Socio-Economic and e-Marketing Determinants of Online Consumer Behavior in India

Anusha Suhail[1], Asif Ali Syed[2]

[1]Research Scholar, Department of Business Administration, Faculty of Management Studies,
Aligarh Muslim University, UP, India
[2]Associate Professor, Department of Business Administration,
Aligarh Muslim University, UP, India
asifalisyed@yahoo.com; anusahsuhail910@gmail.com

Abstract

This conceptual paper explores the socio-economic factors influencing online shopping behavior in India through the lens of Schiffman and Kanuk's consumer behavior model. As internet penetration and smartphone usage continue to rise, India's online retail landscape is undergoing rapid transformation. However, this growth is moderated by unique challenges such as income disparities, digital literacy gaps, and cultural diversity. The study examines how social influences, economic status, and consumer decision-making processes collectively shape online consumer behavior. Drawing from existing literature, it identifies key variables like peer influence, family dynamics, income levels, and technological familiarity that affect e-commerce engagement. The proposed framework offers insights for marketers to design inclusive and targeted strategies that align with the diverse Indian consumer base. The paper concludes with recommendations for future research to empirically validate the model and integrate emerging variables such as trust, convenience, and mobile usability.

Keywords: Online Shopping, Consumer Behavior, Socio-economic factors, Digital Literacy, India, Schiffman and Kanuk model, e-Commerce strategy.

1. Introduction

Online shopping has transformed the global retail landscape, offering consumers a convenient alternative to traditional in-store shopping. With the growing penetration of internet access and smartphones, online shopping is becoming increasingly popular worldwide. In India, however, the pace and pattern of adoption differ due to unique socio-economic and cultural factors (Chatterjee & Ghosal, 2014). Cultural diversity and income inequality are more pronounced in India, influencing consumer preferences and technology adoption.

As the online retail sector in India continues to expand, businesses face intense competition in capturing the digital consumer base. To stay competitive, it is crucial to understand what motivates consumers to engage in online transactions and what barriers may exist. As Syed and Khan (2017) argue, understanding the drivers of online shopping is vital for tailoring effective marketing strategies. Given the influx of experienced online shoppers, traditional models of consumer behavior may no longer fully explain emerging patterns (Gefen et al., 2003).

This conceptual paper aims to explore the influence of socio-economic factors on online shopping behavior in India using Schiffman and Kanuk's consumer behavior model. The goal is to provide insights into how these factors shape consumer attitudes, decision-making processes, and purchase outcomes in the Indian e-commerce context.

1.2 Online Shopping and Consumer Behavior

Online shopping refers to purchasing goods and services via digital platforms such as websites or mobile applications (Melbha, 2018). The flexibility and 24/7 availability of online stores contribute to the growing popularity of this medium (Sunitha & Gnanadhas, 2014). Online consumer behavior encompasses not only

the act of purchasing but also the pre- and post-purchase processes, including search, evaluation, and feedback (Štimac, Kelić, & Bilandžić, 2021)

Schiffman and Kanuk's (2010) model segments consumer behavior into three interconnected stages: input (external influences), process (internal decision mechanisms), and output (purchase and post-purchase behavior). This model is well-suited to analyze the dynamic online shopping environment in India.

1.3. Objectives

To identify the socio-economic factors influencing online buying behavior and to examine the consumer behavior patterns and growth of online shopping in India.

1.4. Significance of the Study

Given India's dynamic consumer landscape marked by rapid technological adoption and diverse income distributions, understanding these interactions can support more tailored marketing strategies. The study is particularly significant for revealing the nuanced influence of socio-economic backgrounds on online consumer trust and decision-making processes. Additionally, it highlights potential barriers, such as the reluctance of older generations towards online shopping due to technological limitations which are often overlooked in e-commerce strategies.

2. Literature Review

2.1 E-Marketing Mix

The traditional 4Ps of marketing (Product, Price, Place, Promotion) have been adapted to the digital context. Product customization, transparent pricing, and efficient delivery systems are critical for enhancing customer experience (Rana et al., 2022; Park & Kim, 2003; Kalyanam & McIntyre, 2002). Online promotions and influencer marketing also play a significant role in building consumer trust (Blackshaw, 2006; Prandelli & Verona, 2006).

2.2 Social Factors

Social influence significantly shapes consumer attitudes. Recommendations from friends, family members, and social media communities are highly persuasive in the online environment (Bagozzi & Lee, 2002; Nielsen, 2015). Age, IT literacy, and social norms further modulate these effects (Guzzo et al., 2016; Trocchia & Janda, 2000).

2.3 Economic Factors

Income levels, education, and occupational status directly affect online shopping behavior. High-income individuals show greater confidence in using e-commerce platforms, while lower-income groups are often wary due to security concerns (Akroush & Al-Debei, 2015; Daoudi & Develi, 2023). Education and digital skills also influence the extent of online engagement (Sánchez-Torres et al., 2017).

2.4 Attitude and Decision-Making

Consumer attitudes, shaped by prior experiences and external cues, determine how decisions are made online (Fishbein & Ajzen, 1975; Schiffman & Kanuk, 2010). The decision-making process includes need recognition, information search, evaluation of alternatives, purchase, and post-purchase behavior (Langkos, 2014; Zhou et al., 2007).

2.5 Online Shopping Experience

Past experiences influence future behavior. Positive interactions with e-commerce platforms enhance trust and encourage repeat purchases, while negative experiences deter further engagement (Khalifa & Liu, 2007; Hajli, 2015; Ling et al., 2010). Key variables include secure payment systems, product authenticity, and delivery reliability.

3. Conceptual Framework

The conceptual framework for this study is grounded in Schiffman and Kanuk's consumer behavior model, focusing on three key components—**social influences**, **economic factors**, and the **consumer decision-making process**—to understand online shopping behavior in India.

3.1. *Social Influences*

Peer recommendations and family input significantly affect consumer trust and purchasing decisions, particularly in collectivist settings like India. Social media, reviews, and eWOM serve as major channels for shaping attitudes toward online shopping.
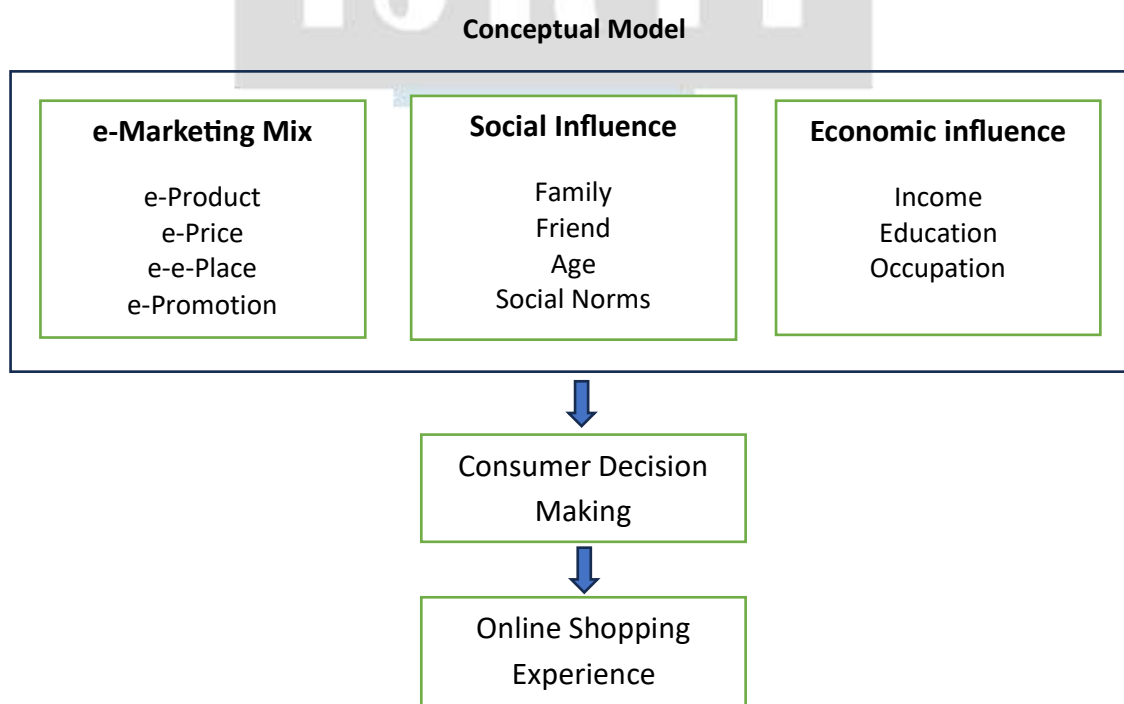
3.2. *Economic Factors*

Income levels, digital literacy, and age-related technological comfort influence consumers' willingness and ability to engage in e-commerce. Higher income and tech familiarity tend to increase online shopping frequency, while older consumers may show hesitation due to usability concerns.

3.3. e-Marketing Mix

Product, Price, Place, Promotion) have been adapted to the digital context. Product customization, transparent pricing, and efficient delivery systems are critical for enhancing customer experience

3.3. *Consumer Decision-Making*

Consumers first gather information through digital platforms (input), then evaluate options based on prior experience, emotional responses, and attitudes (process). These stages collectively influence final purchase behavior and post-purchase satisfaction.

Conceptual Model

e-Marketing Mix	Social Influence	Economic influence
e-Product	Family	Income
e-Price	Friend	Education
e-e-Place	Age	Occupation
e-Promotion	Social Norms	

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Consumer Decision Making

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Online Shopping Experience

Source: Developed by the Researcher

4. Conclusion and Implications

Understanding socio-economic determinants is essential for businesses aiming to expand their online presence in India. The diversity in income levels, educational backgrounds, and social structures presents both challenges and opportunities for e-commerce platforms. As this study highlights, factors such as digital literacy, peer influence, and economic status play a critical role in shaping consumer attitudes and behaviors toward online shopping. A well-rounded strategy that addresses income disparities, enhances digital competence, and leverages social validation mechanisms can significantly improve consumer engagement and trust in the online marketplace. Furthermore, recognizing the evolving nature of digital consumers and their decision-making patterns will be vital for marketers seeking to remain competitive in the Indian context.

Future research should empirically test the proposed conceptual framework and explore additional variables such as trust, perceived convenience, technological barriers, and mobile usability, to provide deeper insights into the dynamic landscape of Indian online consumer behavior.

Implications

1. **Strategic Marketing Personalization**
   Marketers can design targeted campaigns that resonate with consumers from diverse economic backgrounds, offering product ranges suited to varied purchasing powers.
2. **Digital Literacy Initiatives**
   Businesses and policymakers should invest in digital literacy programs, especially in Tier-II and Tier-III cities, to improve confidence in online transactions.
3. **Social Proof and Influencer Engagement**
   Leveraging peer influence and trusted digital communities (e.g., influencers, reviews, testimonials) can drive higher engagement and trust among hesitant consumers.
4. **Technological Accessibility**
   Simplified user interfaces and mobile-friendly platforms can encourage adoption, especially among older users or those with limited tech exposure.
5. **Policy and Infrastructure Support**
   Government and private sectors should collaborate to improve internet access and cybersecurity, building a more inclusive and secure online shopping environment.

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