

ONLINE SHOPPING- AN OPINION SURVEY OF 21ST CENTURY CUSTOMERS

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ABSTRACT

Customers are playing an important role in developing the scope of online shopping. The increasing use of Internet by the younger generation in India provides an emerging prospect for online retailers. If online retailers know the factors affecting Indian customers' buying behavior, and the associations between these factors and type of online buyers, then they can further develop their marketing strategies to convert potential customers into active ones. In this study four key dimensions of online shopping as perceived by customers in India are identified and the different demographic factors are also studied which are the primary basis of market segmentation for retailers. It was discovered that overall website quality, commitment factor, customer service and security are the four key factors, which influence customers' Opinions of online shopping. Study revealed that the Opinion of online shoppers is independent of their age and gender but not independent of their education and gender and income and gender. Finally, the recommendations presented in this research may help foster growth of Indian online retailing in future.

Keywords: Online Shopping, customer service, website quality.

INTRODUCTION

Commerce via the Internet, or e-commerce, has experienced rapid growth since the early years. It is well known to most of the Internet researchers that, the volume of online business-to consumer (B2C) transactions is increasing annually at a very high rate. According to ACNielsen (2007), more than 627 million people in the world have shopped online. Forrester (2006) research estimates e-commerce market will reach \$228 billion in 2007, \$258 billion in 2008 and \$288 billion in 2009. By 2010 e-commerce will have accounted for \$316 billion in sales, or 13 percent of overall retail sales. AC Nielsen also reported that, across the globe, the most popular items purchased on the Internet are books (34%), followed by videos/DVDs/games (22%), airline tickets/reservations (21%) and clothing/accessories/shoes (20%). Go-cart forecasts that US online population will increase nearly 50%, from 1471.5 million in 2001 to 210.8 million by 2006 (Cumulative Annual Growth Rate of 8.2%) and online retail sales will grow from US\$47.8 billion in 2002 to \$130.3 billion in 2006. Similarly WIPO (2007) cited that about 10% of the world's population in 2002 was online, representing more than 605 million users.

Much research has been concentrated on the online shopping in the world. However, there is still a need for closer examination on the online shopping buying behaviour in developing countries like India. While both established and new, large and small scale businesses are now using the Internet as a medium of sales of their products and services (for example Dell computer, Amazon.com, in the world and jobstreet.com, rediff.com). Still there is a huge research gap that exists not only between countries, especially between developed and developing countries, which may differ significantly between countries (Stieglitz, 1998; Shore, 1998; Spanos et al., 2002) that limit the generalization of research results from developed countries to developing country contexts (Dewan and Kraemer, 2000; Clarke, 2001). Shore (1998) and Stiglitz (1998) reported that implementation of information system depend on specific social, cultural, economic, legal and political context, which may differ significantly from one country to another country. Dewan and Kraemer (2000) and Clarke (2001) argued in their study that findings from developed countries are not directly transferable to developing countries. Thus, this research is needed for non-transferability of findings from research in developed countries like India, china, Brazil etc and also for the improvement of understanding of the determinants of online shopping in developing countries.

Online shopping holds a great potential for youth marketers. According to Vrechopoulos et al. (2001) youth are the main buyers who used to buy products through online. Dholakia and Uusitalo (2002) study examined the relationship between age and Internet shopping; found that younger customers reported more linen to the online shopping. Another study by Sorce et al. (2005) found that younger customers searched for more products online and they were more likely to agree that online shopping was more convenient.

OBJECTIVE OF THE STUDY

1. To study the demographic of the customers and its impact on the online shopping
2. To analyse the factors affecting the Opinion of 21st Century online buyers

FACTORS AFFECTING ONLINE SHOPPING

There are a number of streams of research that are relevant to this study. These include those addressing the factors that have significant effect on online shopping (Shergill and Chen, 2005; Phau and Poon, 2002; Jarvenpaa and Todd, 1997; George, 2002a; George, 2004b; Ward and Lee, 2000; Hellier et al., 2003). The researcher identified the factors that were found to be significant in previous research about online shopping. In this research we studied the four factors i.e. **overall website quality, commitment, customer service and web security** which is also defined by Shergill and Chen (2005) in their empirical study in New Zealand.

Overall website quality of a web page is one of the most important factors that influence online shopping (Shergill and Chen, (2005). Ranganathan and Ganapathy (2002) found four key dimensions of online shopping namely web sites; information content, design, security and privacy. Commitment is one of the important factors that have the most influential effect on online shopping. Commitment is closely associated with risk since it is a measure of

customers' Opinions about whether or not merchants can be counted on to deliver on their promises (Vijayasathy and Jones, 2000).

The review of empirical studies has embodied different factors which influence online purchasers' behaviour. The antecedents of online purchase include many attitudinal components; for example, attitude towards online shopping and perceived risk of an online purchase. Customers' online shopping experiences, website and fulfillment of quality expectations are deemed as the major components to successful online transactions. In essence, our interest is in discovering the factors affecting customers' intent to buy online as well as in quantifying their relative importance. Specifically, through surveying customers based on the literature, we are interested in identifying and rank-ordering factors affecting intent to buy through online in India.

RESEARCH HYPOTHESES

On the basis of review of literature the following hypotheses has been set:

- H1 -Opinion of online shoppers is independent of their demographic characteristics.
- H2 -There is a significant relationship between overall website quality and online shopping.
- H3 -There is a significant relationship between commitment and online shopping
- H4 -There is a significant relationship between customer service and online shopping
- H5 -There is a significant relationship between website security and online shopping

RESEARCH METHODOLOGY

The data for the study was gathered through a structured questionnaire. All variables were operationalized using the literature on online shopping. The first part of the questionnaire included questions about their demographic profile like age, education and income followed by Internet usage habits of the respondents such as where do they access the Internet, how frequent they browse Internet, how much time they spent, purposes for Internet use and how frequent the respondents buy products through online. The second part consisted of questions measuring all the variables including two questions which are used to measure the online shopping. All the questions were utilizing on a Likert scale ranging from 1= strongly disagree to 6 = strongly agree.

Measures

The commitment reported by Moore and Benbasat (1991) for the scale and Cronbach's alpha for scale commitment obtained from our sample. The Cronbach alpha estimated for website security scale was 0.887, for website commitment scale it was 0.800, for overall website quality scale it was 0.723, and for customer service scale it was 0.796. Commitment of our sample showed a reasonable level of commitment ($\alpha > 0.70$). Factor analysis also

confirmed that the construct validity of scales could be performed adequately. The factor loading for all elements exceeded the minimum value of 0.4 considered for the study.

Factor Loading Value

Extraction method: Principal Axis Factoring,

Rotation Method: varimax with Kaiser Normalization.

Variables	Factor.1	Factor.2	Factor.3	Factor.4
Security	.809	.146	.172	.107
Security	.776	.210	.137	.099
Security	.776	.210	.117	.120
Security	.776	.210	.117	.120
Security	.601	.244	.223	.147
commitment	.173	.596	.221	.068
commitment	.207	.573	.141	.114
commitment	.170	.570	.152	.236
commitment	.131	.551	.216	.175
commitment	.180	.507	.202	.097
Overall website quality	.212	.244	.623	.071
Overall website quality	.128	.093	.605	.142
Overall website quality	.202	.099	.601	.128
Overall website quality	.097	.273	.484	.103
Overall website quality	.046	.305	.443	.170
Customer service	.145	.218	.254	.751
Customer service	.167	.301	.288	.575
Customer service	.269	.245	.257	.490

RESULTS AND DISCUSSION**Demographic Profile of the Respondents****Table 1. Age Profile of the Respondents**

Particulars	No. of respondents	Percentage
Valid <18 years	16	8.0
30-39 ears	148	74.0
30-39 years	28	14.0
>-40 years	8	4.0
Total	200	100.0

Source; field survey

Table 2. Gender Profile of the Respondents

	Frequency	Percent
Male	132	66.0
Female	68	34.0
Total	200	100.0

Source; field survey

Table 3. Education Qualification Profile of the Respondents

	Frequency	Percent
Valid Intermediate	28	14.0
Graduate	68	34.0
PG	88	44.0
Others	16	8.0
Total	200	100.0

Source; field survey

Table 4. Monthly Income Profile of the Respondents

	Frequency	Percent
Valid < 5,000	8	4.0
5,001 to 10,000	32	16.0
10,001 to 15,000	68	34.0
15,001 to 20,000	32	16.0
20,001 and above	60	30.0
Total	200	100.0

Source; field survey

The above tables reveal that from the sample, which have collected, 66% are males and remaining 34% are females. As far as the age of the respondents are concerned 74% are between 18-29 years followed by 30-39 years with 14%. If we consider the educational qualifications 78% of respondents are postgraduates and graduates and only 14 % are having intermediate. As far as their monthly income is concerned 34% are earning between 10001 to 15000 rupees followed by 30% with an income of 20000 plus per month.

H1a-Opinion of online shoppers is independent of his Age and Gender

Table 5. Opinion of online shoppers is independent of his Age and Gender

Gender	Age				Total
	<18	18-29	30-39	>40	
Male	8	96	24	4	132
Female	8	52	4	4	68
Total	16	148	28	8	200

To test whether the age and gender have significant impact on internet usage for online shopping, chi-square test is conducted.

Table no 6 shows Value Df Asymp.Sig.(2-sided)

Pearson	7.672
Chi-Square	3 .053

The analysis reveals that the calculated value is 7.672. As the P-Value (Asymp. Sig 2 sided) is found to be 0.053. Hence hypothesis is accepted at 5% level of significance, so the Opinion of on-line shopping is independent to Age & Gender.

H1b-Opinion of online shoppers is independent of his Educational Qualifications and Gender

Table 7. Opinion of online shoppers is independent of his Educational Qualifications and Gender

Gender	Educational qualification				Total
	<Intermediate	Graduation	PG	Others	
Male	16	36	64	16	132
Female	12	32	24	0	68
Total	28	68	88	16	200

To test whether the educational qualification and gender have significant impact on internet usage for online shopping, chi-square test is conducted.

Table no 8 shows Value Df Asymp.Sig. (2-sided)

Pearson	16.164
Chi-Square	3 .001

The analysis reveals that the calculated value is 16.164 As the P-Value (Asymp. Sig 2 sided) is found to be .001. Hence hypothesis is rejected at 5% level of significance, so the Opinion of on-line shopping is not independent to Educational qualification & Gender.

H1c-Opinion of online shoppers is independent of his Income and Gender.

Table 9. H1c-Opinion of online shoppers is independent of his Income and Gender.

Gender	Monthly income					Total
	<5000	5000-10000	10000-15000	15000-20000	>20000	
Male	8	24	36	12	52	132
Female	0	8	32	20	8	68
Total	8	23	68	32	60	200

To test whether the income & gender have significant impact on internet usage for online shopping, chi-square test is conducted. The analysis revealed that the calculated value is 33.47 as the p value is (assump. Sig2 sided) is found to be 0.000. Hence, hypotheses H1c is rejected at 5% significance which indicates the Opinion of online shopping is not independent of income and gender.

Table 10. shows the Value Df Asymp.Sig.(2-sided)

Pearson	33.447
Chi-Square	0.0001

The strength of the proposed relationship was assessed using the respective statistical analyses Summarized in Table 11

Table No 11 represents the Regression results

Variables	Beta	t-values	p-values
Overall website quality	.072	1.588	.113
Commitment	.238	4.863	.000
Customer service	.253	5.231	.001
Website security	.162	3.648	.001

H2 -There is a significant relationship between overall website quality and online shopping.

The results of this study show that the association between overall website quality and online shopping is not significant. The multiple regression result shows overall website quality have beta = .072; p-value = .113. The results prove that, the null hypothesis that there is no relationship between web site design and online shopping could not be rejected. Even though the web site quality is perceived to be one of the important factors in previous study, in this study it proved otherwise. From the analysis, we found that Indian customers who are browsing Internet perceived overall web site quality as less important factor that would likely to influence their online buying behavior. This may be due to the low level of involvement of the customers whom have experience in online shopping. By further analysis found that customers considered that their online purchasing will be influenced by good quality website. Therefore, it is believed that overall website quality does help in enhancing the customers to buy online.

H3 -There is a significant relationship between commitment and online shopping.

Commitment is the important factor that affects online buying and most of the customers are concerned about on-time delivery of their products (Shergill and Chen, 2005). The results of this study show that there is a significant association between commitment and online shopping. It is significant at 0.01 level. Accordingly, the hypothesis 3

could not be rejected. In addition, the direction of the associations is positive in which it indicates that the higher the commitment of the web site of e-retailers, the higher will be online buying. As such, there is a need for the e-retailers to ensure all aspects the commitment especially in term of product delivery should be guaranteed. This will enhance the acceptability of customers to participate more in an online buying experience.

H4 -There is a significant relationship between customer service and online shopping.

Ainscough (1996) found that most of the companies in his study used online as a way to provide help and service to their customers. The online customer service factor is another important factor that has positive effects on online shopping. Referring to Table 3, the fourth hypothesis tested the relationship between customer service and online shopping. The regression result (beta = .253, t-value = 5.231, p-value = 0.001) indicates that the association between customer service and online is significant at 0.01 level ($p = 0.000$). In term of direction, the result shows that there is a positive direction between the two constructs. This study also confirmed the findings of another recent study in New Zealand by Shergill and Zhaobin (2005). Furthermore, it was found that the beta value of 0.253 is the highest when compared to other variables. This result indicates that customer services could be considered as the most important variable that may influence the online purchasing. In this situation, there is a need for the online companies to improve their online customer services if they would like to have more customers to involve in online purchasing.

H5 -There is a significant relationship between website security and online shopping.

Table 3 shows that the association between web security and online shopping is significant at 0.01 level whereby the analysis result showed the beta = 0.162 and t-value = 3.648 ($p=0.000$). The support for hypothesis 5 reflects similar arguments in previous studies (Shergill and Zhaobin, 2005; Gefen, 2002; Jarvenpaa et al., 1999, 2000; Koufaris and Hampton-Sosa, 2004; Koufaris and Hampton-Sosa, 2002). Similarly, it demonstrates that web security is also playing an important role in an online buying situation. As such, it is recommended that the online companies to build this kind of trusting relationship by developing strategy that could instill sense of belongingness between them and the customers.

CONCLUSION

The result of our study shows that the Opinion of online shoppers is independent of their age and gender but not independent of their qualification & gender and income and gender. The analytical results of our study further indicate relationships between customers' Opinions of the factors that influence their intention to buy through online. More specifically, customers' Opinions of the customer service, commitment and web security of online purchasing exhibit significant relationships with their online buying intention. The analytical results are generally consistent with previous findings of researchers. Web security has received the most consistent support as factors that influence online buying (Gefen, 2002; Jarvenpaa et al., 1999, 2000; Koufaris and Hampton-Sosa, 2004; Koufaris and Hampton-Sosa, 2002). Marketers need to realize that the online marketing environment affects the way customers view and

develop relationships. In this context, to add value to the online shopping experience and to build relationships, web security is everything. Notably, examination of the relative strengths of the associations between the individual independent variables and online buying intention clearly indicate that Customer Service, Web security and Commitment can explain much of the variation in online buying intention (Shergill & Chen, 2005; Gefen, 2002; Jarvenpaa et al., 1999, 2000; Koufaris and Hampton-Sosa, 2004). Furthermore, it was also found that, for online buyers, the good Opinion on the customer service is considered as the best predictor when compared to other constructs. Therefore, experience gained over time has potential implications for the other buying behavior model and future research should be conducted in this area. This will serve as a platform that will lead to the sustained confidence of the customers in online purchasing. In this study, it was found that few customers were buying through online regularly.

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