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**A COMPARATIVE STUDY ON PURCHASE BEHAVIOR AND CUSTOMER SATISFACTION FROM ONLINE TRADE PURCHASES & LOCAL RETAIL TRADE PURCHASES OF FMCG IN CHENNAI CITY**

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**Abstract**

Online trade purchases, also known as e-commerce or online shopping, refer to the process of buying products or services through the internet. This mode of purchasing has become increasingly popular due to its convenience, wide variety of options, and the ability to shop from the comfort of one's home. Understanding the dynamics of online trade purchases, including consumer behavior, preferences, and the factors influencing satisfaction, is essential for businesses looking to thrive in the digital age. Conducting market research and staying attuned to the evolving landscape of e-commerce can help businesses adapt to changing customer needs and preferences. Local retail trade purchases refer to the process of buying goods or services from physical brick-and-mortar retail stores that are located within a specific geographic area, typically within a shopper's local community. This traditional method of shopping has been in existence for a long time and continues to play a crucial role in many people's lives. Many local retailers are also embracing technology and offering online shopping options to complement their physical presence and cater to changing customer preferences. Balancing the strengths of local retail with the convenience of online shopping can help local businesses succeed in the modern retail landscape. A comparative study on online trade purchases and local retail trade purchases can provide valuable insights into consumer behavior, preferences, and the overall shopping experience. Such a study can help businesses and policymakers better understand the advantages and challenges of each mode of shopping. The main goal of this paper is to provide the primary factors which influence both mode of shopping. The findings of this study will have implications for policymakers, businesses, and consumers. Policymakers can use the insights to formulate regulations or incentives that support local retail and e-commerce growth while ensuring consumer welfare.

**Keywords:** Online Shopping, Local Retail Shopping, Customer Satisfaction, Customer behavior

**Introduction:**

Online trade purchases and local retail trade purchases of Fast-Moving Consumer Goods (FMCGs) in Chennai, like in many other cities, have seen significant changes and trends in recent years. Here's an overview of both online and local retail trade purchases of FMCGs in Chennai. In

Chennai, as in many cities, there is a coexistence of online and local retail trade for FMCG purchases. The choice between online and local retail depends on individual preferences, convenience, and specific product requirements. Some consumers may opt for online shopping for the convenience and variety it offers, while others may continue to rely on local stores for the personal touch and immediate availability. The competition between online and local retailers has led to innovations and improvements in both sectors, benefiting consumers in Chennai.

Local retail trade purchases of Fast-Moving Consumer Goods (FMCGs) in Chennai refer to the practice of buying everyday consumer products such as food, beverages, personal care items, cleaning products, and household essentials from brick-and-mortar retail stores within the Chennai metropolitan area. Understanding the unique characteristics and challenges of local retail trade purchases of FMCGs in Chennai is essential for local businesses to thrive in a competitive market and cater to the diverse needs and preferences of the city's residents. This comparative study, can contribute valuable insights into the purchase behavior and customer satisfaction of FMCGs in both online and local retail settings, helping businesses and policymakers make informed decisions and adapt to changing consumer preferences.

#### **Literature Review:**

**PayalUpadhyay.etl (2016)**, says that there are two types of purchases: those made for convenience and those made for the experience. Convenience shoppers are more likely to remain loyal clients or to spend more than first-time shoppers. Online shopping has the drawback that product delivery takes longer than traditional brick and mortar stores. The study comes to the conclusion that paying with cash on delivery is the most secure method. The buyer is not enticed to purchase more by enticing company incentives.

**BukolaOlamidunFalode, A. A. (2016)** in his study focus on consumersto continue the show a preference for in-person shopping, indicates that offline fashion retailers still possess significant opportunities to generate sales and profits. This doesn't imply that consumers completely abstain from online purchases, but the majority of online shoppers also engage in offline shopping. As a result, the percentage of those exclusively making purchases online is minimal.

**Dr.S.Sudhamathi, S. S. (JULY 2017)**. The key takeaway from the report's conclusion is that consumers prioritize product quality over price. Additionally, the report highlights the growing importance of health as a crucial factor guiding consumer choices, particularly in the context of online purchases within the FMCG sector. This insight underscores the need for businesses to emphasize product quality and health-related attributes to effectively attract and retain consumers in the online marketplace.

**Jayanthi, D. R. (2017)**. The FMCG (Fast-Moving Consumer Goods) sector in India holds significant growth potential, with rural areas showing increasing purchasing activity in comparison to urban markets. The industry includes renowned players such as HUL, Nestle, ITC, and a relatively new entrant, Patanjali. FMCG products are categorized into three primary segments: Food and Beverages, Healthcare, and Household and Personal Care. Companies like Amazon have adopted a novel approach, collaborating with local grocery stores and supermarkets to tap into the

FMCG market. India's rising disposable income has contributed to increased spending in the FMCG sector.

**M.Vidya, P. (2019).** The author's research revealed that various demographic factors, such as age, gender, and occupation, play a role in shaping individuals' perceptions of a product. Additionally, some customers demonstrate a behavior of adding products to their cart but hesitating to complete the purchase due to concerns about online purchasing risks and potential low product quality.

**AkankshaChawla (2020)** Although online sales have experienced significant growth in India, with expectations of further increases in this shopping medium, the majority of Indian consumers still hold a preference for the tangible shopping experience provided by physical brick-and-mortar stores. Numerous studies indicate that it is primarily the younger demographic that is driving the remarkable growth of online shopping in India.

**DrAparna P. Goyal, D. T. (2016).** The report's conclusion underscores the critical importance of trust in online buying.. Maintaining transparency by providing accurate and truthful information about their products is crucial, as spreading false information can severely damage a company's reputation. In summary, this study emphasizes that online marketing has a substantial impact on consumer behavior, and companies must focus on fostering trust, using customer feedback to enhance their products, and ensuring they maintain a credible image through honest product information.

**Mishra, A. (2015).** The researcher discusses the expansion of e-commerce in India as well as effective strategies for marketing FMCG goods. Internet connection is available to more than 50% of the world's population, and there are more mobile devices than people. The FMCG business is characterized by fierce competition. The availability of raw materials, inexpensive labor, and accessibility to lower transportation costs are some of the elements that support industry expansion.

#### **Statement of the Problem:**

In the dynamic and rapidly evolving consumer landscape of Chennai, where access to Fast-Moving Consumer Goods (FMCGs) is a fundamental aspect of daily life, it is crucial to investigate and compare the purchase behavior and customer satisfaction of consumers in two distinct modes of shopping: online trade purchases and local retail trade purchases. The emergence and growth of e-commerce platforms have significantly altered the way consumers purchase FMCGs. This study aims to explore the extent to which consumer behavior in Chennai has shifted between online trade purchases and local retail trade purchases and to identify the factors that drive these changes. Understanding the unique characteristics and challenges of local retail trade purchases of FMCGs in Chennai is essential for local businesses to thrive in a competitive market and cater to the diverse needs and preferences of the city's residents.

#### **Objectives of the Study:**

1. To assess the factors influencing customer satisfaction in both online and local retail trade purchases of FMCGs.
2. To examine the factors influencing purchase decisions in both online and local retail settings.

**Hypotheses:**

1. There is no significant difference between age with online trade purchases and Local retail trade purchases.
2. There is a relationship between online shopping and local retail trade purchases.

**Research Methodology:**

Primary as well as Secondary data was used for this article. The researcher has used 110 questionnaire to collect data, the usable questionnaire is 100. So the sample size of this study is 100. Reliability test, One way Anova and Correlation Coefficient has been adopted to analyze the factors of Online shopping and local retail trade purchases with that of Purchase behaviour and Customer satisfaction.

**Limitations of the Study:**

1. The study is limited to Chennai city only.
2. The sample size is only 100.

**ANALYSIS AND RESULTS:-****Table : 1**

Reliability Statistics	
Cronbach's Alpha	No of Items
.878	10

Cronbach's Alpha test was used to measure the internal consistency for validating the questionnaire. The Cronbach's Alpha Value is 0.878.

**Table : 2 ANOVA**

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
A well-defined and customer-friendly return policy enhances online shopping rather than offline shopping.	Between Groups	2.135	3	0.712	0.7	0.555
	Within Groups	97.705	96	1.018		
	Total	99.84	99			
Online shopping return policy should outline the expected timeframe, flexibility whereas in local trade purchases, it is especially for regular customers	Between Groups	5.731	3	1.91	2.11	0.104
	Within Groups	87.019	96	0.906		
	Total	92.75	99			

Online retailers offer return methods like shipping, drop-off, or in-store returns are available in physical stores.	Between Groups	3.281	3	1.094	1.23	0.305
	Within Groups	85.719	96	0.893		
	Total	89	99			
Refund options include full refund, store credits are available in online shopping whereas product exchange is possible in local retail stores.	Between Groups	3.082	3	1.027	1.29	0.281
	Within Groups	76.278	96	0.795		
	Total	79.36	99			
The terms and conditions of return policy helps the customers to make informed decisions, ensuring a smooth, satisfactory return process, and in physical stores, original packaging and tags is needed.	Between Groups	4.543	3	1.514	2	0.119
	Within Groups	72.767	96	0.758		
	Total	77.31	99			
Online shopping revolutionized purchasing, enabling various payment methods and in physical stores receipts are available.	Between Groups	2.085	3	0.695	1.1	0.352
	Within Groups	60.505	96	0.63		
	Total	62.59	99			
Credit and debit cards are widely used for online shopping and rather than in physical stores.	Between Groups	5.215	3	1.738	1.41	0.244
	Within Groups	118.225	96	1.232		
	Total	123.44	99			
E-Wallets gain popularity for convenience and security in	Between Groups	3.504	3	1.168	1.57	0.201
	Within Groups	71.246	96	0.742		
	Total	74.75	99			

payment method but physical stores accepts payment apps like Apple Pay, Google Pay, and Samsung Pay.						
Prepaid cards offer a specific amount for online shopping, whereas cash payment is common in physical stores.	Between Groups	6.105	3	2.035	2.51	0.063
	Within Groups	77.855	96	0.811		
	Total	83.96	99			
Cash on delivery and various payment methods are offered in online shopping compared to that various payment methods available in local purchases based on customer preference.	Between Groups	9.341	3	3.114	3.11	0.030*
	Within Groups	96.019	96	1		
	Total	105.36	99			
Increased internet access and convenience drive consumers to shop online and offers make regular customers to purchase in physical store.	Between Groups	5.633	3	1.878	2.61	0.056
	Within Groups	69.117	96	0.72		
	Total	74.75	99			
Doorstep delivery boosts online purchases and immediate delivery encourages store visits.	Between Groups	6.404	3	2.135	3.36	0.022*
	Within Groups	60.986	96	0.635		
	Total	67.39	99			
Multiple brands, competitive prices, and customer reviews induce the customer to take buying decisions	Between Groups	3.418	3	1.139	1.56	0.205
	Within Groups	70.292	96	0.732		
	Total	73.71	99			

both in online and offline shopping.						
Discounts, Coupons and Promotional offers further induce the customers to purchase both in online and offline.	Between Groups	1.356	3	0.452	0.61	0.611
	Within Groups	71.394	96	0.744		
	Total	72.75	99			
Customers can often engage in online shopping to compare prices and find the best deals and offers can provide customers with better prices compared to what is available in physical stores	Between Groups	3.799	3	1.266	1.35	0.264
	Within Groups	90.391	96	0.942		
	Total	94.19	99			
Online platforms provide customer reviews and ratings for products, which play a significant role in determining buying behavior and retail stores may not offer the same level of transparency through user reviews and ratings.	Between Groups	1.748	3	0.583	0.73	0.536
	Within Groups	76.492	96	0.797		
	Total	78.24	99			
Both in online and offline, Customers may rely on experiences of other buyers to assess product quality, reliability and suitability.	Between Groups	1.519	3	0.506	0.7	0.557
	Within Groups	69.921	96	0.728		
	Total	71.44	99			
Tailored product recommendations	Between Groups	0.433	3	0.144	0.2	0.897
	Within Groups	69.407	96	0.723		

based on browsing history, past purchases, and preferences enhance shopping experience in online and salespeople plays a crucial role in offline store.	Total	69.84	99			
	Between Groups	0.208	3	0.069	0.09	0.964
Online shopping offers responsive support channels, competitive prices, and extensive options, attracting customers through live chat, email, and phone support and physical stores offers their offer especially for regular customers.	Within Groups	72.542	96	0.756		
	Total	72.75	99			
Factors such as demographics, cultural influences and product categories can also play a significant role in shaping customers' online shopping behavior and free offers and discounts also plays a vital role in retail store shopping.	Between Groups	0.91	3	0.303	0.37	0.776
	Within Groups	79.13	96	0.824		
Total	80.04	99				

Note : \* Denotes significant at 5% level.

Source : Primary Data

It was ascertained from the above table, the p-value of factors which induces purchase behavior to buy the products such as doorstep delivery, cash on delivery is less than 0.05 at 5% level of significance. Thus the null hypothesis is rejected at 5% level of significance. It is ascertained that there is a significant difference in doorstep delivery, cash on delivery and age of the respondents. The analysis suggests that offering doorstep delivery as a purchasing option is



associated with a significant impact on purchase behavior. Customers are more likely to make a purchase when they have the convenience of having products delivered to their doorstep. Businesses might consider investing in or promoting this delivery method as a way to encourage more sales. The findings indicate that offering cash on delivery as a payment option also has a significant impact on purchase behavior. This suggests that some customers prefer the option to pay in cash when their products are delivered. Businesses should consider offering this payment method if it's not already part of their payment options. The age of respondents is mentioned as a factor, and its significance implies that different age groups may respond differently when it comes to purchase behavior. This finding could lead to targeted marketing strategies, product offerings, or user experiences tailored to specific age groups.

**Table : 3**  
**CORRELATION COEFFICIENT**

Correlations			
		Return Policy	Payment Method
Return Policy	Pearson Correlation	1	0.593**
	Sig. (2-tailed)		0.000
	N		100
Payment Method	Pearson Correlation		1
	Sig. (2-tailed)		
	N		

Note : \*\* Denotes significant at 1% level.

Correlation is significant at the 0.01 level (2-tailed).

Correlation Coefficient between Return policy and Payment method is 0.593 which indicate  $(0.593^2 = 0.352)$  35.2 percentage positive relationships between return policy and payment method is significant at 1% level. Thus the alternative hypothesis is accepted at 1% significant level. A coefficient of 0.593 indicates a positive relationship. The closer the coefficient is to 1, the stronger the positive correlation. A value of 0.593 suggests a moderately strong positive relationship. There is a significant correlation between "Return policy" and "Payment method." The null hypothesis, which typically assumes no correlation, is rejected in favor of the alternative hypothesis. The acceptance of the alternative hypothesis suggests that there is evidence of a significant relationship between "Return policy" and "Payment method." This supports the idea that changes in one variable are associated with changes in the other.

### Findings

The significant relationship between doorstep delivery and purchase behavior for FMCGs indicates that this service plays a crucial role in influencing consumers to buy these products. It suggests that the convenience and ease of having FMCGs delivered directly to one's doorstep can boost sales. Businesses in the FMCG sector should consider prioritizing and promoting doorstep delivery services to attract and retain customers.

The significance of cash on delivery for FMCGs suggests that this payment method has an impact on purchase behavior within this specific industry. Consumers may have a preference for paying in cash for FMCGs upon delivery. Businesses operating in the FMCG sector should evaluate the feasibility of offering this payment option to cater to consumer preferences.

The age of respondents playing a significant role in purchase behavior indicates that different age groups have varying purchasing patterns for FMCGs. It is essential for FMCG companies to segment their target audience based on age and tailor their marketing, product offerings, and distribution channels to suit the preferences and behaviors of specific age groups. Younger and older consumers may have different priorities and buying habits, so customization is key.

There is a strong and statistically significant positive relationship between the return policy and payment method. Understanding and leveraging this relationship can be valuable for businesses or researchers when making decisions related to return policies and payment options, as they can influence each other and overall customer satisfaction. High levels of customer satisfaction may be driven by convenient delivery options, preferred payment methods, and alignment with customer age groups. FMCG companies should focus on maintaining high levels of customer satisfaction, as satisfied customers are more likely to make repeat purchases and recommend products to others.

#### **Conclusion:**

Invest in and promote doorstep delivery services for FMCGs, ensuring that they are convenient, efficient, and reliable. Consider offering cash on delivery as a payment option for FMCGs, especially if it aligns with the preferences of their customer base. Develop targeted marketing campaigns and product variations to cater to the needs and desires of different age groups within their customer base. Overall, these businesses should pay attention to these factors (doorstep delivery, cash on delivery, and age) when designing their sales and marketing strategies. These findings should also be considered in decision-making and strategy development. Businesses may consider how their return policies and payment methods are linked and how changes in one might affect the other. Marketing and sales strategies could be adjusted based on this connection, as it indicates that customer behavior related to return policies and payment methods are intertwined.

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