

# A Study On Customers' Attitude Towards Online Shopping - An Indian Perspective

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## INTRODUCTION

To survive in the midst of intense competition, most of the companies are looking for unconventional ways of marketing. Internet is perhaps the best unconventional form of marketing that has been embraced by the companies. As the internet has been expanding, it has become a popular marketing channel (Cho and Park, 2001). Internet is an "anytime anywhere" medium (Ramaswamy & Namakumari, 2002) that has given birth to entirely new business models and opened completely novel opportunities for global marketing. Recognition of the operational efficiency and effectiveness of the internet is increasingly driving managers in traditional companies to conduct transactions on the internet (Chakraborty et al., 2002). Many companies have adopted internet for conducting business transactions and sharing business information with their customers and business partners (Torre and Moxon, 2001). Ghose (1998) predicted rightly that the internet is fast becoming an important channel for commerce in a range of businesses. The internet offers direct links with customers and suppliers, and facilitates transactions, processes and information transfer (Walters and Lancaster, 1999). It offers organizations inexpensive and sophisticated tools for advertising, taking and placing orders, promoting their philosophies, and communicating with their customers all over the world (Palumbo and Herbig, 1998). The internet provides a marketplace where buyers and sellers conduct transactions directly, interactively, and in real time beyond the physical limitations of traditional brick and mortar retailers (Brynjolfsson and Smith, 2000; Butler and Peppard, 1998; Griffith and Krampf, 1998; Peterson et al, 1997). Today, almost all business firms use the internet to provide information about the firm, their products or services on the offering, and advertise and sell their products or services. The internet offers a high degree of interaction and affords customers unprecedented benefits, from convenience to bargain prices. The ever increasing mainstream activity on the internet has opened up a whole new value of gaining customers. Thousands of companies, particularly retailers, were drawn onto the internet by a fear that they would be left behind by online only competitors (Welling and White, 2006). Thus, what started as a separate form of innovative retailing in the exclusive domain of new entrepreneurs has become part of a multichannel strategy for established retailers (Grewal et al., 2002). Studying attitudes is helpful in understanding the potential relationship between attitudes and behaviour. Attitudes that individuals consider important tend to show a strong relationship to behaviour (Robbins, Judge, and Sanghi, 2009). Marketers should be interested in their customers' attitudes because attitudes provide warnings of potential dissatisfaction among customers. Satisfied customers will become loyal to the company. Given the fact that marketers want to keep dissatisfaction down, especially among loyal customers, they will want to do things that result in positive attitudes among customers. This is more important for e-marketers as the customers are skeptical due to the element of high perceived risk and uncertainty associated in an online environment. Technological developments have transformed the internet into a mainstream business medium, while at the same time, online customers are maturing and virtual marketers realize the importance for a professional and customer oriented approach (Constantinides, 2004). As access to the internet is increasing worldwide, customers' purchasing behaviours are changing drastically. India had an estimated 45.3 million active internet users as in 2008 according to results of a study conducted by Internet and Mobile Association of India (IAMAI). In India, internet penetration is becoming more widespread because of a number of reasons. The primary reasons are bandwidth becoming readily available, low internet tariffs, and cheaper computer hardware. The growing usage of the most interactive medium, the internet, among Indians provides an opportunity for

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undertaking a fundamental research to understand the attitude of Indian customers towards online shopping. E-marketers in India can develop their online marketing strategies if they know what drives the customers toward online shopping.

## **LITERATURE REVIEW**

Customers' attitudes towards online shopping have attracted a lot of attention from researchers across the globe. Previous literature has provided us with a very strong platform with a plethora of e-shopping patronage from varied perspectives. Swaminathan et al (1999) studied internet users' attitudes towards online shopping. The study revealed vendor characteristics, perceived security of shopping transactions on the internet, and customer privacy concerns are the three characteristics of the shopping environment that influences customers' attitudes toward online shopping. A study undertaken by Modahl (2000) revealed that customers may perceive different types of risks in online purchasing of goods, as a result of which they may not indulge in online shopping. Hoffman et al (1999) revealed that if consumers concern for the safety of personal information is taken care of by the e-marketers, then it has a positive effect on the number of online purchases customers make. Vellido et al (2000), from their study, found risk perception of customers was demonstrated to be the main discriminator between those who reported that they purchased products online and those who reported that they did not. Shergill and Chen (2005) found from their study that different types of online buyers have different evaluations of website design, and website reliability, but similar evaluations of website security/privacy issues, which indicates that online security/privacy issues are extremely important to almost all online buyers. Ranganatham and Ganapathy (2002) concluded that security and privacy dimensions of websites have a greater impact on the purchase intent of online buyers than information content and design of web sites. Gaertner and Smith (2001) concluded that security concerns have been the most important reason for internet users not shopping online. A study by Ratnasingham (1998) has revealed that the fear of online credit card fraud has been one of the major reasons for customers avoiding online shopping. Benedict et al (2004) found from their study that the need to touch, feel, smell, or ability to try a product influences customers' decision whether or not to shop online. Miyazaki and Fernandez (2001) opined that one of the main reasons for which customers hesitate to shop online is that online shoppers are unable to touch, feel, or see real products in order to evaluate the quality. Studies undertaken by Jones and Vijayasathy (1998), and by Tan (1998), revealed that the absence of touch and feel in the online purchase process and concerns about the chances of receiving defective or unspecified goods increases the perceived risk in the minds of the customers. Research studies conducted by Churchill and Suprenant (1982), Oliver (1980), Luarn and Lin (2003) have revealed that the ability of online companies to convert potential consumers into real depends largely on the service they offer and on the perceived satisfaction of consumers. Jayawardhena and Foley (2000) identified that convenience, site design, and financial security are the dominant factors in customer assessment of e-satisfaction. According to Collier and Bienstock (2006), the factor having the strongest influence on online customers' satisfaction and future purchase intention is product delivery. Grewal et al (2002) concluded that for those shoppers, who would not like to invest time in conventional shopping, online shopping provides a convenient alternative. The possibility of saving time is an important factor facilitating online shopping. Keen et al (2002) found that demographic factors like age, gender, education, and income has a significant effect on the attitude of the consumers towards online shopping. Their research also revealed that internet users, who are educated are more likely to feel less uncomfortable to go for online shopping. The results from a three country (USA, France, & Macao) study, conducted by Kuhlmeier and Knight (2005), suggested that a positive relationship exists between customer usage and experience of internet and the likelihood of making online purchases. Prior research has focused on a number of predictors of customers' online shopping attitude, but few studies have been done in the Indian context. Hence, more research studies are needed to study Indian consumers' attitude arising as a result of the shift from in-store to online shopping.

## **RESEARCH METHODOLOGY**

There are two main data sources for the research study - secondary and primary. To collect the data for this research study, both primary and secondary sources were used. One of the cardinal rules in data collection is to exhaust all secondary data sources before conducting a primary study. The operational features of secondary data are that it already exists and is easily available. Secondary data can be quite versatile and is used for many purposes (Neelankavil, 2007). To collect secondary data, at first, the researcher reviewed articles related to research objectives

that appeared in the scholarly literature. Key journals and proceedings were systematically scanned for any articles related to the research topic. In addition to that, search for the key words in peer reviewed journals were undertaken. This search led to articles in other related journals. To conduct an empirical investigation, a survey was conducted, using a questionnaire. At first, the items to be included in the questionnaire were decided. Next, the survey was conducted to collect the data and then the data were analyzed and interpreted to find the answers to the research objectives. The survey for data collection was carried out in the early months of 2009. The researcher developed a questionnaire based on the literature, deriving issues pertinent to the research objectives. The questionnaire was pre-tested in a pilot study to fine tune the questionnaire. The pilot study was conducted among a convenience sample of twelve people consisting of neighbours, students, and colleagues, to evaluate how well the questionnaire was framed and understood. Based on the pilot study and feedback from the participants, some items were reworded to improve clarity. The respondents were randomly selected, from a city and two major towns in West Bengal, to remove the biasness in samples. Unfortunately, complete random sampling was not possible for a topic related to the internet, as in India, there is still much ignorance about internet among the people. There are many who don't have any idea about the internet, and, therefore, asking their views on the research topic would lead to totally inappropriate results. Due to the nature of the study, respondents were randomly picked from only those who were in the age group of 18 - 65 years of both sexes, either earning or with access to expendable income, and using the internet at least once a week. In this study, random sampling method using Kish method of sampling is done. The Kish grid was developed by Kish in 1949, and is commonly used by those conducting large scale surveys. In total, 316 respondents completed the questionnaire. No replacement was made for households which refused to be a part of the survey or where the selected family member did not match with the defined population. The Kish method involves some sequential steps in which, **a)** The interviewer is to record the name, gender, age of all the eligible persons & their relation to the housewife (because she is the one who is mostly available), **b)** Then the candidates are arranged according to their increasing age, and **c)** Using a random number table, the respondent is chosen.

## RESULTS AND DISCUSSION

**Table 1 : Demographic Data**

Sex	Frequency	Valid Percent
Male	237	75.0
Female	79	25.0
<b>Total</b>	<b>316</b>	<b>100.0</b>
Age	Frequency	Valid Percent
18-20	15	4.7
21-30	185	58.5
31-40	73	23.1
41-50	17	5.5
50-65	26	8.2
<b>Total</b>	<b>316</b>	<b>100.0</b>
Monthly Family Income (in ₹)	Frequency	Valid Percent
10000	4	1.3
10001-20000	64	20.2
20001-30000	74	23.4
30001-40000	118	37.3
40001-50000	28	8.9
More than 50000	28	8.9
<b>Total</b>	<b>316</b>	<b>100.0</b>

**Table 2 : Internet Usage Data**

FREQUENCY OF INTERNET USE		
	Frequency	Valid Percent
Everyday	234	74.1
Once In Two Days	70	22.1
Once A Week	12	3.8
<b>Total</b>	<b>316</b>	<b>100.0</b>
TIME SPENT PER INTERNET SESSION		
	Frequency	Valid Percent
<1hr	77	24.4
1hr-2hr	136	43.0
2hr>	103	32.6
<b>Total</b>	<b>316</b>	<b>100.0</b>

**Table 3 : Online Shopping Experience And Satisfaction**

Ever Shopped Online Frequency	Valid	Percent
No	114	36.1
Yes	202	63.9
<b>Total</b>	<b>316</b>	<b>100.0</b>
Satisfied With Online Shopping	Frequency	Valid Percent
No	22	10.9
Yes	180	89.1
<b>Total</b>	<b>202</b>	<b>100.0</b>

**Table 4 : Online Purchase Satisfaction Vs Online Shopping In Future Cross Tabulation**

Online Shopping In Future				
		<b>No</b>	<b>Yes</b>	<b>Total</b>
Online Purchase Satisfaction	No	15	7	22
	Yes	7	173	180
	<b>Total</b>	<b>22</b>	<b>180</b>	<b>202</b>

Among the 202 respondents who shopped online, 89.1% were satisfied and 96.1% satisfied customers also engaged in online shopping in future. This indicates that satisfaction level was very high among online customers, which is indeed very good news for e-marketers in India. In response to the question what products/services they have purchased online in the last four months, 35.6% of the respondents stated they have availed some type of service. Among the products purchased online, laptop was purchased the most by 6% of the respondents, followed by computer (5%). For rest of the products purchased by the respondents, the percentage falls below 5% for each product category. The finding may make us infer that in India, people are more into the purchase of services rather than products online. A possible reason for laptops being the most purchased product online may be the fact that the internet users in India tend to be young students or professionals with a good expendable income. For this group of people, having a laptop is extremely essential.

**Table 5: Factors Facilitating Online Shopping**

N=202	Mean	Std. Deviation
Extensive & Current Information Available	4.1584	.76272
24x7 Availability	4.1386	.79838
Can Shop From Anywhere	4.0743	.70494
Can Engage In Other Online Activities While Shopping	3.7673	.82276
Home Delivery	3.6683	.86610
Cheaper Price	3.5644	.82155

The factors facilitating online shopping were measured on a five point Likert scale and anchored by 1 (not at all important) and 5 (extremely important). The respondents were asked to rate the factors. The study investigated among the 202 online shoppers the importance of factors that facilitate online shopping. The Table 5 reveals that *availability of extensive & current information* is the most important reason for shoppers going online. The availability of huge amount of information on the internet, and that also free of cost most of the times, is unmatched in the offline market. With so much of online information, it becomes easier for the customers to make a decision on the product they want to purchase or the service they want to avail. Surprisingly, *cheaper price* appears to be the least important factor facilitating online shopping. This may imply that customers can get the benefit of low prices in the traditional market but the other unique benefits provided by the internet cannot be matched by the physical market. The factors which prevent online shopping were measured on a five - point Likert scale and anchored by 1 (not at all important) and 5

(extremely important). The respondents were asked to rate the factors. The study investigated among the 114 non online shoppers that what prevents them from online shopping. The most important reason for customers not engaging in online shopping is *payment insecurity*. Non online shoppers have a perception of risk associated with online payment. It can be stated that security is the main reason for Indian customers not engaging in online shopping. This implies that companies in order to gain customers trust should try to remove this fear from the minds of customers by providing adequate security features as far as online payment is concerned. This is particularly important in case of transaction in high risk or uncertainty environment like the internet. The least important reason for which the consumers are not inclined towards online shopping is that they have *no credit cards*. As most of the time online payment needs a credit card, so not having a credit card does become an obstacle for people from making online purchase. Since this factor has been rated as the least important factor preventing online shopping, it may indicate that most of the customers in India who use the internet do have credit cards.

**Table 6: Factors Preventing Online Shopping**

N=114	Mean	Std. Deviation
Payment Insecurity	4.6404	.70557
Misuse Of Customer Data	4.2982	.75175
Absence Of Touch & Feel	3.8947	.82407
No Social Interaction	3.7281	.83385
No Credit Card	3.5439	.99681

## HYPOTHESES TESTING

**H<sub>1</sub>: There Is Association Between Age And Online Shopping.**

### Chi-Square Test

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	4.253 <sup>a</sup>	4	.373
N of Valid Cases	316		

**H<sub>2</sub>: There Is Association Between Monthly Family Income And Online Shopping.**

### Chi-Square Test

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	44.641 <sup>a</sup>	5	.000
N of Valid Cases	316		

**H<sub>3</sub>: There Is Association Between Frequency Of Internet Use And Online Shopping.**

### Chi-Square Test

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.225E	2	.000
N of Valid Cases	316		

**H<sub>4</sub>: Time Spent Per Internet Session And Online Shopping Are Related.**

### Chi-Square Test

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	13.723 <sup>a</sup>	2	.001
N of Valid Cases	316		

Results from the hypothesis testing shows there is no significant association between age and online shopping. The reason for this may be attributed to the fact that at the time of the survey, most of the respondents from the households who fitted the defined population are young people. Majority of the aged people in most of the households have never

used internet and as a result, their representation in the sample set is low. So this may indicate that it's the younger people who are using the internet and engaging in online shopping. As evident from the above tables, there is significant association between monthly family income and online shopping. Thus, it can be suggested that monthly family income can be used by online marketers for creating segmentation and promotion strategies. There is significant association between frequency of internet use and online shopping. The reason for this may be that with more use of internet, customers' feel more comfortable and the perceived risk associated with online shopping is reduced. This may result in the customers engaging in online shopping. There is significant association between time spent per internet session and online shopping. Both frequency of internet use and time spent per internet session has a significant association with online shopping. Higher frequency of internet use and more time spend per internet session adds up to the experience of using the internet. So, it can be stated that internet use experience has a significant association with online shopping.

## CONCLUSION

The major findings revealed from the study in Indian context and their implications are discussed in this section. It can be concluded that availability of extensive and current information is the most important factor which is driving Indian customers to online shopping. Information gathering is a time consuming and costly affair in the physical market. This is where internet provides a huge benefit to the customers. Informing refers that websites must provide relevant information about their offerings. Relevant information directed at the needs and interests of the target audience entices and propagates people to spend longer time periods at the company's website and make purchases. It can be stated that concerns about online security is preventing customers from online shopping. So, e-marketers should try their best to remove the security concerns from the minds of the customers by embedding adequate security features in their websites and gain confidence of the customers. The present study also revealed that there is a significant association of online shopping with monthly family income, frequency of internet usage and time spent per session of internet use. This may imply that internet users with an average to high disposable monthly family income are more likely to engage in online shopping than internet users with a low disposable monthly family income. As internet users engage in using the internet more often, their perceived security concerns may gradually decrease and this may lead them to engage in online shopping.

## SCOPE FOR FUTURE STUDY

The present study needs to be refined by future researches working in this area. The study is preliminary, and it provides the groundwork for future studies. More work needs to be done in this area before an absolute set of recommendations can be made. Future studies should be carried with larger sample size, to verify the findings of the present work. Future research studies should seek to predict shoppers attitude towards e-shopping within a specified product or service category. Future studies can explore the differences in consumers' attitudes and behaviour with regard to the choice in the online versus the offline environment.

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