



## A STUDY ON THE IMPACT OF ONLINE BRAND TRUST AND SALES PROMOTION AS COMPETITIVE STRATEGIES IN ONLINE BUYING DECISIONS BY THE CONSUMERS

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### Abstract

It's a world with high competition, dynamism and complexities which have forced organizations to change dramatically due to rising customer expectations. Marketers are under constant pressure to deliver finest to their customers. Online shopping has obtained very important position in the 21<sup>st</sup> century as most of the people are busy, loaded with hectic schedule. In such a situation online shopping became the easiest and most suitable mode for their shopping. Internet has changed the way of consumer's store, and has rapidly developed into a global perspective. An online shop arouses the physical similarity of buying products as well as services from internet shop and this process of shopping is called business-to-consumer online shopping. . A well planned marketing strategy should be essential for all the ventures to sustain in the market.

This paper examines the impact of online brand trust and sales promotion as competitive strategies in online buying decisions by the consumers of Kottayam District. The objective of this paper is to know the impact and relationship of online brand trust and sales promotion to online buying behaviour of consumers. The study is conducted in consumers of Kottayam District. 50 samples were collected with structured questionnaire through google form. convenience sampling method was adopted for the sample collection. This study is in analytical nature. The study conclude that there is high degree of positive correlation between online brand trust and online buying decisions among the consumers where as there is a moderate degree of positive correlation between sales promotion and online buying decisions. Study concludes that in future the multinational companies has to focus more on the promotional and brand trust elements in this new era of marketing to attract and retain the customers

**Keywords:** Online Shopping, Brand Trust, Sales Promotion and Online Buying Behaviour



## Introduction

Nowadays, the Internet is being widely used for various purposes and has become part of daily life. At its inception internet was used as a means of communication only but it has become a source to learn, entertain and most recently a medium for the exchange of goods and services between buyer and seller. It replaces the traditional concept of marketing. Though over 70 per cent of the over 90-million-strong online shoppers are influenced by the information from the Net, only 16 per cent of them actually end up buying online. It can be noted that the online shoppers' population has crossed the 90-million-mark this year in the country, a growth of over eight times from 2013 when online shopping began to take roots here, "Unlike most other markets, only 5 per cent of purchases, accounting for 16 per cent of the value, are made after consumers followed a mixed pathway, using online and offline touch-points. This means that purely offline pathway remains dominant, accounting for 78 per cent of purchases and 58 per cent of value. "Only 16 per cent purchases are done an online pathway from beginning to end, although those purchases represented 26 per cent of value," says the report. The same is the case with most other items, especially mobiles and large appliances as 40-50 per cent purchases of mobiles and major appliances by urban consumers are made online and offline.

The Indian e-commerce industry has been on an upward growth trajectory and is expected to surpass the US to become the second largest e-commerce market in the world by 2034. The E-commerce market is expected to reach US\$ 200 billion by 2026 from US\$ 38.5 billion in 2017. India's e-commerce market has the potential to grow more than four folds to US\$ 150 billion by 2022 supported by rising incomes and surge in internet users. Online shoppers in India are expected to reach 120 million in 2018 and eventually 220 million by 2025. Average online retail spending in India was US\$ 224 per user in 2017.

E-commerce industry in India witnessed 21 private equity and venture capital deals worth US\$ 2.1 billion in 2017 and 40 deals worth US\$ 1,129 million in the first half of 2018. E-commerce start-ups in India received US\$ 786.87 million of funding in the first half of 2018. Online retail sales in India are expected to grow by 31 per cent to touch US\$ 32.70 billion in 2018, led by Flipkart, Amazon India and Paytm Mall. Online retail is expected to contribute 2.9 per cent of retail market in 2018.

Much growth of the industry has been triggered by increasing internet and smartphone penetration. Internet penetration in India grew from just 4 per cent in 2007 to 34.42 per cent in 2017, registering a CAGR of 24 per cent between 2007 and 2017. As of September 2018 overall internet penetration in India was 42.87 per cent. The number of internet users in India is expected to increase from 560.01 million as of September 2018 to 829 million by 2021. Internet penetration in rural India is expected to grow as high as 45 per cent by 2021 compared to the





current rate of 18 per cent. The e-commerce retail logistics market in India is estimated at US\$ 1.35 billion in 2018 and is expected to grow at a 36 per cent CAGR over the next five years.

Up to 98 percent of Indian consumers, who have access to the internet have made a purchase online, according to a new report. The 2018 Nielsen Connected Commerce Report, which looks at consumers' online purchasing habits in India, reported that ecommerce category travel recorded 69 percent of online transactions, fashion recorded 66 percent and IT & mobile recorded 63 percent. Meanwhile, the categories posting the most significant growth in ecommerce channel include packaged grocery, where 40 percent of online consumers said they made a purchase (21 percent growth on a base growth rate of 33 percent in 2017), fresh groceries (growth of 17 percent moving to 41 percent as against 35 percent in 2017) and baby & children products (up 10 percent to 32 percent as against 29 percent in 2017). Coming to global online grocery purchasing, it's up 15 percent in the last two years, leading to an estimated \$70 billion additional sales in online fast moving consumer goods (FMCG).

In India, with growing consumer trust and confidence within online buying ecosystem, ecommerce channel has evolved significantly and in the past two years has grown its share by as much as three times, within total FMCG retail sales.

"Travel, fashion and IT/ mobile products are typical categories for first-time online shoppers, but as their familiarisation, comfort and trust levels increase, their category repertoire expands into areas like beauty, personal care and baby products, and then moves even wider afield to packaged and fresh grocery categories, and this is evidenced in the significant jump seen in online purchasing within grocery and food delivery in recent years,"

The report reveals that consumers are more open to purchase packaged and fresh groceries online, when they are offered certain purchasing options and quality assurances.

About 60 percent of consumers pointed towards the need to offer and improve hassle free refund, replacement experience as well as free cost delivery - if offered, would boost their confidence to buy online with higher frequency.

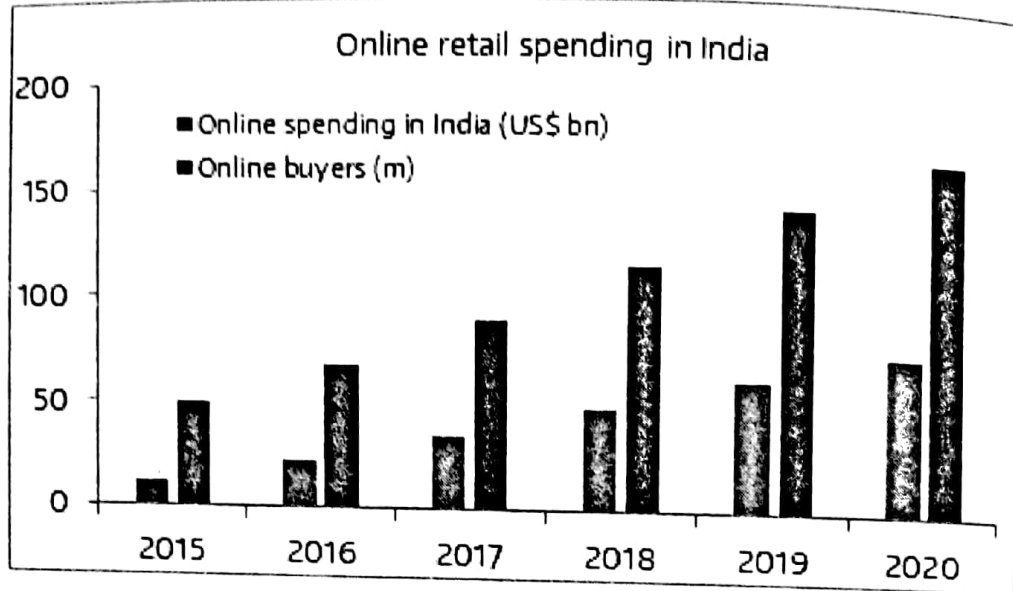
"A few years ago e-commerce purchase was focused on non-perishable goods such as travel, fashion and books, but over time we are seeing a rise in purchases across new categories. Looking ahead, the next wave of evolution in online purchasing behaviour will likely be driven by innovations in digital capabilities like personalised recommendations based on programmatic consumption and online behaviour,". Online Buying



Behaviour through the internet has brought a different dimension to commercial activities.

The following table shows how Indian consumers spend their amount for online shopping.

**Table No: I showing online retail spending in India**



www.equitymaster.com

Source: Forrester forecast  
 Asia-Pacific, Business Standard

### Literature review

Sodi Jasbir (2014) in the Indian journal of applied research, E-Tailing Boom – Impact on Retailing, researcher has analysed opportunities and threats. The finding are biggest competitive strategy adopted by these e-tailers is low pricing which has remarkably increased their sales and reduced the sale of brick and mortar stores.

Chandra P. Sathish and Sunitha.G (2012) in the journal of Art science and commerce, e-tailing – the mantra of modern retailer’s success, researcher drives the factors for growth of the e-tailing .and also elucidate the strategic role of e-tailing in achieving the retail organization objectives. Researcher finds that E-tailers, need to revisit some basic retail functions, and develop further competencies in the areas of merchandising and demand forecasting, then, it can be a new success mantra of any retailer.

Thamizhvanan Arun (2012) in the journal Emerald Insight, Determinants of customers’ online purchase intention: an empirical study in India, researcher has analyzed customer online purchase intention, shopping orientation factors, online trust and prior online purchase experience. The research established that impulse purchase orientation, prior online purchase experience and online trust have significant impact on the customer purchase intention. Males are found to have more intention to shop online than females.





Nazir Sajid, Tayyab Arsalan and Javed Irum (2012) in the international journal of computer science, How online shopping is affecting consumer buying behaviour in Pakistan, the main objective of this study to find factors which are affecting the consumers directly for online shopping and findings shows that psychological factors, social factors, emotional factors and privacy factors which affects the buyer attitude of online purchase.

### Statement of the problem

Due to the role of internet in the field of sales and marketing, the consumers are more convenient in their shopping. The importance of analysing and identifying factors that influence the consumer when he or she decides to purchase on the Internet is vital. Since the Internet is a new medium for there have been new demands set by the consumer. That is why it is crucial for the online retailers to know what influences the online consumer in their buying decisions. Analysing consumer behaviour is not a new phenomenon. Understanding and identifying the consumer is closely related to the directions a company will take with their marketing strategy. Since online retailing is a new retailing medium and online consumer behaviour is diverse from traditional consumer behaviour, one must identify what influences the online consumer. These factors need to be identified and taken into account by online retailers in order to satisfy consumer demands and compete in the online market. Hence the problem is stated as “A study on the impact of online brand trust and sales promotion as competitive strategies in online buying decisions by the consumers of Kottayam District.

### Research Objectives

- To identify and get insight in to which brand trust variable is more influential when purchasing online.
- To know the preference of which variable in sales promotion while having online shopping
- To assess the relationship between brand trust and sales promotion to online buying behaviour.

### Hypothesis

HO1 : There is no correlation between online brand trust and online buying decisions of the consumers

HO2 : There is no correlation between sales promotion and online buying decisions of the consumers

### Significance of the study

According to Associated chamber of commerce and Industry of India (ASSOCHAM), the size of the Indian online retail sector is Rs7000 crore. This growth shows the importance of online retailing in India and it attracts the marketers to cash this opportunity. Importance of consumer satisfaction in



marketing depends on need and need is recognized through the buying behaviour of customers. As we know that a satisfied customer either positively changes his own buying behaviour by repeat purchase or he become a passive buyer by recommending the product or brand.

Compared to traditional shopping, consumers prefer the internet as shopping medium because of its characteristics like ability to view and shop at anytime from anywhere in the world, feature like searching information about commodities, place a query / review or give purchase orders. Along with these features, convenience, time saving, transportation cost, price advantages etc are some additional features resulting in acceptance of internet as a new shopping avenue.

More importantly, to what extent the customers are satisfied related to online shopping. The relative importance of various factors in determining such consumer behaviour as repeat purchases suggests that further research on consumer attitude towards online buying decisions. Hence this study aims to find the effect of online buying decisions of consumers in the Kottayam District.

### **Scope of the study**

Only limited studies were taken place regarding online buying decisions of consumers based on the online brand trust and sales promotion. Number of factors, including vender/service/product characteristics, website quality, attitude towards online shopping, may influence online shopping decision making, and leads to online purchasing. This study focus on how the customers of Kottayam District make online buying decisions based on the online brand trust and sales promotion.

### **Research Methodology Area of the study**

Consumers of Kottayam district has been selected for the survey

### **Sample size & sampling method**

Sample size fixed to 50 samples and convenience sampling method was followed to reach the customers to get the adequate information within short span of time.

### **Data collection**

Primary data collection method is used to analyse the data. For the same a structured questionnaire is send through google form.

### **Data analysis**

For analysing the data SPSS was used. Simple percentage analysis, graphs, charts were used for normal analysis and testing of hypothesis is done with Karl Pearson Correlation method.





## **Theoretical review**

### **Sales promotion**

Sales promotion represents a variety of techniques used to stimulate the purchase of a product or brand. Sales promotion has a tactical, rather than strategic role in marketing communications and brand strategy, it is also a form of advertisement used within a short period of time. sales promotion, including: contests, coupons, freebies, loss leaders, point of purchase displays, premiums, prizes, product samples, and rebates.

### **Online brand trust**

Online brand trust is the willingness of the average consumer to rely on the ability of the brand to perform its stated function. Consumers trust on brand is based on their conviction that the brand has specific qualities that make it consistent, competent and honest. The factors of online brand trust are; security/privacy, perceived risk, brand reputation, word of mouth, quality of information and online shopping experience.

### **Online Buying Behaviour**

Behaviour is the apparent, noticeable response in a given situation with respect to a given target. Online buying behaviour is a type of behaviour which is exhibited by customers while browsing websites of an e-tailer in order to search, select and purchase goods and services, in order to fulfil their needs and wants. It's basically a behaviour which is reflected by the purchaser during the process of buying through the internet.

### **Online Shopping**

Online shopping is the process whereby consumers directly, without an intermediary service, buy goods or services from a seller in real-time over the Internet. One way of doing electronic commerce is online shopping. In online shopping, electronically the sale or purchase of transaction takes place .online shopping is defined as a computer activity/exchange performed by a consumer, via a computer-based interface, where the consumer's computer is connected to and can interact with, a retailer's digital storefront to purchase the products or services over the internet. An e-shop allows the customer to browse entire range of product or service offered by e-vendor, view pictures of the products, along with the complete description of the product specifications, including features and prices. On online stores with the help of "search" features e-shoppers can easily search out specific models, brands or items . An online shop is also referred to as , e-shop, e-store, internet shop, webshop, webstore, online store, or virtual store. In present time almost all the big retailers are now offering their



online shops. These are also known as e-tailers and their online retail shops are sometimes known as e-tail.

### Data analysis & Interpretation

**Table No: II showing Likert Scale analysis regarding Online Brand Trust**

	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree	Weighted Score
my privacy and payment mode information are protected	11	25	12	2	0	3.9
personal information given for transaction is being kept confidential and is not misused	11	24	13	1	1	3.86
the online brand keeps contractual promises and has good reputation and value in the market	11	25	13	1	0	3.92
friends and relatives recommended me to purchase	9	29	12	0	0	3.94
website of online brand provide in depth information that helps to shop online	17	20	9	4	0	4
I greatly enjoy online shopping	14	25	10	1	0	4.04

(source: primary data)

**Table No: III showing Likert Scale analysis regarding sales promotion**

	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree	Weighted Score
I prefer buying products online when it is available at price pack	12	30	8	0	0	4.08
I get inclined to buy products online due to Coupon	7	20	21	2	0	3.64
I am Tempted to buy due to rebate	11	19	16	3	1	3.72
I consider contests while buying online	7	20	15	6	2	3.48
I consider discounts during	23	22	4	1	0	4.7





	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree	Weighted Score
online shopping						
I generally do online shopping during offers	24	20	6	0	0	4.36

(source: primary data)

**Table No: IV showing Likert Scale analysis regarding Online Brand Decisions**

	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree	Weighted Score
I shop online as I can shop in the privacy of my home	13	27	8	1	1	4
I shop online as I can shop whenever I want without going to the market	15	24	9	2	0	4.04
I shop online as I can get detailed product information and reviews online	20	15	13	2	0	4.06
online shopping gives the facility of easy price comparison.	25	17	7	1	0	4.32
I use online shopping for buying products which are otherwise not easily available in the nearby market	20	22	6	2	0	4.2
It gives more cash benefits	11	25	14	0	0	3.94

(source: primary data)



**Hypothesis testing**

HO1 : There is no correlation between online brand trust and online buying decisions of the consumers

**Table No: V showing Hypothesis testing of Online brand trust and online buying behaviour**

**Descriptive Statistics**

	Mean	Std. Deviation	N
Online Brand Trust	3.9433	.06623	6
Online Brand Decisions	4.0933	.14067	6

**Correlations**

		Online Brand Trust	Online Brand Decisions
Online Brand Trust	Pearson Correlation	1	-.006
	Sig. (2-tailed)		.991
	N	6	6
Online Brand Decisions	Pearson Correlation	-.006	1
	Sig. (2-tailed)	.991	
	N	6	6

(source: primary data)

Since the correlation value is 0.991, the null hypothesis is rejected Hence, There is high degree of positive correlation between online brand Trust and online Brand decisions

HO2 : There is no correlation between sales promotion and online buying decisions of the consumers

**Table No: VI showing Hypothesis testing of Online brand trust and online buying behaviour**

**Descriptive Statistics**

	Mean	Std. Deviation	N
Online Brand Decisions	4.0933	.14067	6
Sales Promotion	3.9967	.46996	6





Correlations			
		Online Brand Decisions	Sales Promotion
Online Brand Decisions	Pearson Correlation	1	-.234
	Sig. (2-tailed)		.655
	N	6	6
Sales Promotion	Pearson Correlation	-.234	1
	Sig. (2-tailed)	.655	
	N	6	6

(source: primary data)

Since the correlation value is .655, the null hypothesis is rejected Hence, There is a moderate degree of positive correlation between sales promotion and online Brand decisions.

#### Findings

- The most influential variables in online brand trust are the consumers greatly enjoy online shopping and website of online brand provide in depth information that helps to shop online.
- The most preferred variables in sales promotion leads to online shopping is discounts and online purchase during offers.
- there is high degree of positive correlation between online brand trust and online buying decisions among the consumers where as there is a moderate degree of positive correlation between sales promotion and online buying decisions.

#### Conclusion

Now individuals are finding it difficult to shop from traditional channels due to their changed lifestyle. As a result of all these issues along with the technological advancements, a new mode of shopping online shopping has emerged. The Internet, in the field of shopping, has brought sea changes in the mindset of customers with reference to convenience, speed, price, product information and services associated with online shopping. The internet has provided marketers with a completely new way to create value for customers and build relationships with them in the form of online shopping. This study was conducted to find out the impact of online brand trust and sales promotion as a competitive strategies for online buying decisions of the customers. The study reveals that there is high degree of positive correlation between online brand trust and online buying decisions among the consumers where as there is a moderate degree of positive correlation between sales promotion and online buying decisions. Hence this



study conclude that in future the multinational companies has to focus more on the promotional and brand trust elements in this new era of marketing to attract and retain the customers. And also they find new methods of online marketing strategies to cope up the competitions from the other companies. Although the world is dynamic the company should make strategies be dynamic in every point of sales and also online brand trust has great impact in online buying decisions.

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