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Research Article

A STUDY ON FACTORS INFLUENCING CUSTOMER PREFERENCE FOR ONLINE SHOPPING VS PHYSICAL STORES IN CUDDALORE

Dr. Shanmuga Priya R*
Assistant Professor in the Department of Commerce, Immaculate College for Women, Cuddalore, Tamilnadu, India

* Corresponding author

Nishanthi R**
Department of commerce, Immaculate College for Women, Cuddalore, India

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Abstract

The rapid growth of digital technology and internet penetration has significantly transformed the retail industry across the world. Consumers today prefer either online shopping platforms or physical retail stores based on factors such as convenience, price, trust, shopping experience, and product availability. The present study examines the factors influencing customer preference for online shopping versus physical stores. The study adopted a descriptive research design and collected primary data through a structured questionnaire from consumers who have experience in both shopping modes. Percentage analysis and correlation analysis were used to interpret the collected data. The findings reveal that convenience, price and cost factors, trust and security, and shopping experience significantly influence customer preference. Online shopping is highly preferred due to time-saving, wider product variety, flexible payment systems, and attractive discounts. However, physical stores continue to attract consumers because of product inspection, immediate ownership, personal interaction, and reduced perceived risk. Correlation analysis indicated significant positive relationships between convenience factors and customer preference, trust and security factors and customer preference, shopping experience and customer preference, and price-related factors and customer preference.The study concludes that both online shopping and physical retail stores continue to play an important role in the modern retail environment. Retailers should adopt integrated omni-channel strategies that combine digital convenience with experiential retailing to improve customer satisfaction and loyalty.

Keywords Online Shopping, Physical Stores, Consumer Preference, Convenience, Trust, Shopping Experience, Retailing, and Consumer Behaviour.

Introduction

The rapid advancement of information technology and the widespread adoption of the internet have transformed the global retail environment. Consumers today have access to multiple shopping channels, particularly online shopping platforms and traditional physical retail stores. Online shopping has become increasingly popular because of convenience, accessibility, competitive pricing, and product variety. At the same time, physical stores continue to maintain their relevance due to product inspection, immediate product possession, and personal interaction.

The modern consumer is highly dynamic and digitally connected. Technological developments, smartphone penetration, digital payment systems, and social media marketing have significantly changed consumer shopping behaviour. Consumers no longer depend entirely on traditional shopping methods; instead, they evaluate various alternatives before making purchase decisions.

Online shopping platforms provide customers with 24/7 accessibility, home delivery services, product comparison facilities, and promotional discounts. Consumers can purchase products from anywhere without physical effort. These advantages have contributed to the rapid growth of e-commerce platforms. However, consumers also experience concerns regarding product quality, payment security, privacy, delayed delivery, and return procedures.

On the other hand, physical retail stores provide consumers with direct product evaluation, personal assistance, sensory experience, and immediate possession of products. Many consumers continue to prefer physical stores for high-value products, branded goods, and products requiring physical inspection. Trust and personal interaction remain important factors influencing offline shopping preference.

The COVID-19 pandemic accelerated the growth of online shopping and significantly influenced consumer expectations regarding retail services. Retailers increasingly adopted digital technologies and omni-channel strategies to satisfy changing customer needs. As a result, understanding the factors influencing customer preference between online shopping and physical stores has become an important area of research.

The present study aims to analyze the major factors influencing customer preference for online shopping versus physical stores. Specifically, the study focuses on convenience, price and cost factors, trust and security, and shopping experience. The findings of the study will help retailers and marketers develop effective strategies to improve customer satisfaction and retail performance.

Review of Literature

Several researchers have examined consumer preference toward online shopping and physical retail stores.

Previous studies indicate that convenience, price, trust, technological adoption, shopping experience, and service quality significantly influence shopping channel preference.

Rahul and Neha (2025) conducted a study on factors affecting customer preference between online and offline shopping platforms. The study revealed that smartphone usage and digital exposure strongly influenced online shopping preference among younger consumers. However, physical stores continued to attract consumers seeking experiential shopping and immediate satisfaction.

Narayanan and Geetha (2025) examined the influence of lifestyle changes, mobile commerce, and technological advancement on customer preference. The findings showed that online shopping was preferred due to convenience and time-saving benefits, whereas physical stores remained important for social interaction and product evaluation.

Manoj and Pooja (2025) studied the role of personalized marketing and changing lifestyles in shaping consumer preference. The study found that online shopping was highly preferred because of personalized offers and ease of access.

Arvind and Meenakshi (2025) analyzed the influence of mobile commerce, customized promotions, and technological progress on consumer preference. Their findings revealed that online shopping was preferred for convenience and customized offers, while physical stores remained relevant for immediate satisfaction.

Patel and Singh (2024) examined consumer preference in the post-pandemic retail environment. The study found that improved logistics, faster delivery services, and competitive pricing increased online shopping preference. However, physical stores remained preferred for groceries and high-value products.

Choudhary and Meena (2024) analyzed the impact of digital marketing and customer engagement on consumer preference. The findings indicated that online shopping gained preference because of effective digital promotions, whereas physical stores attracted customers through customer relationships and in-store experience.

Iqbal and Khan (2024) reported that efficient delivery systems and competitive pricing positively influenced online shopping preference. Physical stores continued to attract customers because of trust, product inspection, and customer service.

Nair and Thomas (2023) found that customer experience and technology usage significantly influenced consumer preference. User-friendly websites, secure payment systems, and return policies improved online shopping preference, while physical stores continued to attract consumers through sensory experience.

Joseph and Maria (2023) observed that website design, mobile applications, and customer reviews positively influenced online shopping preference. However, physical stores continued to be preferred for premium products and brand experience.

Sathish and Kavitha (2023) found that positive online reviews and previous satisfactory experiences increased online shopping preference. Physical stores remained important for assurance and face-to-face interaction.

Verma and Joshi (2022) concluded that perceived risk significantly influences shopping preference. Online shopping was preferred for routine purchases, while physical stores were preferred for high-value products.

Karthik and Anitha (2022) emphasized that trust, delivery reliability, and customer service are crucial determinants of shopping channel preference.

Das and Roy (2022) found that secure payment systems and flexible return policies significantly increased online shopping preference. However, physical stores continued to be preferred for durable products.

Lakshmi and Prasad (2022) analyzed the role of technology adoption in influencing customer preference. Mobile applications, digital payments, and user-friendly interfaces increased online shopping preference.

The literature clearly indicates that convenience, trust, service quality, shopping experience, and technology significantly influence customer preference between online shopping and physical stores. However, limited studies specifically focused on the combined influence of these variables in the present retail environment.

Research Gap

Although numerous studies have examined online shopping and physical retail stores, most previous research focused primarily on convenience and technological adoption. Limited studies have comprehensively analyzed the combined influence of convenience, price and cost factors, trust and security, and shopping experience on customer preference.

Furthermore, consumer behaviour continues to evolve rapidly because of digital transformation, mobile commerce, and changing lifestyle patterns. Therefore, there is a need to examine current customer preference patterns in the modern retail environment.

The present study attempts to fill this gap by examining the combined impact of major retail factors on customer preference for online shopping versus physical stores.

Objectives of the Study

The major objectives of the study are:

- To analyze the influence of price and cost factors on customer preference for online shopping and physical stores.
- To examine how convenience factors affect customer preference between online shopping and physical stores.
- To study the impact of trust and security factors on customer preference for online shopping and physical stores.
- To evaluate the effect of shopping experience factors on customer preference for online shopping and physical stores.

Hypotheses of the Study

The following hypotheses were formulated for the study:

H01: There is no significant relationship between price and cost factors and customer preference.

H02: There is no significant relationship between convenience factors and customer preference.

H03: There is no significant relationship between trust and security factors and customer preference.

H04: There is no significant relationship between shopping experience factors and customer preference.

Conceptual Framework

Independent Variables

- Convenience Factors
- Price and Cost Factors
- Trust and Security Factors
- Shopping Experience Factors

Dependent Variable

- Customer Preference for Online Shopping vs Physical Stores

The framework assumes that the above independent variables significantly influence customer preference and shopping decisions.

Research Methodology

Research Design

The study adopted a descriptive research design. Descriptive research helps in systematically describing consumer opinions, attitudes, and behaviour regarding shopping preferences.

Data Collection

Both primary and secondary data were used.

Primary Data

Primary data were collected through a structured questionnaire distributed among consumers.

Secondary Data

Secondary data were collected from journals, books, websites, research articles, and previous studies.

Sampling Technique

Convenience sampling technique was adopted for selecting respondents.

Sample Size

The study included 100 respondents.

Statistical Tools Used

The following statistical tools were used:

- Percentage Analysis
- Correlation Analysis

Period of the Study

The study was conducted from January 2026 to March 2026.

Data Analysis and Interpretation

Demographic Profile of Respondents

Gender Distribution

The findings revealed that a majority of respondents were female consumers. Female respondents constituted a larger proportion of the sample compared to male respondents.

Age Distribution

Most respondents belonged to the age group of 21–40 years, indicating that young and middle-aged consumers actively participate in both online and offline shopping.

Consumer Preference toward Online Shopping and Physical Stores

The study revealed that convenience is one of the major factors influencing online shopping preference.

Convenience Factors

- Consumers preferred online shopping because of time-saving benefits.
- Home delivery services increased customer satisfaction.
- Consumers appreciated 24/7 shopping availability.
- Online platforms reduced physical effort and travel time.
- Easy product comparison improved online shopping preference.

These findings indicate that convenience strongly influences consumer preference toward online shopping.

Price and Cost Factors

The study found that pricing significantly affects customer preference.

- Online shopping platforms attracted consumers through discounts and promotional offers.
- Consumers preferred online shopping because of competitive pricing.
- Cashback offers and flexible payment systems influenced purchase decisions.
- Consumers perceived online platforms as offering better value for money.
- Physical stores remained important for immediate exchange and bargaining opportunities.

These findings indicate that price perception strongly affects shopping preference.

Trust and Security Factors

The findings revealed that trust and security play a crucial role in customer preference.

- Consumers preferred physical stores because of product inspection and reduced risk.

- Secure payment systems improved online shopping preference.
- Consumers valued transparent return policies.
- Privacy and security concerns influenced online shopping decisions.
- Brand trust significantly influenced shopping channel preference.

These findings indicate that trust and perceived risk strongly affect shopping behaviour.

Shopping Experience Factors

The study found that shopping experience significantly influences consumer preference.

- Physical stores provided better sensory and experiential shopping.
- Consumers preferred physical stores for personalized service.
- Online shopping platforms improved user experience through website design and navigation.
- Positive online reviews influenced customer decisions.
- Consumers valued immediate product possession in physical stores.

These findings demonstrate that experiential value significantly influences customer preference.

Correlation Analysis

Correlation analysis was used to examine the relationship between independent variables and customer preference.

Relationship Between Convenience Factors and Customer Preference

The correlation coefficient between Convenience Factors and Customer Preference was found to be r = 0.764 with a p-value of 0.000.

Since the p-value is less than 0.05, the null hypothesis was rejected and the alternative hypothesis was accepted.

Variable	r value	P value	Result
Convenience Factors and Customer Preference	0.764	0.000	Significant Relationship Positive

The findings indicate that convenience factors have a strong positive relationship with customer preference.

Relationship Between Price and Cost Factors and Customer Preference

The correlation coefficient between Price and Cost Factors and Customer Preference was found to be r = 0.681 with a p-value of 0.000.

Since the p-value is less than 0.05, the null hypothesis was rejected and the alternative hypothesis was accepted.

Variable	r value	P value	Result
Price and Cost Factors and Customer Preference	0.681	0.000	Significant Relationship Positive

The results indicate that price and cost factors significantly influence customer preference.

Relationship Between Trust and Security Factors and Customer Preference

The correlation coefficient between Trust and Security Factors and Customer Preference was found to be r = 0.708 with a p-value of 0.000.

Since the p-value is less than 0.05, the null hypothesis was rejected and the alternative hypothesis was accepted.

Variable	r value	P value	Result
Trust and Security Factors and Customer Preference	0.708	0.000	Significant Relationship Positive

The findings indicate that trust and security significantly influence customer preference.

Relationship Between Shopping Experience and Customer Preference

The correlation coefficient between Shopping Experience and Customer Preference was found to be r = 0.652 with a p-value of 0.000.

Since the p-value is less than 0.05, the null hypothesis was rejected and the alternative hypothesis was accepted.

Variable	r value	P value	Result
Shopping Experience and Customer Preference	0.652	0.000	Significant Relationship Positive

The findings indicate that shopping experience significantly affects customer preference.

Discussion

The findings of the study confirm that convenience, pricing, trust, and shopping experience significantly influence customer preference between online shopping and physical stores.

Convenience emerged as one of the strongest factors influencing online shopping preference. Consumers increasingly prefer online platforms because they reduce physical effort, save time, and provide wider product accessibility. The findings support previous studies conducted by Rahul and Neha (2025), Narayanan and Geetha (2025), and Lakshmi and Prasad (2022).

Price and promotional offers also significantly influenced customer preference. Consumers preferred online

platforms because of discounts, cashback offers, and competitive pricing. These findings are consistent with studies conducted by Patel and Singh (2024) and Malik and Arora (2024).

Trust and security factors significantly affected shopping preference. Many consumers continued to prefer physical stores because of product inspection, immediate possession, and reduced perceived risk. Secure payment systems and transparent return policies improved online shopping confidence. These findings support the studies of Das and Roy (2022) and Verma and Joshi (2022).

Shopping experience was also identified as an important determinant of customer preference. Physical stores continued to attract customers through sensory experience, customer interaction, and experiential shopping. However, online platforms improved customer experience through website usability, personalized recommendations, and digital reviews.

Overall, the study indicates that consumers do not completely replace one shopping mode with another. Instead, they select shopping channels based on product type, urgency, convenience, trust, and shopping objectives.

Findings of the Study

The major findings of the study are summarized below:

- Convenience is one of the strongest factors influencing online shopping preference.
- Consumers prefer online shopping because of time-saving and home delivery services.
- Competitive pricing and discounts significantly influence online shopping preference.
- Trust and perceived risk strongly affect shopping channel preference.
- Consumers prefer physical stores for product inspection and immediate possession.
- Secure payment systems increase online shopping confidence.
- Shopping experience significantly influences consumer preference.
- Personalized service and sensory experience attract consumers toward physical stores.
- Positive online reviews influence online shopping behaviour.
- Convenience factors have a significant positive relationship with customer preference.
- Price-related factors significantly influence customer preference.
- Trust and security significantly affect consumer shopping behaviour.
- Shopping experience positively influences customer preference.
- Both online shopping and physical stores continue to coexist in the modern retail environment.

Suggestions

Based on the findings of the study, the following suggestions are offered:

- Retailers should improve website usability and mobile application performance.
- Online shopping platforms should strengthen payment security systems.
- Retailers should provide transparent return and refund policies.
- Physical stores should improve experiential shopping and customer engagement.
- Retailers should integrate online and offline retail strategies.
- Personalized recommendations and promotional offers should be enhanced.
- Delivery systems should be improved to reduce delays.
- Retailers should adopt omni-channel marketing strategies.
- Customer service quality should be improved in both shopping formats.
- Businesses should regularly analyze changing customer preferences.

Implications of the Study

Managerial Implications

The study provides valuable insights for retailers and marketers regarding consumer shopping preferences. Businesses can improve customer satisfaction by combining digital convenience with experiential retailing.

Academic Implications

The study contributes to the literature on consumer behaviour and retail management by examining the combined influence of convenience, trust, pricing, and shopping experience on customer preference.

Social Implications

The study highlights the growing importance of digital literacy, secure transactions, and customer awareness in modern shopping behaviour.

Limitations of the Study

- The study was limited to a small sample size.
- Convenience sampling technique may limit generalization.
- The findings are based on consumer perceptions and self-reported responses.
- The study focused only on selected variables.
- Time and resource limitations restricted the depth of analysis.

Scope for Future Research

Future researchers may:

- Conduct studies with larger sample sizes.

- Compare urban and rural consumer preference.
- Analyze the influence of social media marketing on shopping preference.
- Examine sustainable retailing and green consumer behaviour.
- Use advanced statistical tools such as regression analysis and structural equation modelling.
- Study generational differences in shopping behaviour.

Conclusion

The present study examined the factors influencing customer preference for online shopping versus physical stores. The findings revealed that convenience, pricing, trust, and shopping experience significantly influence shopping preference.

Online shopping platforms are increasingly preferred because of convenience, time-saving benefits, home delivery services, and attractive pricing. At the same time, physical retail stores continue to maintain their importance because of product inspection, personal interaction, and experiential shopping.

Trust and perceived risk were identified as important determinants of shopping preference. Consumers prefer secure payment systems, transparent return policies, and reliable service quality while shopping online. Physical stores continue to attract consumers who seek assurance and immediate product possession.

The study concludes that both online shopping and physical retail stores continue to coexist in the modern retail environment. Consumers choose shopping channels based on situational needs, product categories, trust, convenience, and shopping objectives.

Therefore, retailers should adopt integrated omni-channel strategies that combine digital convenience with physical retail experience to improve customer satisfaction, loyalty, and long-term business performance.

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