CUSTOMER’S PERCEPTION FOR E-SHOPPING: A STUDY FOR INDIAN MARKET

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ABSTRACT

Internet has considered as necessity instead of luxury in the current scenario. And it has now become a ‘must do’ strategy. In every company Internet Marketing is the first considered strategy and most of the discussions are based on “how can we use the online medium to grow our business”. An online strategy is not just about only website. To create a great user experience, firms have to invest serious money to build a robust backend infrastructure, i.e., a safe and scalable platform with integrated payment solutions and the logistics. The increasing use of internet by youngster in India provides an emerging prospect for e-tailers. This paper intends to study the perception of Indian customers towards e-shopping. The study identifies which factors are important in development of perception towards e-shopping. The study will help online retailers in finalizing their marketing strategies to convert visitors into potential customers. A total of 115 Internet users from Indian were surveyed. Results showed that most of the respondents searched product on internet but not all purchased product on internet. Majorly those who have shopped online used the option for the category the Ticket-ticket, books, Tours & hotel Reservation. In this study some key dimensions of e-shopping as perceived by Indian customers are identified. Reliability & trust, ease of use, customer service, site aesthetics, security & privacy along with price knowledge are the factors majorly contributes towards e-shopping perception. Online shoppers with positive perception act as referrals for the potential online shoppers. The respondent surveyed though shopped online, still prefers traditional shopping to have touch and feel experience. The study may be of value to management students, academics, and online marketers.

Keywords: Customer’s Perception, e-Shopping, online Shopping, e-SQ.

Introduction

Online users in India have exhibited willingness to make purchases over the Internet; this is quite evident from the growing e-commerce industry. Many customers in India are playing an important role in e-shopping. Many Internet users prefer to compare and sort the merchandise either by price or by quality of same goods across e-tailers. Shopping on-line saves time as well reduces the information search costs. E-Shopping has picked up more in metros as compared to tier I or tier-II towns. This is expected to blanket different kind of products and services purchased online or by using mobile networks. In India, online retail is related to overall environment for internet usage including the computer literacy, availability of internet, active users and hedonic and utilitarian dimensions associated with internet usage.

There is great potential for e-shopping among the Indian customers. They are not only tech savvy but also time conscious. Youngsters are the main buyers who search and buy products or services online (Vrechopoulos et al., 2001). Various studies have examined the relationship between age and Internet shopping. Younger consumers reported more linen to the online shopping. Younger consumers reported more linen to the online shopping. Also they search more products online and agree that online shopping was more convenient ( Dholakia and Uusitalo ,2002; Sorce et al., 2005). Consumers get ease and wide access of products, services, information by shopping online. There also has direct effect of
functional and utilitarian benefits with online shopping (Donthu and Garcia, 1999; Seiders et al., 2000; Ruyter et al., 2001; Chen and Chang, 2003; and Monsuwé et al., 2004).

Objective of the study

This paper intends to study the perception of young Indians towards e-shopping. Since the earlier studies shows young consumers are more towards e-shopping the present study focuses only on youngsters in the age group of 18-35 years. Earlier studies give various e-Service quality dimensions which are examined with respect to e-shopping. The study identifies which factors are important in development of perception towards e-shopping. The study will help online retailers in finalizing their marketing strategies to convert potential customers into active ones.

Literature Review

e-shopping is attributed to the Internet’s advantages of providing large amounts of information quickly and inexpensively along with its growing accessibility. There is a requisite to understand who buys online, what they buy online, why they buy online, and how the non-Internet buyer can be transformed into an online buyer. This helps in understanding the perception of consumers’ towards e-shopping.

Peterson et al. (1997) suggested that the suitability of the Internet for marketing depends on the characteristics of products and services being marketed. The advent of e-services has raised a number of challenges for knowledge intensive service organizations. Businesses with the most experience and success in using e-commerce are beginning to realize that the key determinants of success or failure are not merely web site presence and low price but also include the electronic service quality (e-service quality) (Yang, 2001; Zeithaml, 2002).

Retailing can be categorized into two broad types: in-store and non-store. In-store retailing is also known as brick and mortar. While non-store retailing includes sales transacted via mail, telephone, and television, in person, vending machines and online (Gehrt and Carter 1992). Online shopping helps retailers to attract new customers, penetrate new markets, promote company brands and improve customer retention. E-shopping allows customer 24*7 access and control over shopping experience. To understand internet as a shopping channel, researchers need to understand the attitude, intent and behavior of buyers’. This helps in understanding the experience of buyers through internet. Consumer attitudes seem to have a significant influence on this decision (Schiffman, Scherman, & Long, 2003).

Majority of online consumer behavior studies have focused on the consumers’ intent to buy online and what variables influenced that intent. The important items with respect to online shopping are privacy, security, time saving, ease of use, convenience, enjoyment, previous experience, company reputation and tacitility (Udo, 2001). Customer’s perception towards online shopping is contribution of overall e-Service quality experience. E-service quality is the extent to which e-commerce providers effectively and efficiently manage customer interactions involving searching, shopping; purchasing and order fulfillment. e-Service quality is defined as seven dimensions that form two-scales: a core-SQ scale and a recovery scale (Ziethmal, 2002). Four dimensions of core e-SQ are efficiency, reliability, fulfillment and security. The recovery scale includes the personal service aspects like responsiveness, compensation and contact.
Chung-Hoon Park and Young-Gul Kim (2003) investigated the relationships between various characteristics of online shopping and consumer purchase behavior. As per this study, the factors such as user interface quality, product and service information quality, security perception and site awareness have significant effect on consumer’s site commitment. Information satisfaction and relational benefits play mediating role on consumers’ relationship purchasing behavior.

Parasuraman et al. (2005) conceptualized, constructed, refined, and tested a multiple-item scale (E-S-QUAL) for measuring the service quality delivered by Web sites on which customers shop online. They developed the e-SQ scale as the degree to which a web site facilitates effective and efficient purchasing. At the onset, the e-SQ scale comprised 11 dimensions. However, later studies lowered this figure to seven.

**Conceptual Model**

The literature review helped in identifying certain attributes related to online shopping, which could influence customer’s perception towards online shopping. An attempt was made to conceptualize and operationalize the various items from previous research works on customer perception about service quality and online shopping. Based on the literature review, the variables and the items for the study were conceptualized. Accordingly it is hypothesized as follows:

H1: There is significant relationship between customer’s perception and e-shopping.

H2: There is positive impact of perceived ease on online purchase intentions.

H3: Perceived quality of customer service has positive impact on e-shopping.

H4: Positive perception regarding the security and privacy of e-shopping has positive effect on purchase intentions.

**Data Analysis and Results**

Data for the study was collected by primary data collection method through structured questionnaire. The questionnaires were self administered to the post graduate students across selected institutes in Mumbai. Total 115 questionnaires were distributed out of which 100 fully answered questionnaires were received and analyzed.

Frequency distribution profile of respondents showed that 68% percent of the respondents were male while of the remaining respondents was female. The results showed that almost all (98%) respondents used online shopping sites for searching the products and services. However, in actual, only 73% respondents purchased product/services online. Product categories which respondents like to purchase online consists majorly of the travel ticket/reservation followed by books and tours/hotel reservation. Out of all 85% respondents were using online shopping option for travel ticket/reservation, 64% respondents for purchasing books, and 58% for tours/hotel
reservation. Other than this flowers/gift items and computer hardware and software were the preferred product categories. Next preferred categories were clothing and Games/CDs/DVDs. The least preferred categories were groceries and automobiles & parts. However these results needs to be confirmed for other age group, the current finding were representative for the young population of the study.

![Product Category Purchased Online](image)

**Figure 1: Preferred Product Category Purchases Online**

To understand the perception of Indian customers towards e-shopping factor analysis is obtained. The output of factor analysis is obtained by requesting principal component analysis as shown in Table 1 and specifying the rotation.

<table>
<thead>
<tr>
<th>Communalities</th>
<th>Initial</th>
<th>Extraction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reliability</td>
<td>1</td>
<td>0.67213</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>1</td>
<td>0.461426</td>
</tr>
<tr>
<td>Access</td>
<td>1</td>
<td>0.620173</td>
</tr>
<tr>
<td>Flexibility</td>
<td>1</td>
<td>0.665674</td>
</tr>
<tr>
<td>EaseOfUse</td>
<td>1</td>
<td>0.62388</td>
</tr>
<tr>
<td>Efficiency</td>
<td>1</td>
<td>0.762116</td>
</tr>
<tr>
<td>Assu_Trust</td>
<td>1</td>
<td>0.430795</td>
</tr>
<tr>
<td>Price_Know</td>
<td>1</td>
<td>0.665891</td>
</tr>
<tr>
<td>Site_Asthetics</td>
<td>1</td>
<td>0.563339</td>
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<tr>
<td>Custom_Personalization</td>
<td>1</td>
<td>0.767269</td>
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<tr>
<td>SecurityPrivacy</td>
<td>1</td>
<td>0.658454</td>
</tr>
</tbody>
</table>

**Table 1: Extraction Method- Principal Component Analysis- Communalities**
There are two stages in factor analysis. Stage one being the factor extraction process, wherein the objective is to identify how many factors is to be extracted from the data shown in Table 2. The method used is called principal component analysis. There is also a rule-of-thumb based on the computation of an Eigen value, to determine how many factors to extract as shown in Table 2. The higher the Eigen value of a factor, the higher is the amount of variance explained by the factor. Eigen values of factor need to be equal or more than one. In this case as shown in Table 2 Eigen values are 3.302, 1.287, 1.186 and 1.116.

<table>
<thead>
<tr>
<th>Component</th>
<th>Initial Eigenvalues</th>
<th>Extraction Sums of Squared Loadings</th>
<th>Rotation Sums of Squared Loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>% of Variance</td>
<td>Cumulative %</td>
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<td>3.30</td>
<td>30.02</td>
<td>30.02</td>
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<tr>
<td>2</td>
<td>1.29</td>
<td>11.70</td>
<td>41.72</td>
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<tr>
<td>3</td>
<td>1.19</td>
<td>10.78</td>
<td>52.50</td>
</tr>
<tr>
<td>4</td>
<td>1.12</td>
<td>10.15</td>
<td>62.65</td>
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<tr>
<td>5</td>
<td>0.86</td>
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<td>70.44</td>
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<tr>
<td>6</td>
<td>0.81</td>
<td>7.33</td>
<td>77.77</td>
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<tr>
<td>7</td>
<td>0.68</td>
<td>6.22</td>
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<td>4.77</td>
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<td>0.44</td>
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<td>11</td>
<td>0.38</td>
<td>3.46</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Table 2: Extraction Method- Principal Component Analysis- Total Variance Explained

Looking at Table 3 Rotated Component Matrix we see that the variables; Reliability, Flexibility, Assurance & Trust and Site Aesthetics have loading of 0.790, 0.664, 0.594 and 0.733 on factor 1. This suggests that factor 1 is a combination of these three variables. Therefore this factor can be interpreted as ‘Customer Service’.

Now for factor 2 (in Table 3), we see that Ease of use, Efficiency and Price Knowledge variable have high loading of 0.604, 0.818, and 0.634 respectively; indicating that factor 2 is a combination of these variables. Therefore this factor can be interpreted as ‘Perceived Ease’.

Now for factor 3 (in Table 3), we see that Access and Customization or Personalization have a high loading of 0.710 and 0.811; indicating that factor 3 combines these two variable. Therefore this factor can be interpreted as ‘Deal Benefits’.

Last but not the least factor 4 (in Table 3), we see that Security & Privacy have high loading of 0.775; indicating that factor 4 has only one variable. Therefore this factor is interpreted as ‘Security & Privacy’.
Table 3: Rotated Component Matrix

Conclusions

This paper should be of interest to e-tailers and researchers in general. The factors contributing towards e-shopping perception is more or less common worldwide. The results of our paper show that there is strong relationship between young Indian customer’s perceptions towards e-shopping. The customer’s perception of reliability, ease of use, customer service, deal benefits and security & privacy indicates relationships with their online buying intentions. Retailers need to realize that customers view and develop relationships while online shopping if strong customer service is provided.

When customers buy frequently online their experiences further modify the future intentions of buying online. Experience gained over time serves as platform which leads to sustain confidence among the customers making purchase online. Though the study is conducted only in Mumbai the results are interpreted with caution the generalization of the research findings cannot be made due to small sample size. The study can be further improved upon by using technology readiness factors which further influence young customer’s overall perception towards online shopping. The study can be also made in context of cross section of internet users with cross cultural differences.
References


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