

# A Study on The Factors Those Lead to Increase the Usage of Smartphones in Online Shopping



Received : 12-11-2020

Revised : 14-12-2020

Revised : 26-01-2021

Accepted : 14-02-2021

Puneet Kumar<sup>1</sup> and Dr. Sanjay Kumar Bansal<sup>2</sup>

Plagiarism: 16%

## ABSTRACT

*E-commerce practices have expanded its uses into the quickly evolving mobile phone industry as M-commerce. This means that people can purchase, browse, and sell products over the mobile phone. M-commerce is a fairly new term referring to “any transaction with a money value that conducted with mobile telecommunications network”. Companies of e-commerce focused on features of mobile shopping, like smaller screens, touch interfaces, limited data volume, etc. in order to target potential customers, who are limited by mobile access. Customers and companies can choose between various payment options which use mobile commerce, like stored-value cards, credit cards, premium rate telephone numbers, and charges added to customer's phone bill. By selecting the right payment method, different sets of customers can be targeted, including the ones who have no banking accounts. The smartphone will become increasingly important as a digital wallet in the future. M-Commerce is the action of selling and buying products, ordering or booking a service and/or transferring money via mobile phone or mobile Internet and helps in online shopping. Besides, mobile commerce allows its users to shop or pay at their discretion, regardless of time and geographical location. Thus, mobile users only need to install mobile applications that can access to numerous services, such as mobile banking, shopping, or communicating, and so on.*

<sup>1</sup>Ph.D. Research Scholar, C.C.S. University, Meerut, Uttar Pradesh.

<sup>2</sup>Research Supervisor & Associate Professor, Department of Commerce, NREC College, Khurja, Uttar Pradesh

### Keywords:

E-Commerce, M-Commerce, Online Shopping, Mobile Applications, Mobile banking.

### Classification-JEL :

D14, N12, A26

### How to Cite:

Kumar, Puneet and Bansal, Sanjay Kumar (2021). A Study on The Factors Those Lead to Increase the Usage of Smartphones in Online Shopping. *Journal of Commerce and Trade* (H. Agarwal, Ed.) 16 (1), 42-47.

## 1. INTRODUCTION

E-commerce has become a very popular way of doing business over the years. A few online marketing companies have already appeared on the market, many companies have a web page and many of them are also selling through it. Today we can find millions of companies using this as business model, meaning integrating a traditional system that requires customer presence and e-commerce, i.e. purchasing is done through a website. E-commerce systems have expanded their use in

the rapidly evolving mobile phone industry in the form of M-commerce. This means that people can buy, browse, and sell products on their mobile phones. Considering its widespread accessibility, all major mobile phone manufacturers have developed WAP (Wireless Application Protocol) enabled smartphones. M-Commerce is the act of selling and buying products, ordering or booking a service and / or transferring money via mobile phone or mobile internet. M-commerce is becoming a kind of e-commerce that is accessible and attractive

through technological change and leading to endless communication between merchant and customer. Opportunities to create mobile apps are also a great opportunity for the seller to follow creative marketing strategies.

A mobile device that can access the Internet, impacts an individual's behaviour. It either directly or indirectly affects human physical actions, and the impacts can happen in a significant way. It has influenced the way a customer searches and purchases products, conducts any transactions, plans or carries out activities, communicates and interacts with others; and entertains. Indeed, for example, on one hand, customers would have to be present physically at a particular store to order, buy or pay for anything in a traditional way. Besides, mobile commerce allows its users to shop or pay at their discretion, regardless of time and geographical location. Thus, mobile users only need to install mobile applications that can access to numerous services, such as mobile banking, shopping, or communicating, and so on.

Companies of e-commerce focused on features of mobile shopping, like smaller screens, touch interfaces, limited data volume, etc. in order to target potential customers, who are limited by mobile access. Customers and companies can choose between various payment options which use mobile commerce, like stored-value cards, credit cards, premium rate telephone numbers, and charges added to the customer's phone bill. By selecting the right payment method, different sets of customers can be targeted, including the ones who have no banking accounts. The smartphone will become increasingly important as a digital wallet in the future.

## 2. REVIEW OF LITERATURE

Bharadwaj et al. (1991) in this study analyzed the satisfaction level of consumers encompassing quality of technical service. This study also analyzes the usage pattern of the mobile phone services.

Rousseau et al. (1998) in their research they analyzed factors that could contribute to the success of m-commerce. Visual trust is an important factor that influences consumer behavior and can contribute to the success of m-commerce.

Agarwal and Karahanna (2000) study highlighted the influencing factors to use m-commerce and finds that m-commerce is easy to use, creates positive attitudes.

Sahut and Malgorzata (2004) in their study highlighted:

- a) Security,
- b) Cost,
- c) Convenience,
- d) Speed; have examined in this research.

This study also analyzes the various competitive, marketing and technological challenges.

Bhasin (2005) in their study "E-commerce and M-commerce Revolution: Perspectives, Problems and Prospects" highlighted the problems and prospects of both e-commerce and m-commerce. In this study he analyzes the global prospects of m-commerce in future.

Chang and Chen (2005) identified that smart phone creates a best platform for mobile commerce. A smart phone helps in providing the applications to use efficiently as m-commerce.

Shin et al. (2006) highlighted the m-commerce applications in their study. They also analyze the consumer's preference for m-commerce. In this study the tools which are used: Factor Analysis, Regression Analysis, Factor Loadings.

Garofalakis et al. (2007) this study evaluates consumers perception towards quality attributes associated with m-commerce. This research focuses on to analyze the quality characteristics and attributes such as reliability, efficiency, usability etc.

About (2010) in study analyzed role of mobile phones in e-payment and the

emphasized on the requirement of key infrastructure for implementing the mobile phones as m-commerce.

Jain (2012) in his study “Mobile commerce: A review” analyzed the advantages and disadvantages involved in applications of m-commerce. There are various challenges which are studied in this research work like lack of awareness, infrastructure problems, security problems etc.

Gupta and Vyas (2014) in their study analyzed factors that affect adoption of m-commerce in India and also highlight the advantages and limitations of m-commerce in India.

Kaur M. (2015) in this study analyzed the strength, weakness, opportunities and threats of m-commerce in India. There are several sectors like banking, telecom, financial, real estate, using m-commerce. Study found growth in wireless technology in India.

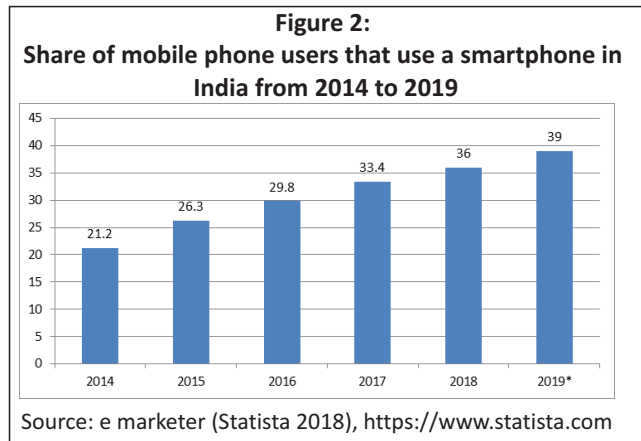
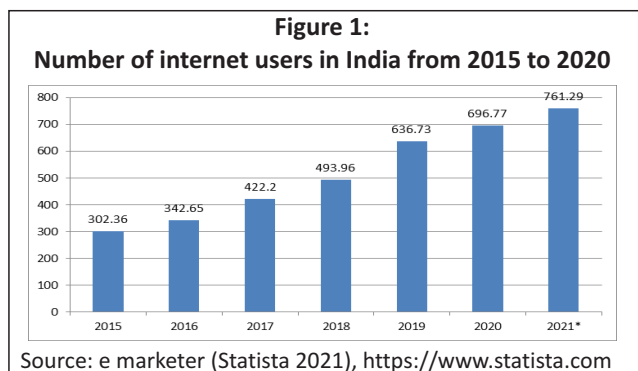
Madhurima K. & Harish K. (2017) in study highlighted that increased technological proliferation combined with internet and mobile penetration, presents a favorable eco-system for the development of e-commerce in India.

### 3. OBJECTIVE OF THE STUDY

To identify the factors that leads to increase the usage of smartphones in online shopping.

### 4. ANALYSIS

#### a) GROWING ACCESS TO THE INTERNET AND



**GREATLY INCREASED USE OF SMARTPHONES:** India has witnessed a dramatic growth in internet access. Smartphones have been rapidly transformed from being just handheld telecommunications devices to being a window to the world and are now a means of expressing one's opinion and individuality. It's also become the new retail store front.

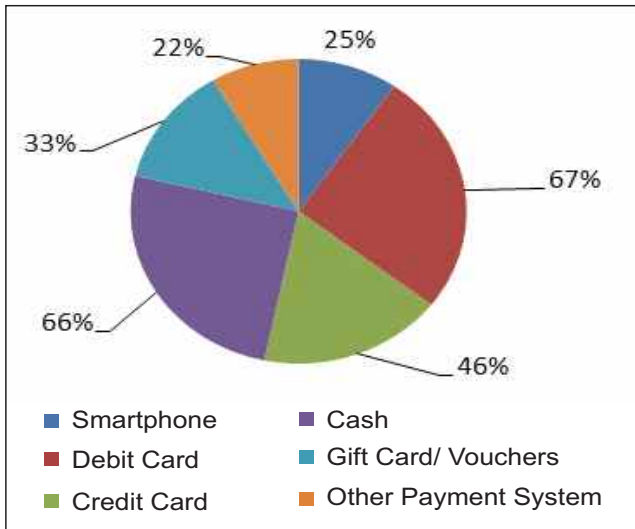
**b) DRIVE FOR DIGITAL PAYMENTS:** The demonetization of all INR 500 and INR 1,000 banknotes in November' 2016 moved the country's unbanked population and offline merchants onto digital payment platforms. The mobile wallet space saw an immediate surge. As the penetration of mobile internet and smartphones increase, mobile wallets with their ease of use & convenience are expected to continue to see an upward trend. 23 per cent of connected Indians are currently using mobile payments at least once a week with one third of connected Indians preferring to pay for everything with their mobile in the future. (<https://www.deloitte.com>).

**Table 1: Payment Behaviour in Shopping**

Category	Per cent
Smartphone	25
Debit Card	67
Credit Card	46
Cash	66
Gift Card/ Vouchers	33
Other Payment System	22

Source: PwC's Total Retail 2015 survey (Latest Available Data)

**Figure 3: Payment Behaviour in Shopping**



Source: PwC's Total Retail 2015 survey (Latest Available Data)

In the coming years, shoppers are likely to move towards products and experiences that are individualized to meet their unique needs. Consequently, they expect the world to be at their fingertips, at a place and time of their convenience. They don't go shopping, they shop 24X7. Moreover, they want a shopping experience that is customized to their needs and offers them a faultless experience-online and offline.

**c) Consumers' Purchase Decisions are Changing:** Online retail is expected to grow at over 60 per cent, although on a small base. PwC's survey over the last few years indicates a significant growth in the percentage of respondents who shop online on a daily or weekly basis.

**d) Technological Innovation:** Technology can help businesses serve customers in a manner that were unimaginable before. From mobility, analytics, 3D printing, the Internet of Things, artificial intelligence to machine learning, technology is bringing about revolutionary changes in creation, delivery and consumption of products.

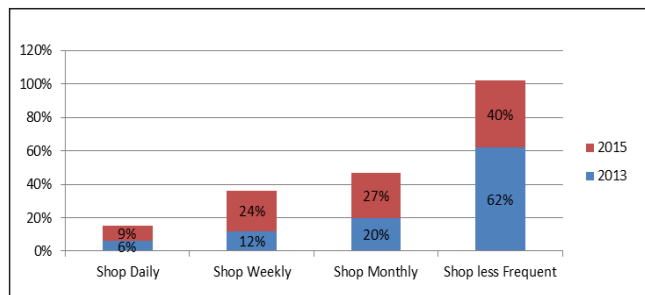
**e) Growth in Organised Trade:** Modern trade in the form of large chains of supermarkets, convenience stores and pharmacies is muscling in. Over the next several years, this shift to modern trade is expected to continue and sales

**Table 2: Frequency of Purchases made using Smart or Mobile phones in India**

Particulars	2013 (In per cent)	2015 (In per cent)
Shop Daily	6	9
Shop Weekly	12	24
Shop Monthly	20	27
Shop less Frequent	62	40

Source: PwC Total Retail 2015 survey (Latest Available Data)

**Figure 4: Frequency of purchases made using smart or mobile phones in India**



Source: PwC Total Retail 2015 survey (Latest Available Data)

to grow at the rate of 20 per cent per annum-twice as fast as that of traditional trade.

**f) Clarity On Fdi In E-commerce:** In March 2016, the Government of India brought in clarity on the FDI policy in e-commerce sector. The policy clarifies the definition of e-commerce-based inventory and marketplace business models. FDI up to 100 per cent has been permitted in marketplace business under the automatic route, subject to its meeting certain conditions such as that a marketplace entity can only enter transactions with the seller of the products and services, will not exercise ownership of the inventory, will ensure that none of the vendors sell more than 25 per cent of products through the marketplace and will not directly or indirectly influence the sale price of the goods or services. Further, it has also been clarified that FDI is not allowed in inventory based e-commerce model except in case of single brand and manufacturing business.

**g) Goods and Services Tax:** The Goods and Services Tax (GST) is the most significant transformation in the domain of indirect taxes



India is likely to witness in the near future. Under its regime, there will be relief from the complexities of various indirect taxes (Excise Tax, Sales Tax, Service Tax, etc.) because there will be a single levy on all transactions, barring a few. This tax structure will coalesce India into a single market where industries will be able to expand their businesses at the national level. The 'one tax' concept will dilute state barriers and state-specific tax structures and boost ease of doing business in the country.

The e-commerce sector is also expected to benefit substantially under the new regime. With a single tax under the GST regime, the sector is expecting to get relief from the present dispute on the status of e-commerce transactions. Given GST's 'propagate one tax' concept, industry hopes to get rid of the legal complexities it has been encountering so far.

Under the GST regime, there will be a higher input tax credit for Retail, FMCG and e-commerce, since they will be able to avail credit of tax paid on services. In the current regime, one of the main costs incurred is on Service Tax paid on rentals. With GST integrating India into a single market by doing away with state-specific indirect tax barriers, along with the concept of Form C and Form F, it is expected that

compliance-related requirements relating to movement of goods across states will be more effective and relaxed. These initiatives indicate that the Government is keen on facilitating ease of doing business in the country.

Therefore, having in place an efficient supply chain management will definitely aid businesses, which can modify their structures, based on their transportation needs rather than on taxes.

## 5. CONCLUSION

Smartphones have been rapidly transformed from being just handheld telecommunications devices to being a window to the world and are now a means of expressing one's opinion and individuality. It's also become the new retail store front. The consumers focus on consciousness concerns about health and the environment, technological innovations and the rising complexity of decision-making due to the proliferation of products and points of sale. Today mind-set is about to change. With the market cap of new age companies such as Amazon, Alibaba, Google (Alphabet) and Facebook, to name a few, having surpassed a significant number of large traditional players, the importance of new role played by technology is now being acknowledged. ●

## REFERENCES

1. Aboud, S.J. (2010). "Mobile machine for E-payment scheme", International Journal of Advanced Networking and Applications, 2(3), 646-649.
2. Agarwal, R. and Karahanna, E. (2000). Time flies when you're having fun: cognitive absorption and beliefs about information technology usage, MIS Quarterly. 24(4), 665-694.
3. Bharadwaj S., Thirunarayana P. N. and Varadarajan P. R. (1991). "Attitudes towards Marketing Practices, Consumerism and Government Regulations: An Exploratory Survey of Consumers in India" Vikalpa, 16 (1), 15 – 20.
4. Bhasin, M. (2005). "E-commerce and M-commerce Revolution: Perspectives, Problems and Prospects", The Chartered Accountant, 54(6), 824-840.
5. Chang Y.F; and Chen C.S. (2005). "Smart Phone - The Choice of Client Platform for Mobile Commerce", Computer Standards & Interfaces, Elsevier, 27(4),329-336.
6. Garofalakis, J.; Stefani, A.; Stefanis, V.; and Xenos M. (2007). "Quality Attributes Of Consumer-Based M-Commerce Systems", Proceedings of the IEEE International conference on E-business and Telecommunications networks (ICETE), 130-136.
7. Gupta S. and Vyas A. (2014). "Benefits and Drawbacks of M-Commerce in India: A review", International Journal of Advanced Research in Computer and Communication Engineering.
8. Harriet Koshie Lamptey (2018). Mobile Commerce in Developing Countries: An Evaluation of Selected Articles Published between 2009 and 2015, Science and Technology, 8(1),17-26.

9. Jain, S. (2012). "Mobile commerce: A review", International Journal of Computers & Technology, 3(2), 291-293.
10. Kaur, M. (2015). "M-commerce: SWOT Analysis", Sai Om Journal of Commerce and Management, A peer reviewed National Journal.
11. Madhurima K. & Harish K. (2017). Growth of E-commerce in India: An Analytical Review of Literature, IOSR Journal of Business and Management. 19 (6), 91-95
12. Rousseau, Denise M., Sim B. Sitkin, Ronald S. Burt, and Colin Camerer (1998). "Not So Different After All: A Cross-Discipline View of Trust," The Academy of Management Review, 393-404.
13. Sahut, J.M.; and Malgorzata, G. (2004). "Electronic Payment Market: A Non-Optimal Equilibrium", Proceedings of the IEEE International Symposium on Applications and the Internet Workshops (SAINTW'04), IEEE Computer Society, Tokyo, Japan, 1-6.
14. Shin, Y.; Jeon, H.; and Choi, M. (2006). "Analysis of the Consumer Preferences towards M-Commerce Applications Based On an Empirical Study", Proceedings of the International Conference on Hybrid Information Technology (ICHIT'06), 654-659.