.783		
Payment for the products	.699		
Searching for products	.675		
Price of the products	.667		
Information about the product		.729	
Discounts and offers on the product		.721	
Convenience in offline shopping		.651	
Quality of products			.740
Variety of product brands			.713
Response from the physical stores			.631
Total	2.539	2.187	2.134
% of Variance	23.081	19.878	19.404
Cumulative %	23.081	42.959	62.363

It's important to apply rotation to find out the set of loadings if we couldn't reveal the hypothesized structure of loadings in the first solution. Varimax rotated matrix is used to maximize the loadings for each factor. The varimax rotation finds each of the factors relating to few variables, making loading as large as possible. It reduces the factors which are reliable or influencing ever variables.

Table 9. Exploratory Factor Analysis

Name of the component	Total Variance Explained (TVE)	List of Factors	Rotated Component Matrix (RCMV)
Financial experience	4.982	Ordering of products	.783
		Payment for the products	.699
		Searching for products	.675
		Price of the products	.667
Buying experience	1.059	Information about the product	.729
		Discounts and offers on the product	.721
		Convenience in offline shopping	.651
In-store experience	.819	Quality of products	.740
		Variety of product brands	.713
		Response from the physical stores	.631

From the analysis, it was found that there are ten factors which contribute to the main reason for experience in online shopping.

#### Component I

Financial experience is the component for the physical stores where customers are satisfied with the ordering of products. In physical stores, the price and the payment for the products are factors which are considered by the physical customers. In physical stores searching for the products are convenient and easy for the customers. This makes this factor as important for the physical stores to attract the customers.

#### Component II

Buying experience is another component of the physical store. Information that you receive from physical stores are important to customer and convenience in shopping in physical stores are easier and specific for the customers. Out of all, discounts and offers in physical stores are likely to be satisfied for the customers who visit offline stores.

#### Component III

In physical stores, another component that makes customers satisfied is an In-store experience. Where customers can see and feel different variety and different quality of products in a physical store. And most importantly, customer in the physical store they receive the direct and immediate response from the physical store retailers.

### VI. FINDINGS AND CONCLUSION:

Buying experience of the customer being the important factor for both the physical and online stores, it's vital to keep customer perspective in first and then the technology. We all will have a buying experience in both physical and online stores. Majority of customers preferred buying products from physical stores with 83.1% and remaining prefers for the online stores at 16.9%.

From the study conducted on the "buying experience in physical stores and online stores in Bengaluru". It can bring a conclusion that when it comes to preference majority of the customer prefer to buy from physical stores over online stores. But as far as experience is being concerned, there are some similarities as well as differences between online and physical stores. Online shoppers and in-store shoppers both are satisfied with the price and payment method in both the cases as the experience is good in that scenario. Well as the difference is concern online shoppers experience are keener on service and information experience. And physical store shoppers are keener on buying and in-store experience.

### VII. RESEARCH IMPLICATIONS:

Buying experience helps in understanding customer's buying behavior. It is important for both the physical and online retailers to understand and know customer's taste and preferences so that they can design and operate the marketing program in a better way to have a longer relationship with customers and gain customer loyalty.

### VIII. LIMITATION OF THE STUDY AND SCOPE OF FURTHER RESEARCH:

This research is conducted only from the part of Bengaluru, Karnataka with the respondent of 390, which might be applicable to another part of all over India. And also the respondent figure is very less and can't generalize to all parts of India. This study was focused on the comparison between online and offline experience, we could conduct studies on online and offline on particular stores such as apparel, footwears, foods stores and watch.

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